

Analysis of Financial Statements in Measuring Financial Performance at PT. ACE Hardware Indonesia Tbk.

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Abstract

Financial Report Is an accounting final process that plays an important role in measuring and assessing the work in every company, financial report analysis is a form used in assessing company performance whether a company is in a good or bad position. This study aims to determine the financial performance of the company, namely PT ACE Hardware Indonesia by using financial ratio analysis at PT ACE Hardware Indonesia from 2018-2021. The data analysis technique used is a quantitative descriptive method using measurements of the ratio of liquidity, solvency and profitability. Based on research results, the liquidity ratio in 2018-2021 is said to be unstable because there are ups and downs every year. The results of the solvency ratio are also said to be the same as the previous results where these results are said to be fluctuations or conditions that occur every year. and the profitability results are said to be not good because every year it has decreased.

Keywords: Financial Ratios, Financial Performance, Financial Statements.

INTRODUCTION

In this day and age, every company certainly has goals that are not even easy to achieve. Among other goals, such as being able to generate large profits, being able to reduce the percentage of losses, and being able to pay long-term and short-term company obligations. The success of the company in achieving these goals can be seen from the existence of financial performance based on financial reports, balance sheets, profit and loss, cash flow, reports on changes in capital.

Financial Statements Is an accounting final process that plays an important role in measuring and assessing the work in every company. Companies in this country, especially companies that have gone public. the company will indirectly be listed on the stock exchange to become public or open and is required to make financial reports with the intention of conveying information on financial statements, performance and

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cash flows that provide benefits to users of these financial statements in terms of making economic decisions (Mangindaan et al. 2021).

Financial report analysis is a form used in assessing company performance whether a company is in a good or bad position. In order to know the position, various analyzes can be carried out and one of them is ratio analysis. Financial ratio analysis requires the financial statements of at least the last 2 years of a company's operations to be comparable. In assessing the company's performance, it can be seen based on the financial reports prepared by the company's management. On the balance sheet, you can see whether the company's assets, debts and capital have increased or decreased, all of which can be seen on the balance sheet. As well as in assessing a company's performance, a measuring instrument is needed, namely the ratio that connects 2 financial data to one another (Kurnia et al. 2016).

Financial ratio analysis is used to determine whether a company's financial performance is good or bad. Ratio analysis is grouped into various types, namely the ratio of liquidity, solvency, activity and profitability. The level of liquidity, which describes how far the company's ability to meet short-term obligations based on the guarantee of current assets it has. While the level of solvency, describes how far the company's ability to meet all obligations with the assets it has. Activity level, measuring the effectiveness of the company using the assets it has. The level of profitability describes the extent to which a company's ability to gain profits with the capital it has. Is it possible for a company that looks big to be able to state the effectiveness of the company's performance? By knowing the level of liquidity, solvency, activity and profitability of a company, the actual position of the company can be known so that the level of performance in a company can be measured (Meutia. 2017).

The financial performance in this country is that Indonesia is currently in a recovery period due to the Covid-19 outbreak that has been experienced since 2020. at PT. ACE Hardware Indonesia Tbk. It still tends to decrease due to several outlets closing due to the Covid-19 pandemic. Due to the pandemic, consumer demand throughout tofu has also decreased. However, despite the declining performance, analysts believe that ACE's performance is still better than other retail issuers.

Objectives

This article intends

1. To find out how the financial performance of PT. ACE Hardware Indonesia Tbk based on liquidity ratio
2. To find out how the financial performance of PT. ACE Hardware Indonesia Tbk based on solvency ratio



3. To find out how the financial performance of PT. ACE Hardware Indonesia Tbk based on profitability ratios Negotiation skills have numerous benefits

LITERATURE REVIEW

Financial performance

(Mangindaan et al. 2021) says performance is an achievement that has been achieved by a company or agency in a certain period which has illustrated the level of health of the company or agency. According to (Wokas et al. 2018) Performance is an achievement that has been achieved by a company in company activities in the aspects of finance, funding, technology, and human resources. Based on the explanation above, it can be concluded that performance is a result of the company's ability that has been obtained by the company which in it describes a position the company has passed.

In company performance, it can be seen how a company has the quality of the company. Financial performance is the process of achieving a result from the company for the company's activities that have been passed. Financial performance is an observation made in order to find out how far the company has implemented good financial implementation rules (Hendry Andres. 2013). Financial performance is the success of an achievement in a company in a certain period which describes the position of financial health with sufficient capital, liquidity and profitability.

Financial statements

According to PSAK Financial Accounting Standards No. 1 (Anton. 2017) states "Financial reports are periodic reports prepared according to generally accepted accounting principles regarding the financial status of individuals, associations or business organizations consisting of balance sheets, income statements loss statement, statement of changes in equity, statement of cash flows and notes to financial statements.

Financial Report Analysis

Based on opinion (Mangindaan et al. 2021). Financial Report Analysis is a description of the position of financial statements which are small units of data or information and one can see a meaningful relationship with one another, whether quantitative or not. So that the financial reports are more understandable and understandable to the parties, with the need for financial report analysis. The core purpose of financial statement analysis is to be able to find out the position of the company's financial statements to date (Hendry Andres. 2013)



So by knowing the condition of the financial statements, after doing a more in-depth analysis of the financial statements, it will be seen whether the company can achieve a target that has been given before. The results obtained from the analysis of financial statements obtain data regarding the lack and excess that the company has. Knowing the deficiencies that exist in the company, the management can improve these deficiencies. So that the advantages possessed by the company must be maintained. So that the advantages and disadvantages of the company will describe the current management performance.

Financial Ratio Analysis

Financial ratios are calculations that use financial reports that have a function to measure in assessing the company's financial position and performance. A financial ratio is a number obtained from the results compared between one financial report item and another that has a relevant and significant relationship (Mangindaan et al. 2021).

Ratio analysis is an analytical method to find out the relationship between items on the balance sheet or income statement or a combination of the two reports. (Wokas et al. 2018). Based on the understanding that has been put forward by experts regarding financial ratio analysis, it can be concluded that financial ratio analysis is a method of analysis by comparing financial statement items with other items to provide an assessment of company performance, the aim is to facilitate management to understand what the company needs based on with the available information from limited resources. Using certain ratios, managers will get information about the company's weaknesses and strengths in finance. Based on this information, managers can make important decisions in the future.

Types of Financial Ratios

Broadly speaking there are 3 types of ratios that can be used to assess a company's financial performance, namely Liquidity Ratios, Solvency Ratios and Profitability Ratios.

1. Liquidity Ratio

According to Fred Weston in his book, Analysis of Financial Statements, (Mangindaan et al. 2021), a liquidity ratio is a ratio that explains the existence of a company's ability to fulfill short-term obligations or (debt) within a company, which means that if the company has billing, then the company is able to pay its obligations, namely debts that are already due. The liquidity ratio has a function in showing the ability of a company to fulfill its maturing obligations to



outsiders and inside the company. This ratio is divided into Current Ratio, Quick Ratio.

2. Solvency

According to (Mangindaan et al. 2021) suggests that the solvency ratio is the ratio used in measuring the extent to which a company's assets are financed with debt. Which means how much debt burden is borne by the company compared to its assets. The solvency ratio is used to measure a company's ability to pay all of its obligations, both in the short term and even in the long term if the company is dissolved (liquidation). (Dawam et al. 2022) argues that the solvency ratio describes the company's ability to pay its obligations if the company is liquidated. This ratio can be calculated from long-term items such as fixed assets and long-term debt.

3. Profitability Ratios

The profitability ratio is a description of the company's ability to earn profits through all existing capabilities and sources such as cash sales activities, capital, number of employees, number of branches, and so on. Meanwhile, according to (Mangindaan et al. 2021), profitability is the ratio used to assess a company's ability to make a profit.

METHODS

The type of research conducted is descriptive quantitative, namely a method carried out with the aim of describing a situation objectively by using numbers, starting from collecting data, interpreting the data as well as appearance and results (Ghozali, I. 2016). The main object in this research is a retail company engaged in household facilities and lifestyle products, the company is PT. ACE Hardware Indonesia Tbk. By using liquidity ratios, solvency ratios and profitability ratios for the periods 2018, 2019, 2020 and 2021 as tools for measuring or assessing the financial performance of PT. ACE Hardware Indonesia Tbk

DISCUSSION

1. Liquidity Ratio

Judging from the results of the liquidity ratio in the financial statements of PT ACE Hardware Indonesia, it can be concluded that there is instability in financial performance, this can be seen in the current ratio and fast ratio where these results have decreased and increased every year. Which in the 2018 to 2019 period experienced an increase and in 2019 to the 2020 period experienced a



decrease then there was an increase in 2021. So that the performance assessment of the company can be concluded that it is unstable in the company's ability to fulfill the company's short-term liabilities.

2. Solvency Ratio

In this ratio, the condition of the financial performance of PT ACE Hardware Indonesia can be said that the company's financial performance shows fluctuations or an unstable condition, this can be seen from the DAR or debt to asset ratio and debt to equity ratio, where these results show an ups and downs in results every year, which in 2018 to 2019 has decreased, then there has been an increase in 2020 , and in 2021 there is a decline. so that the company is less effective in paying all obligations and debts to the company.

3. Profitability Ratios

Judging from the results of the return on investment and return on equity at PT ACE Hardware Indonesia, it can be said that these results are not good by showing a decline, which can be seen from the results of the presentation of ROI and REO in the period 2018 to 2021 which have decreased. so that the company is concluded that it is still not good in the company's ability to generate profits.

CONCLUSION

Based on the results of the discussion that has been described. Increase own capital to reduce current debt, and increase current assets/cash of the company so that the company can fulfill its obligations. Expenditure costs that exist in the company can be reduced or minimized. The use of debt is used in accordance with priorities so that the amount of debt does not increase or the amount of debt can be reduced. PT ACE Hardware should be able to manage its assets in obtaining profits by increasing sales. PT ACE Hardware should be able to take advantage of the investment it already has.

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