

The Analysis towards Liquidity Ratio and Profitability on Studies Case Company at PT Anugrah Formalitas Services During Period 2016 - 2017

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Abstract:- This research was discusses how the analyze liquidity and profitability at PT Anugrah Formalitas Services during the period 2016-2017. Sources of data in this research came from field research studies and conducted by plunging directly into the organization of the company and obtaining relevant data within the company. The type of data that been used in this research is primary data in form of financial statements of PT Anugrah Formalitas Services in period 2016-2017. This research is a quantitative descriptive one. The technical tools which used in this research are to use liquidity ratios namely current ratio, quick ratio and cash ratio and profitability ratios namely gross profit margin, return on assets and return on equity. The research result that has been done can be seen from the results of the liquidity analysis showing the current ratio, quick ratio and cash ratio look good. The profitability ratio results show the gross profit margin looks pretty good, while the return on assets and return on equity look quite good.

Keywords:- *Liquidity Ratio, Profitability Ratio.*

I. INTRODUCTION

The Financial problems is one of the problems which very vital for the company in the developing of business which occur in all companies. One of the main object of the company establishment is to earn the maximum benefit. The company's ability to earns the profits is the key to company's success. Which said to have good company performance, because profits are a component of financial statements that are used as a tool to assess whether good or not the company's performance. Companies need to do financial statement analysis because the financial statements are used to assess the company's performance, and also used to compare the condition of the company from the previous year with the current year, whether the company is improving or not so that the company would considers the decisions to be taken for the coming year in accordance with the company's performance.

Financial analysis uses the calculation ratios in order to evaluate the financial condition of the company from the past, present and future. These ratios could be calculated based on the source of the data consisting of balance ratios, i.e. ratios compiled from data derived from the balance sheet, profit and loss ratios compiled from data derived from profit and loss calculations, and ratios between reports

compiled from balance sheet data and income loss statements. Financial statements need to be prepared to determined whether the company's performance is increasing or even decreasing and it needs of financial analysis tools, one of which is to use financial ratios.

PT Anugrah Formalitas Services is inseparable from businesses that aim to gain profit in producing the effectiveness and efficiency of financial processing PT Anugrah Formalitas Services and its effort to find out the company's financial condition, it needs an analysis of financial ratios to company profits by using various ratios namely liquidity ratios, solvency ratios, activity ratio, profitability ratio and growth ratio to determine the profits and decision for the future.

Based on this description, the authors are interested in conducting research which given title "The Analysis towards the Liquidity Ratio and Profitability on Studies case company at PT Anugrah Formalitas Service in period 2016 - 2017 ".

II. THEORITICAL REVIEW

A. *The Indonesian Financial Accounting Standard (PSAK)*

According to Salainti (2013: 120) The Indonesian Financial accounting standard (PSAK) is a guideline to carrying out accounting practices covering almost all aspects related to accounting, which in its preparation involves a group of people with abilities in the field of accounting incorporated or in an institution called the Indonesian Institute of Accountants PSAK presents information about an entity including assets, equity, liabilities, income and expenses including gains and losses, contributions from and distribution to owners, cash flow alongside with other information which contained in the notes of financial statements.

B. *Liquidity Ratio*

According to Kasmir (2012: 129) The liquidity ratio is a ratio that illustrates the company's ability to fill the short-term obligations (debt). The liquidity ratio is divided into three namely current ratio, quick ratio and cash ratio. According to Fahmi (2012: 121) states that the Current ratio is commonly measure that used for short-term solvency of the ability towards a company to meet debt needs when due date. The Quick Ratio itself According to Kasmir (2012: 136) stated that is very current ratio or acid test ratio which shows the company's ability to meet or pay

the obligations or current debt (short-term debt) with current assets without calculating the available value (inventory). Kasmir (2012: 138) added that the Cash Ratio is a tool that used to manage how much cash is available to pay current debts.

The types of liquidity ratios used in this research are:

- Current ratio (CR) is a comparison between current assets and Current Liabilities. CR is positively related to accounting profit where if CR has increased the accounting profit will increase and vice versa if CR has decreased then accounting profit will decrease as well. Therefore the investors tend to like companies that have high CR because investors will get high returns as well.
- Quick ratio is a ratio has used to measure a company's ability to fill its debts without calculating its inventory with an industry average of 1.5 times which is said to be good, and vice versa if below the average the company is said to be illiquid (not smooth).
- Cash ratio is the ratio which used to measure how much cash or cash equivalents are available to pay short-term debt.

C. Profitability Ratio

According to Kasmir (2012: 196) Profitability ratios are the ratios to assess a company's ability to seek profits. Types of profitability ratios which namely Gross Profit Margin, Net Profit Margin, Return of Assets, Return on Equity, Return on Sales, Return on Capital Employed, Return on Investment, Interest per Share.

Types of profitability ratios which used in this research are:

- NPM (Net Profit Margin) is a profitability ratio to assess the percentage of net profit has obtained after deducting taxes from the revenue derived from sales. This Net Profit Margin is also called the Profit Margin Ratio. This ratio measures the net profit after tax against sales. The higher of the net profit margin the better operation of a company.
- ROA is a measure of a company's ability to earn the profits with all investments owned by the company. ROA (Return On Asset) refers to profitability and operational efficiency. ROA is often used to compare business performance of companies to competitors and similar industries. ROA is calculated by: $\text{Net income} / \text{total assets}$. Whereas the total assets are a combination of debt (liability) and capital (equity).
- ROE is the ratio of net profit after tax divided by own capital. The higher of the value of ROE (Return on Equity) would result the better because the high value of ROE (Return on Equity) shows the company's ability

to make efficiency to earn profits from each unit of equity. ROE (Return on Equity) shows how well a company is using investment funds to earn the profit growth ROE (Return on Equity) is used to measure the company's ability to earn net income (net profit after tax) with its own capital owned by the company.

D. Financial Statements

According to Sofyan Syafri Harahap (2013: 105) states that financial statements describe the financial condition and results of company operation at certain time or certain period. According to Farid and Siswanto (2011: 2) defined by what is meant by financial statements is information that is expected to be able to provide assistance to users and make financial decisions that are crucial. According to PSAK No. 1 (2015: 1) declared that Financial statements are structured presentations of the financial position and financial performance of an entity. The purpose of financial statements according to the Statement of Financial Accounting Standards (PSAK) No. 1 (2015: 3) said that the purpose of financial statements is to provide information about the financial position, financial performance and cash flow of the entity which is very useful for most users of the report in making economic decisions. Meanwhile according to Fahmi (2011: 28) the main purpose of the financial report is provide the financial information that includes changes in the elements of financial statements addressed to other parties with an interest in assessing financial performance of the company in addition to the company's management. According to Kasmir (2015: 10) states that the purpose of financial statements are: provide information about the type and amount of assets (assets) which is owned by the company at this time, provide information about the type and amount of liabilities and capital owned by the company at this time, provide information about type and amount of income that obtained in a certain period, provide information about the amount of costs and types of costs incurred by the company in a certain period, provide information about the performance of company management in a period, provide information about records of financial statements, other financial information. According to SAK ETAP (2013: 17), complete financial statements include balance sheets, income statements, statements of changes in equity, statements of cash flows, notes to financial statements. Users of financial statements according to Dwi Martani (2012: 33) include investors, employees, guarantees, suppliers and other agencies, customers, government, society, assessing trends and developing prosperity of the entity.

E. Thinking Framework

The thinking framework in this research as follows:

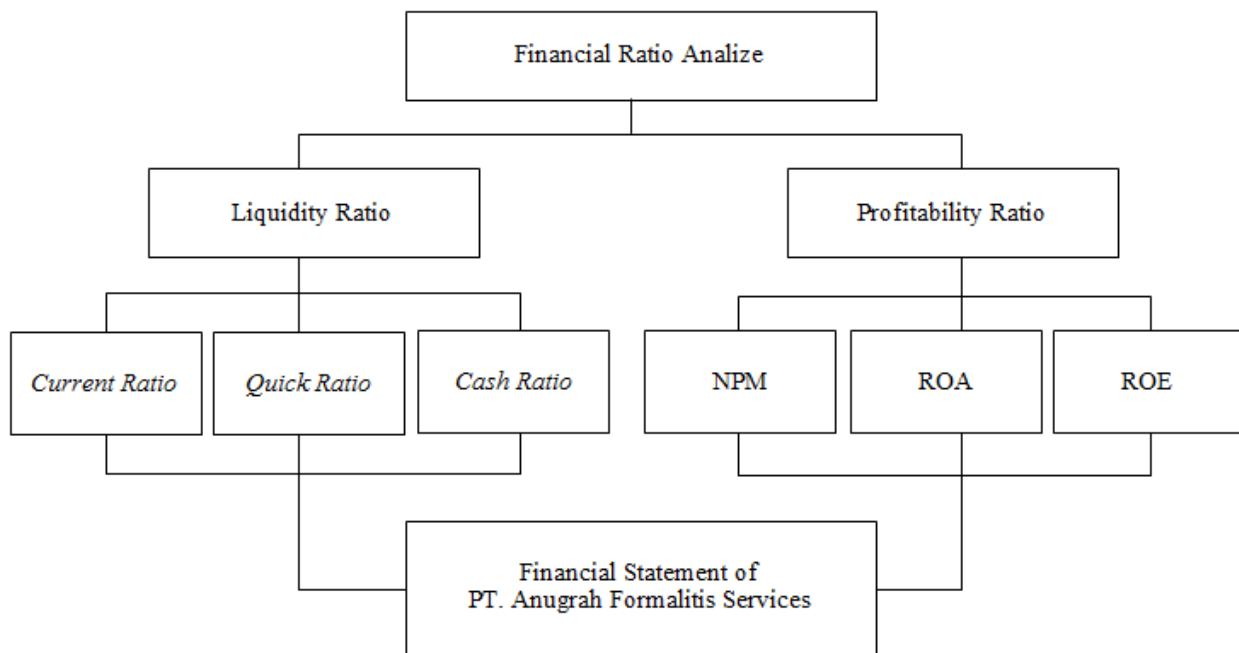


Fig 1:- Thinking Framework

III. METHODOLOGY

This research method uses descriptive methods which are systematic and objective that can be used to obtain and gather information with care and efficiency and could be used as a guideline in carrying out the right research. The population and sample that used in this research should have following the criteria namely: 1) PT Anugrah Formalitas Services, 2) The book year ends on December 31, this criteria was important to ensure that the sample will not include the partial financial statements, and 3) PT Anugrah Formalitas Services which has a profit positive net for period of 2016 to 2017. The Companies which have negative net income can not be sampled because negative net income shows that the company often suffers losses so the company does not reflect good profits. The variables which used in this research are the Liquidity Ratio and Profitability Ratio. The data collection method in this research uses the documentation method with recorded the financial report data of PT Anugrah Formalitas Services in form of balance sheet and income statement for financial ratios as an independent variable which includes CR and GPM as well as profit before tax for the dependent variable. In this case the data were used as an analysis is primary data or data obtained directly, namely the financial statements of PT Anugrah Formalitas Services for the period of 2016 to 2017. The steps taken to analyze the data are by calculating the value of the financial ratios of PT Anugrah Formalitas Services's financial statements during period 2016 to 2017 with horizontal time series analysis comparison or comparing the company's financial ratios from years ago with the purpose that it could be seen from the company's ratios during a certain period and draw conclusions on the company's ability to fill the financial obligations company. The financial ratios divided into the liquidity ratios and profitability ratios.

IV. RESULTS AND DISCUSSION

A. Analysis of Liquidity Ratios and Profitability through Financial Statements

In perform of financial statement analysis, the technique used in this research is ratio analysis, ratio analysis technique to determine the relationship of certain items in the balance sheet or the income statement individually or a combination of the two reports. The analysis conducted was to determine the financial performance of PT. Anugrah Formalitas Services are:

- *Liquidity Analysis in which measures to company's ability to meet its short-term obligations when due date. The Liquidity Analysis consists of:*
 - Current Ratio
 - Quick Ratio
 - Cash Ratio
- *Profitability Analysis in which measures how effectively the company earn the profits from sales and investment. The Profitability Analysis consists of:*
 - Gross Profit Margin
 - Return on Assets
 - Return on Equity

B. Financial Performance of PT Anugrah Formalitas Services in 2016-2017

➤ Liquidity Ratio

The Liquidity Ratio describes the company's ability to funds its short-term obligations. The Liquidity analysis could be calculated through sources of information about working capital, namely current assets and current debt items.

• *Current Ratio*

This ratio shows the company's ability to meet short-term debt or bills with assets that can be paid off quickly. The greater of the current assets, the higher ability to meet short-term obligations. From these analysis results, it could be seen the current ratio of PT Anugrah Formalitas Services during period 2016 to 2017 it can be seen that in 2016 the company's current ratio is 40% Which means that every Rp. 1,- current debt can be guaranteed by 40% of assets, in 2017 the current ratio of PT Anugrah Formalitas Services was decreased to 9.63% ie every Rp. 1,- current debt can be guaranteed by 9.63% of assets. From these

calculations it can be seen that the company's financial performance shows from the current ratio has decreased where the current ratio value in 2016 is 40%, but the company decreased in 2017 to 9.63%. The decrease in curent ratio in 2017 was due to the company experiencing an increase in short-term debt. The average current ratio of PT Anugrah Formalitas Services is above 100% so it could be said that PT Anugrah Formalitas Services are in a stable condition or PT Anugrah Formalitas Services could give guarantee to all short-term debt with current assets, in other words PT Anugrah Formalitas Services is able to pay off all obligations that are due to soon.

Year	Current Asset	Current Liabilities	Current Ratio
2016	3,083,491,264	75,770,598	40.70
2017	3.388.489.773	351,794,895	9.63

Table 1:- Current Ratio of PT Anugerah Formalities Services
Source: Data of PT Anugerah Formalitas Services Financial Statements

• *Quick Ratio*

Quick Ratio is a ratio between assets after deducting inventory with current debt. This ratio is a measure of ability to meet short-term liabilities using the current assets without counting the inventories. From these Analysis results, it could be seen that PT Anugrah Formalitas Services can be seen that in 2016 the quick ratio of PT. Anugrah Formalities Services is 40.3%, then in 2017 the quick ratio of PT Anugrah Formalitas Services has decreased to 10.0%. Based on the results of the quick ratio analysis, it can be seen that the liquidity of PT. Anugrah Formalitas Services when viewed from its development

from 2016-2017 had experienced a stable condition but the average quick ratio was above 100%. So it could be said that PT Anugrah Formalitas Services is capable to guarantee all short-term debt with current assets which are more liquidated at maturity. The ability to guarantee short-term debt with current assets is caused by current liabilities experienced fluctuations and current assets increasing from year to year. Current liabilities fluctuate due to an increase or decrease in the amount of the employer's gross liabilities. The higher the value of this ratio, the better financial performance would be achieved by the company.

Year	Current Asset-Inventory	Current Liabilities	Quick Ratio
2016	3,051,116,808	75,770,598	40.3
2017	3,858,186,764	351,794,895	11.0

Table 2:- Quick Ratio of PT Anugerah Formalitas Services
Source: Data of PT Anugerah Formalitas Services's Financial Statements

• *Cash Ratio*

Cash ratio was used to measure the ability to meet short-term obligations with cash. This ratio could be the most liquid ratio among the existing ratios. Therefore, this ratio only compares current amounted contained in current assets,which namely cash on hand and cash in banks

compared to current debt. The analysis shows that in 2016 every Rp. 1,- current debt is supported by cash of Rp. 10, while in 2017 there is an increase in which every Rp. 1, the debt guaranteed with Rp. 14, so in this cash ratio, the higher of the ratio, the better company's financial performance.

Year	Cash or Cash Equivalent	Current Liabilities	Cash Ratio
2016	2,367,062,362	54,554,468	43
2017	1,645,868,048	330,578,765	3

Table 3:- Cash Ratio of PT Anugerah Formalitas Services
Source: Data of PT Anugerah Formalitas Services's Financial Statements

Based on these liquidity analysis the ratios from the current indicator, quick ratio and cash ratio, it could be seen from the liquidity of PT Anugrah Formalitas Services, when viewed from its development from 2016 to 2017 has experienced a stable state.

➤ *Profitability Ratio*

Profitability ratios would describe the ability of a company to gained a profit for a certain period. The greater of the company's ability to earn profits it shows the better management in managing the company.

• *Net Profit Margin (NPM)*

Net profit margin faces the changes that are not too significant every year. It could be seen in 2016 from the net profit margin of PT Anugrah Formalitas Services is 35% which means that every Rp. 1 sales would gained gross of profit of Rp. 0.35 %, but there has an profits decreased around 26% in 2017 which every Rp 1 would gained Rp 0.26 %. Based on these calculations, the net profit margin of PT Anugrah Formalitas Services was decreased by 9% in 2017. This caused by a loss in foreign exchange differences in 2017. From these calculations also it could be seen that

the company's operational performance from the net profit margin has experienced a stable state. From these calculations it could be seen that the operational performance of PT Anugrah Formalitas Services is quite good. But the management is always trying to improve the net profit margin ratio (NPM) every year. To improving the company's operational capability through the net profit margin size, an important factor that must be concern in this business is costs, increasing sales by forcing the costs could be a way to increasing the company profitability.

Year	Net Profit	Net Sales	Cash Ratio
2016	121,500,876	351,876,990	35%
2017	132,312,544	515,859,764	26%

Table 4:- Net Profit Margin of PT Anugrah Formalitas Services
Source: Data of PT Anugrah Formalitas Services's Financial Statements

• *Return on Assets (ROA)*

ROA is the ratio used to measure the net profit gained from use of assets. In other words, the higher of this ratio, would make the better of the productivity of assets in earning the net profits. This will further increase the attractiveness of investors to these company. Increasing the attractiveness of the company by the rate of return or dividends will be even greater. Therefore it will also increase the ROA will affect the company's stock price. ROA could be said good if > 2%. Based on the these calculations results show that the return in total assets during 2016 amounted to 3%, which means that every Rp. 1, - the capital was invested by investors can produce a profit of Rp. 0.03. Return on assets and in 2017 get the same value,

which is 3% that could be interpreted that every IDR 1, invested capital could be earn the profit of IDR 0.03. However, when we viewed from industry standards, these results can still be said good because the results show no less than 2%. Profitability Ratios would describe the ability of a company to gained profits through all of its capabilities, and existing sources such as sales, cash, equity, number of employees, number of branches and so on. From these profitability analysis ratio of PT Anugrah Formalitas Services that the company is able to make a profit through all its capabilities, meaning according to the calculation of this ratio analysis the company is classified as profitable in carrying out of its business.

Year	Net Profit After Tax	Total Asset	Cash Ratio
2016	121,500,876	3,632,435,493	3%
2017	132,312,544	3,936,798,045	5%

Table 5:- ROA of PT Anugrah Formalitas Services
Source: Data of PT Anugrah Formalitas Services's Financial Statements

• *Return on Equity*

ROE is the ratio which used to measure the net profit gained from owner's capital. This ratio shows the power to earn a return on shareholders investment which means the higher of the ROE ratio would result on the higher of the value of the company, this is certainly an attraction for investors to invest their capital in the company

itself. Based on these calculations results shows that the return in equity in 2016 of 10%, meaning that every Rp. 1, - capital invested by investors can produce a profit of Rp. 0.10. Return on assets in 2017 gained value of 14% which can be interpreted that every Rp 1, - invested capital can produce a profit of Rp 0.14, - then the ROE calculation at PT Anugrah Formalitas Services has increased quite well.

Year	Net Income	Total Asset	Cash Ratio
2016	351,876,990	3,556,664,895	10%
2017	515,859,764	3,580,192,681	14%

Table 6:- ROE of PT Anugrah Formalitas Services
Source: Data of PT Anugrah Formalitas Services's Financial Statements

V. CONCLUSION AND SUGGESTION

A. Conclusion

The conclusions that could be drawn from these research conducted at PT Anugrah Formalitas Services is:

- Based on the liquidity ratio analysis results, it is known that the liquidity of PT Anugrah Formalitas Services is sufficient to guarantee all of its short-term debt with available current assets. By this statement, PT Anugrah formalitas Services is able to calculate all debts and obligations that has due date soon.
- Based on the the profitability ratio analysis result of PT Anugrah Formalitas Services is very capable of gaining profits through all its capabilities, which means that based on the calculation of this ratio analysis PT Anugrah Formaltas Services is classified as profitable in running the business and the performance of the company.
- Based on the financial statement results of PT Anugrah Formalitas Services, it could be seen that still stable in the company's revenue and profits.

B. Suggestion

Based on the conclusions above, there are some suggestions that the authors added as input for PT Anugrah Formalitas Services is:

- The company should be able to increase the sales and reduce the company's costs. So with the cost lower, the profits gain will be better.
- With this analysis it is also expected that the company could control its obligations so that the capital structure can run well and smoothly.
- The company should improve the management performance and evaluate and identify factors that could causing a decrease in net profit after income tax each year and minimize the cost of business so that the company's own capital/equity and assets can be optimally earns profits for company.

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