

Performance Analysis of PT Usaha Loka Malang

Sri Dwiningsih*

Department of Management, Sekolah Tinggi Ilmu Ekonomi Kertanegara, Indonesia

Muhammad Afif

Department of Management, Sekolah Tinggi Ilmu Ekonomi Kertanegara, Indonesia

Nabila Ika Putri

Department of Management, Sekolah Tinggi Ilmu Ekonomi Kertanegara, Indonesia

Abstract

This research was conducted to analyze financial performance with analytical tools using Liquidity Ratios, Solvency Ratios, and Profitability Ratios. The population in this study is PT Usaha Loka. The data used are quantitative data (primary data) obtained from PT Usaha Loka. The study focused on examining liquidity, solvency and profitability in the 2018 to 2020 PT Usaha Loka Financial Statements which have been determined by purposive sampling. The results of the Liquidity Ratio analysis show that the average Current Ratio is 637.65% in good condition (200% standard) and the Quick Ratio is 96.30% in unfavorable conditions (150% standard). The Solvability Ratio analysis shows that the average Debt to Asset Ratio is 52.51% and the Debt to Equity Ratio is 1302.48%, in a bad condition because the value is above the industry standard (standard DAR 35%, DER 80%). Profitability ratios also show an average Net Margin Profit of -19.53%, Return On Assets of 2.31%, and Return On Equity of -58.24% in unfavorable condition because it is below industry standards (NPM standard 20% . , ROA 30%, ROE 40%).

Keywords: Financial Performance, Liquidity Ratios, Profitability Ratios, Solvency Ratios

Introduction

In a company, financial performance can be described as a good future growth potential for the company (Indrianasari et al., 2020; Nizam et al., 2019). One measurement method that can be used to measure a company's financial performance is to analyze the company's financial statements (Ichsan et al., 2021). When an analysis of the company's financial statements is carried out, the company's activities will be presented in it (Dirman, 2020). Therefore, the company's financial statements are the output of the accounting process as well as a communication tool that can be used as a measuring tool for financial performance (Rahmatika et al., 2019).

A company's financial performance can be measured by analyzing and evaluating the financial statements for a certain period (Melnychenko, 2020; Rusdianti et al., 2022). To predict financial position and financial performance in the future, such as dividend payments, wages, price movements, securities, and the company's ability to meet its debts when they fall due, companies can take advantage of financial position information contained in the company's financial statements (Kanakriyah, 2020). Financial performance is a description of the company's finances as measured by certain criteria and the results will describe the level of financial soundness of the company (Puławska, 2021).

In addition, the company's leaders and board of directors need financial reports that have been analyzed as a tool for further decision-making in the future. Analysis of financial statements will also enable financial management, investors and other interested parties to evaluate financial conditions quickly and accurately (Roychowdhury et al., 2019). Financial statements in essence are the final result or output of the process of financial transactions in a company. Transactions that are financial in

*Corresponding Author: Sri Dwiningsih (sri_dwi76@yahoo.com)

Received: 15 December 2022, Revised: 03 January 2023, Accepted: 10 January 2023, Published: 15 January 2023

Cite this: Dwiningsih, S., Afif, M., & Putri, N. I. (2023). Performance Analysis of PT Usaha Loka Malang. *Innovation Business Management and Accounting Journal*, 2(1), 1-7. <https://doi.org/10.56070/ibmaj.v2i1.27>



This work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License. (<https://creativecommons.org/licenses/by-sa/4.0/>)

nature are recorded, classified according to post, processed in such a way and become financial reports and then interpreted for various purposes (Pelekh et al., 2020).

Evaluation of the company's financial performance can be done using financial statement analysis where the statement of financial position and income statement are used as input in this evaluation. By analyzing the ratio of items contained in the statement of financial position, it will be seen whether a company's financial position is in a healthy condition or not, while the analysis of the ratio of items contained in the income statement will provide insights regarding operational results company in a certain period or time (Naim, 2022).

Financial ratios are the activity of comparing the numbers contained in the financial statements by dividing one number by another (Kliestik et al., 2020). Comparison activities can be carried out one component with components in one financial report or between components that exist between financial statements (Turzo et al., 2022). Financial ratio analysis of financial statements will reflect the good or bad condition of the company's financial position. And aims to measure the effectiveness and efficiency of the company in managing the company's finances from the discretion of the company's management (Gonçalves et al., 2021).

There are 4 types of financial ratios that can be used, including 1) the liquidity ratio is the ratio used to measure a company's ability to meet its maturing short-term obligations. 2) solvency ratio is the ratio used to measure the extent to which a company is financed by debt. 3) activity ratio is the ratio used to measure the effectiveness (utility) of the company in carrying out the company's daily activities or in utilizing its resources (sales, collection of receivables, or utilization of assets). 4) the profitability ratio is the ratio used to measure the company's ability to obtain profit or profit from the policies or decisions that have been made (Markonah et al., 2020).

Assessment or evaluation of company performance in general using liquidity, solvency and profitability analysis. The advantage of using the analytical method is that it is easy to do as long as the company's historical data is available. While the drawback of using this method is that the method cannot accurately measure the company's financial performance. This is due to the interpretation related to accounting data which often creates various distortions that prevent financial performance from being measured precisely and accurately.

In research on the statements of financial position and profit and loss in the last three years, namely 2018, 2019 and 2020, they will be used as a basis or reference. By concentrating on the discussion on the statement of financial position, it is hoped that it will provide a relevant and useful description of the company for management in assessing the company's financial condition and results of business operations that have been carried out for the three years.

In this research, the object of research is the main activity of PT Usaha Loka, namely a tannery manufacturing company that processes raw leather products into semi-finished leather and finished leather to suppliers (vendors) and sales directly to end users (end users) both domestically and abroad. This of course will affect the position of inventory balances, payables, sales, accounts receivable, and other related accounts. PT Usaha Loka cannot be separated from a company that aims to achieve profit (profit oriented) and produce effectiveness and efficiency in financial management and valuation. The formulation of the problem in this study is 1) How is the financial performance at PT. Loka businesses in 2018-2020 are reviewed from financial reports using liquidity ratio analysis. 2) How is the financial performance at PT. Loka businesses in 2018-2020 are reviewed from financial reports using solvency ratio analysis. 3) How is the financial performance at PT. Loka businesses in 2018-2020 are reviewed from financial reports using profitability ratio analysis. The purpose of this study is to determine the financial performance at PT. Loka businesses in 2018-2020 are reviewed from the liquidity ratio, solvency ratio, and profitability ratio.

Methods

The scope of this research is the financial reports obtained from PT Usaha Loka with the study being carried out focusing on the assessment of liquidity, solvency and profitability in the Financial Statements of PT Usaha Loka for the period 2018-2020 which have been determined by Purposive Sampling, where in this study sampling carried out by specifying special characteristics that are in accordance with the research objectives and using financial ratios as an analytical tool. The place for conducting this research is at PT Usaha Loka Leather Unit which is located on Jl. Susanto no 08, Ciptomulyo, Breadfruit, Malang City. This research was conducted from September 2021-April 2022. The type of data used in this research is the type of internal data, where the type of data is obtained

from financial reports originating from PT Usaha Loka. The data source used is primary data, where data is collected or obtained from the first party. In this case, the data from PT. Local Business. The data obtained is in the form of the final financial report of PT. Local Business. The variables of this study are 1) Liquidity Ratio, which consists of Current Ratio and Quick Ratio or Acid Test Ratio (ATR), 2) Solvability Ratio, which consists of Debt To Asset Ratio and Debt to Equity Ratio, 3) Profitability Ratio, which consists of Net Profit Margin, Return On Asset Ratio (ROA), and Return On Equity Ratio (ROE).

The population in this study is PT. Local Business. Sampling in this study used Non-Probability Sampling, namely Purposive Sampling, where the method of collecting sample members is based on certain considerations and criteria. Data collection techniques are carried out by means of documentation techniques which are data collection techniques used to collect data by recording or duplicating documents. The data or documents used by researchers in this report are financial reports that have been audited by PT. Local Business for the 2018-2020 period. And study previous research, books, articles and literature which will later be analyzed and conclusions drawn.

This study uses quantitative data analysis techniques. Quantitative descriptive, namely a method based on numerical calculations from research results which will be explained and an analysis of a problem will be carried out. In this case the data used as the object of analysis are financial reports, balance sheets and income statements with reviews, calculations, comparisons, measurements, interpretations and applications in research results using data analysis techniques, namely analysis of liquidity ratios, solvency and profitability.

Results and Discussion

Balance Sheet

PT Usaha Loka Malang balance data for 2018, 2019 and 2020 can be seen in table 1 below:

Table 1. PT Usaha Loka Malang Balance Sheet for the 2018-2020 Period

Information	Period		
	2018	2019	2020
Assets			
Current Asset			
Cash	15.419.100,00	-	24.220.100,00
Bank	8.536.161,72	9.429.211,08	8.400.195,64
Supply	30.042.196.447,41	37.478.465.114,49	37.558.194.969,29
Account Receivable	6.568.336.496,00	3.657.179.278,99	3.619.560.394,99
Export Receivables	-	-	-
Insurance Advances	13.887.807,50	7.995.976,67	1.108.815,00
Tax Advance	(7.522.874,08)	5.872.161,00	23.364.473,00
Rent Advance	115.000.002,00	13.333.336,00	-
Down Payment	386.254.000,00	202.771.000,00	168.330.500,00
Total Current Assets	37.142.107.140,55	41.407.441.578,23	41.403.179.447,92
Fixed Assets			
Land	1.135.497.073,50	1.135.497.073,50	1.135.497.073,50
Factory and Office Buildings	1.824.427.376,20	1.824.427.376,20	1.824.427.376,20
Office Inventory	302.497.592,12	302.497.592,12	302.497.592,12
Equipment	14.707.815.379,33	14.819.538.545,33	14.907.136.393,33
Vehicle	2.804.476.584,00	2.804.476.584,00	2.804.476.584,00
Acquisition Cost	20.774.714.005,15	20.886.437.171,15	20.974.035.019,15
Accumulation Depreciation	(14.207.281.240,68)	(14.948.227.024,64)	(15.560.682.909,76)
Total Fixed Assets	6.567.432.764,47	5.938.210.146,51	5.413.352.109,39
Other Assets			
Building Expansion	9.951.532,20	9.951.532,20	9.951.532,20
Additional electrical power	191.897.500,00	191.897.500,00	191.897.500,00
Golf Members	44.164.996,50	44.164.996,50	44.164.996,50
Other Assets	65.174.340,50	65.174.340,50	65.174.340,50
Sgu Truck Guarantee At Dipo	-	-	-
Acquisition Cost	311.188.369,20	311.188.369,20	311.188.369,20
Accumulated Amortization	(292.798.494,19)	(301.993.431,69)	(306.590.900,44)

Total Other Assets	18.389.875,01	9.194.937,51	4.597.468,76
Total Assets	43.727.929.780,03	47.354.846.662,25	46.821.129.026,07
Obligation			
Current Liabilities			
Accounts Payable	2.149.579.201,00	2.355.065.480,51	103.009.649,01
Import Payable	1.123.315.000,00	630.045.000,00	1.069.141.000,00
Fees Payable	62.948.928,00	4.062.428,00	16.176.908,00
Other Debts	-	4.361.776.424,00	10.039.742.084,00
Tax Payable	(25.869.702,71)	(139.694.914,71)	178.362.147,28
Prepaid Income	-	1.461.424.380,00	1.805.319.780,00
Payable to Wood Ps 25	-	-	-
Total Current Liabilities	3.309.973.426,29	8.672.678.797,80	13.211.751.568,29
Long-term Obligation			
Bank Debt	4.979.913.070,04	6.895.048.214,05	2.758.681.072,51
Shareholder Debt	12.840.000.000,00	8.519.277.000,00	11.344.277.000,00
Total Long Term Liabilities	17.819.913.070,04	15.414.325.214,05	14.102.958.072,51
Total Liabilities	21.129.886.496,33	24.087.004.011,85	27.314.709.640,80
Capital			
Capital Stock	1.856.250.000,00	1.856.250.000,00	1.856.250.000,00
L/R Detained	21.352.604.356,68	21.383.950.472,78	21.026.171.681,72
L/R Current Year	(610.811.072,99)	27.642.177,62	(3.376.002.296,46)
Total Capital	22.598.043.283,69	23.267.842.650,40	19.506.419.385,26
Total Liabilities + Capital	43.727.929.780,02	47.354.846.662,25	46.821.129.026,07

Source: Financial Report of PT Usaha Loka Malang (2022)

Income Statement

PT Usaha Loka's profit and loss report data for 2018, 2019 and 2020 can be seen in table 2 below:

Table 2. Profit and Loss Report of PT Usaha Loka Malang for the 2018-2020 Period

Information	Period		
	2018	2019	2020
Sales of leather Product	12.156.409.799,00	8.252.545.151,99	5.610.276.428,91
Sales Return	602.624.852,00	50.863.695,00	-
Sales Claim	75.525.984,00	-	-
Export Return	-	-	-
Total Net Sales	11.478.258.963,00	8.201.681.456,99	5.610.276.428,91
Cost of Godos Sold Leather	7.503.932.045,01	3.070.350.827,72	5.633.578.528,29
Gross Profit (Loss) of Operations	3.974.326.917,98	5.131.330.629,27	(23.302.099,38)
Business Expenses			
Sales Fees	176.662.597,00	229.160.126,82	134.743.857,42
General Administrative Fees	3.264.297.854,05	4.385.243.948,12	2.601.726.728,58
Total Business Expenses	3.440.960.451,05	4.614.404.074,94	2.736.470.586,00
Other Income / Expenses			
Other Income	328.406.855,09	186.000.337,36	6.056.652,00
Other Cost	806.379.069,01	661.125.714,07	586.746.483,08
Total Ther Income / Expenses	(477.972.213,92)	(475.125.376,71)	(580.689.831,08)
Income Statement	55.394.253,01	41.801.177,62	(3.340.462.516,46)

Source: Financial Report of PT Usaha Loka Malang (2022)

The results of calculating the ratio analysis of liquidity, solvency, profitability are explained in the following table:

Table 3. Financial Ratio Analysis Results

Years	Current Ratio	Quick Ratio	DAR	DER	NPM	ROA	ROE
2018	1122,13%	214,50%	48,32%	1138,31%	0,46%	0,13%	2,98%
2019	477,45%	45,30%	50,86%	1297,62%	0,51%	0,09%	2,25%
2020	313,38%	29,10%	58,34%	1471,50%	-59,54%	-7,13%	-179,96%

Sources: Data Processed (2022)

Discussion

1. The financial performance of PT Usaha Loka in 2018-2020 is viewed from the liquidity ratio

The higher the value of the liquidity ratio each year, the company is said to be in good condition, because the company can be said to be able to pay off its debts when they are due. PT Usaha Loka shows a declining ratio, which means that the company is managing its finances so that the company's liquidity condition is not good. This can be seen from the Current Ratio ratio from 2018 to 2020 where there was a decrease in the ratio, this decrease in ratio was due to an increase in current liabilities. Despite the decline in the value of the company's Current Ratio, the value every year shows it exceeds 200%. Judging from the Quick Ratio, PT Usaha Loka cannot be said to be liquid, because only in 2018 the company's ratio exceeded 150%, from 2019 to 2020 it has decreased, which is due to current debt which has increased every year and cannot be covered by current asset. This means the company is unable to pay its obligations.

2. The financial performance of PT Usaha Loka in 2018-2020 is viewed from the solvency ratio

The higher the value of the solvency ratio each year, the company is said to be in a bad condition, because the company can be said to be unable to manage financial management efficiently. The debt to equity ratio or debt to equity of the company from 2018 to 2020 always increases. In 2018 the debt to capital ratio was 1138.31%, this shows that creditors provide Rp. 1,138.31, - for every Rp. 100.00, - provided by shareholders, or 1138.31% of total assets provided by company owners. In 2019 the debt to equity ratio was 1297.62%, from the previous year it had increased by 159.31%. In 2019 the Debt to Equity Ratio or debt to equity is 1297.62%, this shows that creditors provide Rp. 1,297.62, - for every Rp. 100.00,- provided by the shareholders. In 2020 the debt to equity ratio has increased by 1471.50%, in 2015 the Debt to Equity Ratio was 1471.50%, this shows that creditors provide Rp. 1,471.50, - for every Rp. 100.00,- provided by the shareholders.

The ratio value for the Debt to Equity Ratio increases every year, so PT Usaha Loka is in a bad condition. However, the Solvability ratio of PT Usaha Loka is in an insolvable position, namely a situation where the company's ability to pay its debts in a timely manner is in a problematic position and even tends to be untimely, because the higher the ratio value, the higher the company's risk in fulfilling both short-term and long-term obligations. long-term.

3. The Financial Performance of PT Usaha Loka in 2018-2020 is viewed from the profitability ratio

The higher the value of the profitability ratio each year, the company is said to be in good condition, because the company can be said to be able to earn profits or gains within a certain period of time and use the assets and capital owned by the company. It can be seen that the Net Profit Margin ratio in 2018 was 0.46%, meaning that the sales made by the company were able to generate a profit of 0.46%. In 2019 the Net Profit Margin ratio was 0.51%, this means an increase from the previous year of 0.05%. In 2020 it decreased to -59.54%, meaning that from sales made in 2020 the company experienced a loss of -59.54%. In 2020 the company experienced a loss so that the value of the Net Profit Margin ratio became minus. If the average net profit margin ratio is 20%, PT Usaha Loka is said to be in unfavorable condition because it is below the industry average. This means that the company is less effective in generating profits from the sales it does.

Judging from the Return On Assets, it has also decreased, in 2018 it was 0.13%, meaning that the company's ability to operate assets to obtain net profit is 0.13%. In 2019 Return On Assets was 0.09%, from the previous year it decreased by 0.04%. In 2020 the Return On Assets ratio was -7.13%, from the previous year it decreased by 7.04%. This is because in 2020 PT Usaha Loka experienced a very drastic decline, because the company suffered losses. The greater this ratio, the better the company's performance. But overall, for this profitability ratio the company PT Usaha Loka is in a bad condition. We can see this in the decrease in the profitability ratio data. This decrease shows that the company's ability to generate profits every year is decreasing.

Conclusion

Based on the results of the research and discussion that the authors have conducted, it can be concluded that the analysis of the financial ratios of PT Usaha Loka seen from the liquidity ratio can be said that the financial performance of PT Usaha Loka cannot be said to be good (not good). This can be seen in the performance of PT Usaha Loka with the calculation of the Current Ratio which decreases every year even though it exceeds industry standards every year. The Quick Ratio also decreases every year due to the large debt borne by the company, so that the company's liquid assets are unable to be used as collateral to pay current liabilities. This means that the company PT Usaha Loka is less effective in managing its assets.

Analysis of the financial ratios of PT Usaha Loka seen from the solvency ratio shows that the financial performance of PT Usaha Loka cannot be said to be in good condition, this can be seen from the calculation of the solvency ratio which consists of the Debt to Asset Ratio and the Debt to Equity Ratio which always increases. The higher this ratio, the higher the company's risk in fulfilling short-term and long-term obligations, meaning that almost all of the company's assets are financed by debt.

Analysis of the financial ratios of PT Usaha Loka seen from the profitability ratios shows that the financial performance of PT Usaha Loka is said to be in a bad condition, because from the calculation of the profitability ratio which consists of Net Profit Margin, Return On Assets (ROA) and Return On Equity (ROE) always experience decrease, this happened because the company suffered losses due to the large costs borne by the company, especially debt and losses experienced by the company in 2020. Such a situation means that PT Usaha Loka has not effectively managed the company's assets and capital in generating profits.

Based on the results of the assessment of the financial performance of PT Usaha Loka using financial ratios, the suggestions that can be given by the author to parties in need are 1) the company should improve its effectiveness in managing its assets and it is also expected to be able to minimize costs in its activities company operations. 2) PT Usaha Loka needs to rotate its assets more frequently, especially receivables and inventories to obtain greater revenue. 3) PT Usaha Loka must minimize the amount of debt owned by the company, so that it does not exceed the assets and capital and the company's expenses are too high. 4) Overall, PT Usaha Loka should be more efficient in using the company's assets, receivables and capital so that it can reduce company costs, because efficiency in assets and capital will lead to better company profits.

References

- Dirman, A. (2020). Financial Distress: The Impacts Of Profitability, Liquidity, Leverage, Firm Size, And Free Cash Flow. *International Journal of Business, Economics and Law*, 22(1), 17-25.
- Gonçalves, T., Gaio, C., & Ferro, A. (2021). Corporate Social Responsibility and Earnings Management: Moderating Impact of Economic Cycles and Financial Performance. *Sustainability*, 13(17), 9969. <https://doi.org/10.3390/su13179969>
- Ichsan, R. N., Suparmin, S., Yusuf, M., Ismal, R., & Sitompul, S. (2021). Determinant of Sharia Bank's Financial Performance during the Covid-19 Pandemic. *Budapest International Research and Critics Institute (BIRCI-Journal): Humanities and Social Sciences*, 4(1), 298-309. <https://doi.org/10.33258/birci.v4i1.1594>
- Indrianasari, N. T., Ermawati, E., Sulityan, R. B., Ifa, K., & Setyobakti, M. H. (2020). The Based Bank Rating Influence toward BPR Syariah Profit Growth in East Java. *Humanities & Social Sciences Reviews*, 8(1), 130-136. <https://doi.org/10.18510/hssr.2020.8119>
- Kanakriyah, R. (2020). Dividend Policy and Companies' Financial Performance. *The Journal of Asian Finance, Economics and Business*, 7(10), 531-541. <https://doi.org/10.13106/jafeb.2020.vol7.no10.531>
- Kliestik, T., Valaskova, K., Lazaroiu, G., Kovacova, M., & Vrbka, J. (2020). Remaining Financially Healthy and Competitive: The Role of Financial Predictors. *Journal of Competitiveness*, 12(1), 74-92. <https://doi.org/10.7441/joc.2020.01.05>
- Markonah, M., Salim, A., & Franciska, J. (2020). Effect of Profitability, Leverage, and Liquidity to the Firm Value. *Dinasti International Journal of Economics, Finance & Accounting*, 1(1), 83-94. <https://doi.org/10.31933/DIJEFA>

- Melnychenko, O. (2020). Is Artificial Intelligence Ready to Assess an Enterprise's Financial Security? *Journal of Risk and Financial Management*, 13(9), 191. <https://doi.org/10.3390/jrfm13090191>
- Naim, A. (2022). Role of Accounting and Finance in Performance Appraisal. *American Journal of Sociology, Economics and Tourism*, 1-17.
- Nizam, E., Ng, A., Dewandaru, G., Nagayev, R., & Nkoba, M. A. (2019). The impact of social and environmental sustainability on financial performance: A global analysis of the banking sector. *Journal of Multinational Financial Management*, 49, 35-53. <https://doi.org/10.1016/j.mulfin.2019.01.002>
- Pelekh, U. V., Khocha, N. V., & Holovchak, H. V. (2020). Financial statements as a management tool. *Management Science Letters*, 10, 197-208. <https://doi.org/10.5267/j.msl.2019.8.003>
- Puławska, K. (2021). Financial Stability of European Insurance Companies during the COVID-19 Pandemic. *Journal of Risk and Financial Management*, 14(6), 266. <https://doi.org/10.3390/jrfm14060266>
- Rahmatika, D. N., Kartikasari, M. D., Indriasih, D., Sari, I. A., & Mulia, A. (2019). Detection of Fraudulent Financial Statement; Can Perspective of Fraud Diamond Theory be applied to Property, Real Estate, and Building Construction Companies in Indonesia? *European Journal of Business and Management Research*, 4(6), 1-9. <https://doi.org/10.24018/ejbmr.2019.4.6.139>
- Roychowdhury, S., Shroff, N., & Verdi, R. S. (2019). The effects of financial reporting and disclosure on corporate investment: A review. *Journal of Accounting and Economics*, 68(2-3), 101246. <https://doi.org/10.1016/j.jacceco.2019.101246>
- Rusdianti, I. S., Irmadariyani, R., & Kustono, A. S. (2022). E-Finance : Mitigation of Fraud Tendency in Indonesia. *International Journal of Entrepreneurship and Business Development*, 5(2), 574-582. <https://doi.org/10.29138/ijebd.v5i3.1857>
- Turzo, T., Marzi, G., Favino, C., & Terzani, S. (2022). Non-financial reporting research and practice: Lessons from the last decade. *Journal of Cleaner Production*, 345, 131154. <https://doi.org/10.1016/j.jclepro.2022.131154>