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Financial Performance Analysis With Profitability Ratios (Study On Sari Tahu Business in Puuwatu Village Puuwatu District, Kendari City)

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Abstract

This study aims to determine the analysis of financial performance with profitability ratios in the home industry (Study on Sari Tahu Business in Puuwatu Village, Puuwatu District, Kendari City). The research location was determined purposively (purposive) with the consideration that the Sari Tahu business in the Puuwatu Village is one of the businesses that is quite profitable.develop. The sample in this study was the home industry of Tofu Sari Business in Puuwatu Village, Kendari City with the business owner as the informant. Data were analyzed using Microsoft Excel to determine profit and loss statements, balance sheets, and analyze financial ratios. Financial ratio analysis is done by looking at the comparison of profitability ratios using Net Profit Margin and Return on Investment. The results showed that the financial performance of the Sari Tahu household industry from 2018-2021 obtained financial performance with good criteria because the percentage value was above 15%. It's a different case, with the Return on Investment (ROI) value which has decreased from 2018-2021 but is still in the pretty good category.

Keywords: Financial Performance, Profitability Ratio, Tofu.

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INTRODUCTION

According toWahyudin et al. (2017)Soybean (Glycine max) is the third most important food crop commodity after rice and corn. Processed soybean products can be classified into two groups, namely fermented foods and non-fermented foods. Fermented foods in the form of processed soybeans in the traditional way are widely available in the domestic market and have great potential as a source of family protein, such as tempeh, soy sauce and taoco. Processed non-fermented products in the form of traditional industrial processing, namely tofu and beancurd.

Tofu is a processed soybean product which is a food product and is widely consumed by people in Indonesia(Sally et al., 2019). Tofu is known as a food product that is not durable and generally the manufacturing process is carried out conventionally or traditionally in terms of equipment, methods and marketing(Harti et al., 2013).

The average per capita consumption of tofu per week in Indonesia from the last three years, namely in 2019 it reached 0.152 kg, in 2020 it reached 0.153 kg, and in 2021 it reached 0.158 kg(Central Bureau of Statistics, 2022). Consumption of tofu during the last three years has continued to increase. The higher the consumption rate for soybean processed products (tofu), it will provide a great opportunity for tofu producers to market the products they produce and increase business finances.(Awifa et al., 2016). Measurement of financial performance can use financial ratio analysis tools(Adur et al., 2018).

Financial ratio analysis can provide an assessment of the financial performance of a business. In this case the business in question is Sari Tahu Home Industry. This business is located in Puuwatu Village, Puuwatu District, Kendari City. The Sari Tahu industry uses simple technology, such as boiling soybean porridge, which still uses a stove and firewood. Sari Tahu business only produces one type of tofu, namely white tofu. Tofu production activities are carried out every day and are able to process approximately 60 kg of soybeans per day. The Sari Tahu home industry in the Puuwatu Sub-District has a deep understanding of financial performance because it does not yet have regular financial reports. As a result of the lack of knowledge and ability of business owners in preparing financial reports. Therefore,

Theoritical review

The profitability ratio is a ratio that measures a company's ability to generate profits over a certain period. The high profitability of a company will show that the company is

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able to generate high profits. So that an increase in assets will also occur and keep the company away from the threat of financial distress (Dewi et al., 2019).

The profitability ratio is a ratio used to assess a company's ability to generate profits from the income that has been obtained based on the use of capital that has been made. This profitability ratio usually uses several test tools such as Net Profit Margin, Return on Investment (ROI), and Return on Equity (ROE) (Ratningsih and Alawiyah, 2017).

The profitability ratio is the ratio that shows the company's ability to generate profits from its operational activities. Thus, the results of the profitability ratios can be used as an illustration of the effectiveness of the company's performance in terms of the net profit earned compared to the cost of revenue. Profitability is a factor that should receive important attention because in order to survive, a company must be in a profitable condition (Latif and Fernos, 2019).

1. *Net Profit Margins*

*Net profit margin*a is the ratio that compares the net profit that has been achieved with the level of sales that have been made. Net profit margin (NPM) is used to show the company's ability to generate net profit after tax on sales. This ratio shows how much percentage of net profit is obtained from each sale. So the greater this ratio, the better the company's ability to earn high profits (Yunengsih, 2018).

2. *Return on Investment*(ROI)

*Return on Investment*or ROI is a ratio that measures how efficient a company is in managing its assets to generate profits for one period. The ROI ratio is expressed as a percentage (%). A low ROI ratio indicates the ability of a company's assets to be less productive in generating profits, and conditions like this will make it difficult for the company's finances to source internal funding for investment, which can lead to the probability of bankruptcy (Dewi et al., 2019).

Return on Investment(ROI) as a profitability ratio that influences dividend policy. High profitability indicates that the company is able to pay high dividends. Profitability ratios must be considered by a company. This can increase investor confidence in investing. With good profitability, the company will obtain a good source of cash and can provide a positive signal for investors to make a profit (Wijayanto and Putri, 2018).

RESEARCH METHODS

This research is a case study, namely research carried out intensively, in detail and in depth on Sari Tahu Business in the Puuwatu Village from 2018-2021 so that the

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informants in this study are the owners of the Sari Tahu Business Household Industry. Data analysis used to answer the problems in this study arequantitative descriptive analysis and data to be presented in the form of balance sheet financial statements and income statements. This business financial data processing uses Microsoft Excel, followed by financial ratio analysis by looking at comparisons of profitability ratios using Net Profit Margin and Return on Investment.

a. *Net Profit Margins*

*Net Profit Margin Ratio*this is measuring net profit against sales. The higher the net profit margin, the better the operations of a company(Pangestu et al., 2015).

$$NPM = \frac{profit}{sell\ result} x100\%$$

Criteria:
NPM > 15%, declared good
NPM < 15% - 10%, stated quite good
NPM < 10% - 5%, otherwise not good
NPM < 5% - 1%, otherwise not good
NPM <1%, declared very bad

b. *Return on Investment (ROI)*

*Return on Investment*this is the ratio between net income and total assets. The higher the ratio, the better the situation in a company(Pangestu et al., 2015).

$$ROI = \frac{Profit}{Aktiva} x100\%$$

Criteria:
ROI ≥ 10%, declared good
ROI < 10% -7%, stated quite good
ROI < 7% -3%, otherwise not good
ROI < 3% -1%, otherwise not good
ROI < 1%, stated very bad

RESULTS

Analysis of the Profit and Loss Report of Sari Tahu Business

The profit and loss report from Sari Tahu Business is a report consisting of the company's income and expenses in a period of one year starting from 2018-2021. The

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following is Table 1 regarding the profit and loss report of Sari Tahu Business for the 2018-2021 period.

Table 1. Profit and Loss Report of Sari Tahu Business for the 2018-2021 period, 2022

	2018 (IDR)	2019 (IDR)	Year 2020 (IDR)	Year 2021 (IDR)
Tofu Sales Results	648,000,000	702,000,000	772,200,000	772,200,000
Variable cost	214,596,000	246,225,000	257,025,000	301,665,000
Gross profit	433.4 04,000	455,775,000	515,175,000	470,535,000
Fixed cost	3,323,333	3,323,333	3,323,333	3,323,333
Operating costs	2,160,000	2,400,000	2,400,000	2,760,000
Sales of By-Products (Tofu Dregs)	21,600,000	23,760,000	23,760,000	27,000,000
Net profit	449,520,667	473,811,667	533,211,667	491,451,667

Based on Table 1 above, it can be seen that the annual gross profit comes from the accumulation of reductions between the sales of tofu and variable costs consisting of raw and auxiliary materials. Raw material costs include soybeans, while supporting materials include vinegar, gasoline, firewood and oil. The fixed costs of the Sari Tahu home industry consist of total expenses for electricity, telephone costs, and equipment depreciation costs.

Sales of tofu dregs are obtained from the accumulated amount of tofu dregs produced annually multiplied by the selling price of tofu dregs per sack. The sales of tofu dregs are much less than the sales of tofu because tofu dregs are a by-product.

Net profit is obtained from deducting gross profit with fixed costs and operational costs, then adding up the by-product income, namely tofu dregs, to obtain net profit. The net profit obtained by Sari Tahu Business has continued to increase from 2018-2020. From 2020 to 2021 there has been a decline in net profit, but overall it can be concluded that net profit from 2018-2021 has experienced an increase in net profit receipts.

In line with researchPangestu et al. (2015), which states that the income statement contains the amount of revenue earned and the amount of costs incurred by the company in a certain period. Furthermore,Kodong et al. (2019)shows that this income statement can provide information about the end of the company in a certain period. Income statements must be made in the operating cycle or certain period to find out the amount

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of income (sales) and costs incurred so that the company can know whether it has experienced a profit or loss.

Sari Tahu Business Household Industry Balance Sheet

The balance sheet for the Sari Tahu Household Industry business is reported at the end of the year. The balance sheet for the Tahu Sari Business for the 2018-2021 period can be seen in Table 2 below.

Table 2. Sari Tahu Business Balance for the 2018-2021 period, 2022

	2018 (IDR)	2019 (IDR)	Year 2020 (IDR)	Year 2021 (IDR)
Current asset:				
Cash	20,000,000	25,000,000	30,000,000	40,000,000
supplies	-	-	-	-
Total Current Assets	20,000,000	25,000,000	30,000,000	40,000,000
Fixed assets:				
Equipment	9,640,000	9,640,000	9,640,000	9,640,000
Equipment Depreciation	323,333	323,333	323,333	323,333
Total Fixed Assets	9,316,667	9,316,667	9,316,667	9,316,667
Total assets	29,316,667	34. 316,667	39. 316,667	49. 316,667
Liabilities:				
Debt	-	-	-	-
Capital	29. 316,667	34. 316,667	39. 316,667	49. 316,667
Total Liability	29. 316,667	34. 316,667	39. 316,667	49. 316,667

Based on Table 2, current assets consist of cash and inventories. Inventory is the product left for further production. There is no product inventory at Sari Tahu Business

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because the tofu produced every day is sold out on the same day. Total current assets show that every year it has increased because the cash held has also increased.

Fixed assets consist of equipment and accumulated depreciation of equipment. Total fixed assets are generated from the accumulation of reduced equipment costs with equipment depreciation costs. Liabilities are liabilities and equity owned by the company. The liability is in the form of company debt, on the balance sheet Sari Tahu business has no debt, be it bank debt or other debt. Equity on the balance sheet is the capital owned by Sari Tahu Business. Capital in the balance sheet comes from cash and the amount of fixed assets owned by the Sari Tahu home industry.

In line with Nasution's research (2018), that the balance sheet shows the total assets, liabilities and equity of a company in a certain period. The balance sheet must be arranged systematically so that it can provide an overview of the company's financial position. Further, in researchLangkay et al. (2018)which also shows that the balance sheet consists of assets and liabilities, with the same total assets and liabilities for each calculation period.

Profitability Ratio Analysis for Home Industry Sari Tahu Business

The profit level of Sari Tahu Business can be measured using a type of profitability ratio with the help of the ratio of Net Profit Margin and Return on Investment. The following is Table 3 regarding the results of calculating financial ratios with Net Profit Margin for the 2018-2021 period.

Table 3. Net Profit Margin for the 2018-2021 period, 2022

No.	Year	Net Profit (Rp)	Sales Results (Rp)	NPM (%)	Criteria
1	2018	449,520,667	648,000,000	69,37	Good
2	2019	473,811,667	702,000,000	67,49	Good
3	2020	533,211,667	772,200,000	69.05	Good
4	2021	491,451,667	772,200,000	63,64	Good

Based on Table 3, the Net Profit Margin shows the net income of the Sari Tahu home industry on sales that are obtained every year. The company's profit margin in 2018-2021 has increased and decreased the percentage value of NPM every year. However, this did not affect the performance of this business in obtaining net profit, so that the 2018-2021 financial performance was declared good. In addition, the financial

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performance of Sari Tahu Business was stated to be good by calculating the NPM because the NPM percentage was above 15%, which is stated as good.

Table 4. Return on Investment for the 2018-2021 period, 2022

No.	Year	Net Profit (Rp)	Total Assets (Rp)	ROI (%)	Criteria
1	2018	449,520,667	29,316,667	15,33	Good
2	2019	473,811,667	34,316,667	13.81	Good
3	2020	533,211,667	39,316,667	13.56	Good
4	2021	491,451,667	49,316,667	9.97	Pretty good

*Return on Investment (ROI)*shows the productivity of all Sari Tahu Business funds, both loan capital and own capital. ROI calculations for 2018-2021 continue to decline. However, with profit margins in 2018-2021 which are in good performance, the decrease in the ROI percentage does not affect this business. In addition, the ROI calculation results from 2018-2020 are still in the good category because they are in the criteria of >10%. Whereas the ROI for 2021 has decreased in criteria to be quite good because it is less than > 10% and not < 7%.

In line withDewi et al. (2018), which states that the high profitability of a company will indicate that the company is able to generate high profits. So that an increase in assets will also occur and keep the company away from the threat of financial distress. Further, accordingNingsih and Alawiyah (2017), that this profitability ratio usually uses several test tools such as Net Profit Margin (NPM), Return on Investment (ROI), and Return on Equity (ROE). The profitability ratio is the ratio that shows the company's ability to generate profits from its operational activities. Thus, the results of the profitability ratios can be used as an illustration of the effectiveness of business performance in terms of the net profit earned compared to the cost of revenue. This is in line withSumaizar et al. (2019), that the measurement results can be used as a management performance evaluation tool, to determine the success of targets for a period or several periods.

CONCLUSION

Based on the results of research to determine the financial performance of the Sari Tahu business home industry for the 2018-2021 period using financial ratio analysis, namely the profitability ratio using the help of Net Profit Margin (NPM) and Return on Investment (ROI), it can be concluded that financial performance in obtaining the profit is declared good. The industry can carry on its business because the Net Profit Margin

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(NPM) owned from the 2018-2021 period is still in the good category because the percentage value is above 15%. Similarly, the Return on Investment (ROI) value is still in quite good category, although financial performance continues to decline from 2018-2021.

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