

The Influence Of Financial Statement Ratio On Profit Growth (Food And Beverages Companies Listed On The IDX Period 2018 - 2022)

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Abstract

Financial Statements are very important information in economic decision making or corporate activity. But it is necessary to know the financial statements of the company has the nature of limitations, such as historical nature, all financial statements are basically a historical document. The purpose of this research is to know the influence of ratio of financial statements to profit growth (food and beverages companies listed in period 2018 - 2022). The results of this study is Net Profit Margin (NPM), no significant effect and positive effect on profit growth. Current Ratio (CR), does not have a significant and negative effect on profit growth. Debt to Asset Ratio (DAR), no significant effect and negatively affect the profit growth. Return On Asset Ratio (ROA), no significant effect and positive effect on profit growth.

Keywords: net profit margin, current ratio, debt to asset ratio and return on asset ratio.

INTRODUCTION

The main objective of establishing a company is to gain profit. Profit is an increase in economic benefits during one accounting period in the form of asset income. To

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measure the success of a company, use the financial performance that has been achieved. Good financial performance shows that the company is working effectively and efficiently. Every company knows profits or performance results through the company's financial reports.

Financial Reports (Martono and Harjito, 2008) are an overview of the financial condition of a company at a certain time. Financial reports provide important information for the company's financial position achieved in a certain time period. Financial reports are very important for companies which can be used as a benchmark for achieving company profits and help companies plan their financial position in the future.

Financial ratios are able to identify the financial strengths and weaknesses of a company and enable investors to assess the company's current and past financial condition and financial results, as well as for investor decision making regarding past and future performance. According to Fraser and Ormiston (2008) there are four main financial ratios, namely activity ratio, profitability ratio, leverage ratio and liquidity ratio. This food and beverages company only uses leverage ratios, liquidity ratios and profitability ratios.

According to the statement of Financial Accounting Concepts (SFAC) No. 1, (in Hudoyo 2005:2) it is stated that the main target of financial reporting is the company's achievements which are presented through profits and its components. Company profits are needed for the company's interests and the company's inability to earn profits will cause an economic decline. Accounting profit is the difference between income realized from transactions for a certain period compared to the costs incurred in that period (Harahap 1995: 147). This accounting profit is based on actual transactions carried out by the company.

LITERATURE REVIEW

Profit

Every company wants to obtain maximum profits from the business it establishes so that the company is able to progress and develop rapidly. According to profit analysts, what is defined in this company is the income generated from the company's sales as a whole.

A company has a business that wants to obtain maximum profits which are measured by accruals, usually in companies using basic accounting by predicting future performance with accurate company financial report information. The financial reports provided by the company regarding monthly or annual profits must be accurate and able

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to compete with other business people, so that investors will cooperate and be able to provide more to the company.

Company profit figures have an opinion on society and the company's environment. According to Reev, Warren et al (2005:3), "profit is the difference between the money received for the sale of goods or services and the costs incurred to produce the goods and the money received for the sale of goods or services and the costs incurred to produce the goods and services." services". According to Harahap (2008:113), "profit is income in excess of costs during one period".

Financial statements

The financial report is the financial condition of the company where the balance sheet includes the value of assets, debts and own capital at a certain time, and the profit and loss report shows the results achieved during one period.

Profitability Ratio

A ratio that shows the amount of profit earned by a company in a certain period. If a company produces low profits, the assessment of the profitability ratio is also low and this will result in investors who want to invest in shares being hesitant to collaborate or invest.

Net Profit Margin

Net Profit Margin is a ratio used to calculate a company's ability to generate net profit from certain sales. This ratio is calculated by dividing profit after interest and tax by total sales.

Return On Asset Ratio

(ROA) according to Susan Irawati (2006:59) is the ability of a company (company assets) to produce company operating profits (EBIT) or the comparison of operating profits with own capital and foreign capital used to generate profits and expressed as a percentage. Return on Assets is often referred to as Economic Profitability (RE) or Earning Power.

Liquidity Ratio

According to Sudana (2011) it is a ratio that measures a company's ability to fulfill short-term financial obligations.

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Current Ratio

According to Kasmir (2014), it is a ratio to measure a company's ability to pay short-term obligations or debts that are immediately due when they are billed in full. Current ratio is measured by the comparison between current assets and current liabilities.

Leverage Ratio

According to Sudana, (2011) is a ratio that measures how much debt is used in company spending.

Debt to Asset Ratio

DAR (Kasmir, 2014) is a debt ratio used to measure the comparison between total debt and total assets. This research uses the leverage ratio proxied by the debt to asset ratio, because this ratio is a ratio that influences the company's profit growth.

METHODOLOGY

Population is the total number of all elements analyzed or studied. The population in this study was 118 companies. The number of samples in this research was 118 companies. It is a way to search for information and collect data carried out by researchers. This research was carried out by obtaining documentation, using secondary data from annual financial reports for the 2018-2012 period of food and beverages companies registered and published on the Indonesia Stock Exchange. Data analysis was carried out using Regression Analysis using the SPSS program.

RESULTS AND DISCUSSION**Table 1. Descriptive statistics**

	N	Range	Minimum	Maximum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
NPM	118	1.54	.00	1.54	.1412	.01736	.18859	.036
CR	118	28.01	.51	28.53	3.2163	.34501	3.74776	14.046
DAR	118	13.33	.12	13.45	1.3369	.18735	2.03510	4.142
ROA	118	20.32	.01	20.33	1.0887	.27658	3.00440	9.026
LABA	118	4.81E12	-1.00	4.81E12	1.5398E1	6.09748E	6.62356E11	4.387E23
Valid N (listwise)	118				1	10		

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Based on the table above, it describes the minimum, maximum, mean and statistical standard deviation values for each research variable. In the NPM variable, the mean research result is 0.01736 with a minimum value of 0.00, a maximum value of 1.54, and a standard deviation of 0.18859. From the research results, the mean result is 0.34501 with a minimum value of 0.51, a maximum value of 28.53, and a standard deviation of 2.74776 for the CR variable. In the DAR variable, the mean research result is 0.18735 with a minimum value of 0.12, a maximum value of 13.45, and a standard deviation of 2.03510. From the research results, the mean result is 0.27658 with a minimum value of 0.01, a maximum value of 28.33, and a standard deviation of 3.00440 for the ROA variable.

Normality test

**Table 2. Normality Test
One-Sample Kolmogorov-Smirnov Test**

			Unstandardized Residual
N			118
Normal Parameters ^{a,b}			
	Mean		.0000000
	Std. Deviation		1.47113411
Most Extreme Differences	Absolute		.076
	Positive		.076
	Negative		-.054
Kolmogorov-Smirnov Z			1.013
Asymp. Sig. (2-tailed)			.083

a. Test distribution is Normal.

b. Calculated from data.

Source: Processed data, 2024

Based on the table above, the results of the normality test with the Kolmogorov Smirnov test above can be concluded that the Kolmogorov Smirnov Z value is 1.013 with a significance of 0.083, the significance data shows that it is smaller than 0.05, which states that the residual value is normally distributed.



Multicollinearity Test**Table 3. Multicollinearity Test****Coefficients^a**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	2.222E11	8.769E10		2.534	.013		
NPM	3.395E11	5.925E11	.097	.573	.568	.305	3.274
CR	-3.530E10	3.221E10	-.200	-1.096	.275	.262	3.820
DAR	-3.255E9	7.151E10	-.010	-.046	.964	.180	5.553
ROA	1.589E9	4.604E10	.007	.035	.973	.199	5.017

Source: Processed data, 2024

From the data above, the tolerance is smaller than 0.5 and the VIF value is smaller than 10. So a regression is declared free from multicollinearity. The table above shows that the data above (independent variables) has a tolerance value of more than 0.1 and a VIF value of less than 10. With these test results, there are no symptoms of multicollinearity.

Heteroscedasticity Test**Table 4. Heteroscedasticity Test****Coefficients^a**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
1 (Constant)	3.423E11	7.926E10		4.319	.000
NPM	4.551E11	5.355E11	.143	.850	.397
CR	-3.874E10	2.911E10	-.241	-1.331	.186
DAR	-3.346E10	6.463E10	-.113	-.518	.606
ROA	2.285E10	4.161E10	.114	.549	.584

a. Dependent Variable: ABRESID

Source: Processed data, 2024



Based on the table above, the SPSS output results clearly show that there is not a single independent variable that statistically significantly influences the dependent variable with the ABRESID value. From significance above the confidence level is 0.05. This shows that the regression model does not have symptoms of heteroscedasticity.

Multiple Linear Regression Test

Table 5. Multiple Linear Regression Test
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
1 (Constant)	2.222E11	8.769E10		2.534	.013
NPM	3.395E11	5.925E11	.097	.573	.568
CR	-3.530E10	3.221E10	-.200	-1.096	.275
DAR	-3.255E9	7.151E10	-.010	-.046	.964
ROA	1.589E9	4.604E10	.007	.035	.973

Source: Processed data, 2024

Profit Growth = 0.097NPM – 0.200 CR – 0.010 DAR + 0.007ROA

This equation can be explained as follows:

The value 0.097 is the Net Profit Margin variable, which means the hypothesis is accepted if the significance value is <0.05, the hypothesis is rejected if the significance value is > 0.05, it can be seen from the table above, the Net Profit Margin variable has a significance value of 0.568, which means > 0, 05.

The value -0.200 is the Current Ratio variable, which means that the hypothesis is accepted if the significance value is <0.05, and the hypothesis is rejected if the significance value is >0.05. It can be seen from the table above, the Current Ratio variable has a significance value of 0.275, which means >0.05.

The value -0.010 is the Debt to Asset Ratio variable, which means that the hypothesis is accepted if the significance value is <0.05, and the hypothesis is rejected if the significance value is >0.05. It can be seen from the table above, the Debt to Asset Ratio variable has a significance value of 0.964, which means > 0.05.

The value 0.007 is the Return On Asset Ratio variable, which means the hypothesis is accepted if the significance value is <0.05, and the hypothesis is rejected if the significance value is >0.05. It can be seen from the table above, the Return On Asset Ratio variable has a significance value of 0.973, which means > 0.05.



F test**Table 6. F test
ANOVA^b**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	9.081E23	4	2.270E23	.509	.729a
Residual	5.042E25	113	4.462E23		
Total	5.133E25	117			

Source: Processed data, 2024

Based on the table above, the results of the ANOVA test or F test show that the F value = 0.509 with a significance level of 0.729, while the F table is 2.451 with a significance level of 0.05. So $F_{table} > F_{count}$ ($2.451 > 0.509$) with research significance greater than 0.05 ($0.729 > 0.05$). This shows that together the independent variables consisting of Profitability, Liquidity, Leverage simultaneously do not have a significant effect on Profit Growth, meaning that the size of the independent variables does not affect profit growth.

T test**Table 7. T test
Coefficients^a**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.222E11	8.769E10		2.534	.013
NPM	3.395E11	5.925E11	.097	.573	.568
CR	-3.530E10	3.221E10	-.200	-1.096	.275
DAR	-3.255E9	7.151E10	-.010	-.046	.964
ROA	1.589E9	4.604E10	.007	.035	.973

Source: Processed data, 2024

Based on the table above, it can be seen that the variables Profitability, Liquidity, Leverage do not have a significant effect on Profit Growth with significance values of 0.568, 0.275, 0.964, 0.93 which are greater than the significance level of 0.05.



DISCUSSION

Net Profit Margin Analysis of Profit Growth

From the test results above, the calculated t value for net profit margin is 0.573 with a significance of 0.568, because the significance level is $0.568 > \alpha = 0.05$, from the t test results it can be concluded that net profit margin does not have a significant effect on profit growth. This research test is supported by research by Oktapiana Narpatilova (2013) showing that net profit margin does not have a significant effect on profit growth.

Current Ratio Analysis of Profit Growth

The test results above obtained a calculated t value for the current ratio of -1.096 with a significance level of 0.275, because the significance level is $0.275 > \alpha = 0.05$, from the results of the t test it can be concluded that the current ratio does not have a significant effect on profit growth. From the test results above, complemented by research by Esa Rahayu (2014), it shows that the current ratio has an insignificant negative effect on profit growth.

Debt to Assets Ratio Analysis of Profit Growth

From the test results above, the calculated t value for the Debt to Assets Ratio is -0.046 with a significance level of 0.964, because the significance level is $0.964 > \alpha = 0.05$, from the results of the t test it can be concluded that the debt to assets ratio does not have a significant effect on growth. profit. This research is complemented by the results of research by Syamsudin and Primayuta (2009) showing that the debt to assets ratio has no significant effect on profit growth.

Return On Assets Ratio Analysis

The test results above obtained a calculated t value of 0.035 with a significance level of 0.973, because the significance level is $0.973 > \alpha = 0.05$, from the results of the t test it can be concluded that the return on assets ratio has no significant effect on profit growth.

CONCLUSION

The results of this research are that Net Profit Margin (NPM) has no significant effect and has a positive effect on profit growth. Current Ratio (CR), has no significant effect and has a negative effect on profit growth. Debt to Asset Ratio (DAR), has no significant effect and has a negative effect on profit growth. Return On Asset Ratio (ROA),

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has no significant effect and has a positive effect on profit growth. For investors, as an investor or prospective investor, before making an investment, you must know the financial reporting system used or know the company's profits are high, if the profits generated by the company are high then investing will be much easier, and for companies it is better to use the Net Profit Margin financial ratio to increase profit growth, because the higher this ratio, the higher the profit the company can generate. For companies, the financial information analyzed by researchers can be used as additional information for the company and can plan its management strategy.

This research only used 118 food and beverage sub-sector manufacturing companies over a period of 5 years, starting from 2018-2022. This causes the information produced by researchers to be incomplete. Researchers only use four independent variables, namely the profitability ratio, Net Profit Margin, Return on Assets Ratio. Liquidity Ratio Current ratio, Debt to Assets Leverage Ratio from the results of this research do not produce the condition of the food and beverage sub-sector manufacturing industry as a whole.

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