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Financial Performance Analysis at PT. Inka Multi Solusi Consulting

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ABSTRACT

This research aims to assess the financial performance of the company using financial ratio analysis at PT. INKA Multi Solusi Consulting for the period 2017-2021. This research is of a quantitative descriptive type. Data analysis is carried out using financial ratio analysis, including liquidity ratios (current ratio and cash ratio), solvency ratios (debt to asset ratio and debt to equity ratio), activity ratios (fixed asset turnover and total asset turnover), and profitability ratios (return on asset and return on equity). The results of this study indicate that the financial performance of the company, as measured by the liquidity ratios, shows favorable outcomes based on the current ratio in 2020 and 2021, despite unfavorable results based on the cash ratio. Furthermore, when assessing solvency ratios using the (DAR) and (DER), the results are favorable..However, the activity ratio measured by total asset turnover is consistently decreasing, placing the company in the less favorable category. On the other hand, fixed asset turnover is in the good category. However, the financial performance for profitability ratios with return on asset and return on equity indicators indicates less favorable results.

Keyword: *Financial Ratios, Financial Perfomances.*

INTRODUCTION

Company performance is a description of the company's financial situation analyzed using various financial analysis tools. Assessment of financial performance is very important to ensure optimal use of resources in the face of changes in the business environment...

Evaluation of company performance is one of the most important factors, not only for the company itself, but also for investors. Irhan Fahmi (2012: 2) argues that financial evaluation is a method applied to evaluate the extent to which a company has carried out its activities in accordance with appropriate financial guidelines and principles.

The company's financial statements are the main source for the company to convey financial and other information to parties outside the company who need it. One indicator that can illustrate whether the company's performance is positive or not is through financial statement analysis.

Financial statement analysis can provide an understanding of the company's financial condition and provide information about the company's financial health (Nasution & Sari, 2019). One of the tools used in this analysis is financial ratio analysis. These financial ratios include liquidity ratios, solvency ratios, activity ratios and profitability ratios.

Previous research related to transportation financial performance analysis has been carried out, one of which is by Rina Milyati Yuniastuti (2017). In the results of her research, Rina stated that the financial performance of transportation companies showed good results in the liquidity ratio and profitability ratio. However, in terms of the solvency ratio, there is a decrease in the ratio value which indicates a less stable financial performance condition.

Transportation sector companies have a very important role in supporting all aspects of the economy and are experiencing significant development today. High levels of mobility have become part of everyday life for all segments of society. In the face of such complexities, rail companies, operators, and governments often hire rail transportation consulting firms to provide the best insights, recommendations, and solutions. These consultants help with track planning, improvements, operational optimization, and development strategies.

As such, rail transportation consultants are key in maintaining smooth rail operations, improving efficiency, facing environmental challenges, and ensuring safe services for passengers and goods. One of the railroad consulting companies in Indonesia is PT INKA Multi Solusi Consulting.

Currently PT. IMSC is experiencing fluctuations in demand for railroad consulting services, resulting in instability in the company's financial resources. The following is a summary table of financial statement data for 2017-2021 PT. INKA Multi Solusi Consulting.

Table .1 Summary of Financial Statement data
PT. INKA Multi Solusi Consulting Period 2017-2021

Tahun	Aset	Utang	Pendapatan	Laba Bersih
2017	3.502.080.042	411.465.506	3.573.616.922	590.614.536
2018	5.557.068.975	1.444.429.827	11.210.926.956	1.276.986.510
2019	6.763.451.542	1.314.745.481	19.152.069.939	1.336.066.913
2020	9.136.262.562	2.541.562.394	9.169.329.221	1.145.994.107
2021	12.652.106.426	5.686.758.137	13.142.764.077	370.648.121

Source: Financial Report of PT INKA Multi Solusi Consulting

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Based on the data above, it can be seen that there are significant fluctuations. From 2017 to 2021, the total assets of PT. IMSC continued to increase. Meanwhile, PT. IMSC debt also increased every year, except in 2019 which had decreased. Then, for PT. IMSC revenue from 2017 to 2019 continued to increase. However, in 2020 it experienced a very significant decline. Meanwhile, net profit from 2017 to 2019 has increased. However, in 2020 and 2021 it experienced a significant decline. Therefore, analyzing the financial performance of PT INKA Multi Solusi Consulting is important to understand fluctuations in the company's financial performance and provide recommendations to improve the company's financial performance in the future.

The purpose of this study is to determine the financial performance of PT INKA Multi Solusi Consulting for the 2017-2021 period based on financial ratios (liquidity ratio, solvency ratio, activity ratio, profitability ratio).

METHOD

The data collection technique used in this research is the documentation technique. The type of research used is quantitative descriptive research. Secondary data in the form of financial statements of PT INKA Multi Solution Consulting for the period 2017-2021. The data analysis used in this study is financial ratio analysis, namely:

1. Liquidity Ratio

a. Current Ratio

Current ratio is a ratio that shows the extent to which current assets are able to cover current liabilities.

$$Current\ Ratio = \frac{Current\ Assets}{Current\ Debt}\ x\ 100\%$$

b. Cash Ratio

Cash ratio is a ratio used to measure how much the company's ability to pay debts using available cash.

$$Cash\ Ratio = \frac{Cash}{Current\ Debt}\ x\ 100\%$$

Table 2. Performance measurement on liquidity ratio

No.	Ratio Type	Industry Standard
1.	Current ratio	200%
2.	Cash ratio	50%

Source: Kasmir (2014)

2. Solvency Ratio

a. Debt to Asset Ratio

Debt to Asset Ratio is an indicator used to measure the relationship between total debt and total company assets.

$$DAR = \frac{Total\ Debt}{Total\ Assets}\ x\ 100\%$$

b. Debt to Equity Ratio

Debt to Equity Ratio aims to evaluate the relationship between debt and equity, so it is useful in knowing how much funding is provided by creditors compared to company owners.

$$DER = \frac{Total\ Debt}{Total\ Equity}\ x\ 100\%$$

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Table 3 Performance measurement on Solvency Ratio

No.	Ratio Type	Industry Standard
1.	Debt to Asset Rasio	35%
2.	Debt to Equity Rasio	80%

Source: Kasmir (2014)

3. Activity Ratio

a. Fixed Asset Turn Over

Fixed asset turnover is a ratio used to calculate how many times the capital invested in fixed assets rotates in a certain period.

$$FATO = \frac{Revenue}{Total\ Fixed\ Assets}$$

b. Total Asset Turn Over

Total asset turnover is an indicator used to calculate the frequency of movement of all assets owned by the company and measure how much is generated from each unit of asset value.

$$TATO = \frac{Revenue}{Total\ Assets}$$

Table 4. Performance Measurement on Activity Ratio

No.	Ratio Type	Industry Standard
1.	Fixed Asset Turn Over	5 kali
2.	Total Asset Turn Over	2 kali

Source: Kasmir (2014)

4. Profitability Ratio

a. Return on Asset

Return on Asset is a ratio that describes the rate of return (return) on investments made in the number of assets used in the company.

$$ROA = \frac{EAIT}{Total\ Assets}\ x\ 100\%$$

b. Return on Equity

Return on Equity is a ratio used to calculate net profit after tax obtained from the company's capital.

$$ROE = \frac{EAIT}{Total\ Equity}\ x\ 100\%$$

Table 5. Performance measurement on Profitability Ratio

No.	Ratio Type	Industry Standard
1.	Return on Asset	30%
2.	Return on Equity	40%

Source: Kasmir (2014)

DISCUSSION

1. Likudity Ratio

a. Current ratio

Table 6. Calculation of Current Ratio (in millions of rupiah**)**

Year	Current Assets	Current Debt	Current Ratio	
2017	3.390.379.863	411.465.506	824%	-
2018	5.179.165.609	1.444.429.827	359%	-56%
2019	6.476.220.972	1.314.745.481	493%	37%
2020	8.998.979.312	2.541.562.394	354%	-28%
2021	12.508.259.504	5.567.952.085	225%	-37%

Source: Data processed (2023)

Based on the data in the current ratio calculation table, it can be seen that the value of this ratio fluctuates. In 2017 the current ratio of PT IMSC was 824%, meaning that every Rp1.00 of current debt can be guaranteed by Rp8.24 of current assets. However, in 2018 the current ratio decreased by 56% so that it became 359%, meaning that every Rp1.00 of current debt can be guaranteed by Rp3.59 of current assets. The decline indicates that the company is experiencing significant changes in the structure of assets and current debt. Then in 2019 it increased again by 37% to reach 493%, meaning that Rp1.00 can be guaranteed by Rp4.93 current assets. However, in 2020 and 2021 it decreased again by 28% and 37% respectively. So that the current ratio in 2020 and 2021 is 354% and 225%, meaning that Rp1.00 can be guaranteed by Rp3.54 and Rp2.25 current assets. Although still above the industry average, this downward trend needs to be considered, because the company is getting closer to the balance between current assets and current debt.

The total current ratio of PT IMSC for the period 2017-2021 is still above the industry average standard of 200%. However, the decline in 2020 and 2021 indicates a change in the company's financial situation. However, this can be interpreted that during the 2017-2021 period current assets can still guarantee the company's current debt.

b. Cash Ratio

Table 7. Calculation Cash Ratio (in millions of rupiah**)**

Year	Cash	Current Debt	Cash Ratio	
2017	1.706.864.685	411.465.506	415%	
2018	1.031.853.580	1.444.429.827	71%	-83%
2019	1.425.793.779	1.314.745.481	108%	52%
2020	730.664.115	2.541.562.394	29%	-73%
2021	752.162.079	5.567.952.085	14%	-53%

Source: Data Processed (2023)

Based on the cash ratio calculation table, it can be seen that: In 2017 the total cash ratio of PT IMSC was 415%, meaning that Rp1,00 of current debt can be guaranteed by Rp4.15 of company cash. In 2018 the amount of cash ratio decreased significantly by 83% so that it became 71%, meaning that Rp1.00 of current debt can be guaranteed by Rp0.71 of company cash. In 2019 it strengthened again at 52% so that it became 108%, meaning that every Rp1.00 of current debt can be guaranteed by Rp1.08 of company cash. In 2020 and 2021, it decreased by 73% and 53% respectively, so that it became 29% and 14%, meaning that every Rp1.00 of current debt can be guaranteed by Rp0.29 and Rp0.14 of company cash.

PT IMSC cash ratio in 2017-2019 is still above the industry average of 50%. However, in 2020 and 2021 the cash ratio is below the industry average. This happens because the amount of cash owned is smaller than current debt, so the company is unable to pay its current obligations using cash. Therefore, it can be concluded that the company has not been able to maintain a consistent balance between current liabilities and the company's cash position.

2. Solvency Ratio

a. Debt to Asset Ratio

Table 8. Calculation Debt to Asset Ratio
(in million rupiah**)**

Year	Total Debt	Total Assets	Debt to Asset Ratio	
2017	411.465.506	3.502.080.042	12%	
2018	1.444.429.827	5.557.068.975	26%	121%
2019	1.314.745.481	6.763.451.542	19%	-25%
2020	2.541.562.394	9.136.262.562	28%	43%
2021	5.686.758.137	12.652.106.426	45%	62%

Source: Data Processed (2023)

Based on the debt to asset ratio calculation table, it can be seen that: In 2017 the amount of debt to asset ratio was 12%, meaning that every Rp100.00 of company funding would be financed with Rp12.00 of debt and Rp88.00 provided by shareholders. In 2018 it increased by 121% so that the total debt to asset ratio was 26%, meaning that every Rp100,00 of company funding will be financed as much as Rp26,00 by debt and Rp74,00 provided by shareholders. In 2019, it decreased by 25% so that it became 19%, meaning that every Rp100.00 of company funding was financed by Rp19.00 debt and Rp81.00 was provided by shareholders. In 2020 and 2021, it increased again, namely by 43% and 62% respectively, so that it became 28% and 45%, meaning that every Rp100.00 of company funding will be financed by Rp28.00 and Rp45.00 debt, then as much as Rp72.00 and Rp55.00 will be provided by shareholders.

The total debt to asset ratio from 2017-2020 did not reach the industry average of 35%, while in 2021 it was above the industry average. This happens because the total assets are higher than the company's debt, so the company is able to pay its debts. However, this condition can also be said to be unfavorable because the company will find it difficult to get loans and if the company wants to add debt, the company needs to add equity first.

b. Debt to Equity Ratio

Table 9 Calculation Debt to Equty Ratio (in millions of rupiah)

Year	Total Debt	Total Equity	Debt to Equity Ratio	
2017	411.465.506	3.090.614.536	13%	
2018	1.444.429.827	4.112.639.148	35%	164%
2019	1.314.745.481	5.448.706.061	24%	-31%
2020	2.541.562.394	6.594.700.168	39%	60%
2021	5.686.758.137	6.965.348.289	82%	112%

Source: Data Processed (2023)

Based on the calculation of the debt to equity ratio, it can be seen that: In 2017 the ratio value was 13%, meaning that for every Rp100.00 of company equity will be paid as much as Rp13.00 by debt. In 2018 there was a significant increase of 164% so that it became 35%, meaning that every Rp100.00 of company equity will be paid by debt as much as Rp35.00. In 2019, it decreased by 31% to 24%, meaning that every Rp100.00 of equity will be financed by Rp24.00 of debt. Furthermore, in 2020 and 2021 it has increased by 60% and 112% so that the debt to equity ratio value is 39% and 82%, meaning that every Rp100.00 of company equity will be financed by debt as much as Rp39.00 and Rp82.00.

The debt to equty ratio value for the 2017-2020 period is below the industry average of 80%, while in 2021 it is above the industry average. This can be interpreted positively because the value of equity is higher than the company's debt so that it can be said that the company's capital structure is in good condition.

3. Activity Ratio

a. Fixed Asset Turn Over

Table 10 Calculation Fixed Asset Turn Over (in millions of rupiah**)**

Year	Revenue	Total Fixed Assets	Fixed Asset Turn Over	
2017	3.573.616.922	111.700.179	32	
2018	11.210.926.956	377.903.366	30	-0,1
2019	19.152.069.939	287.230.570	67	1,2
2020	9.169.329.221	137.283.250	67	-
2021	13.142.764.077	143.846.922	91	0,4

Source: Data Processed (2023)

Based on the calculation of fixed asset turnover, in 2017 it amounted to 32 times, meaning that every Rp1,00 of fixed assets can generate Rp32 of revenue. In 2018 it decreased by 0.1 so that it became 30 times, which means that every Rp1.00 of fixed assets will generate Rp 30 of revenue. In 2019 again experienced an increase of 1.2 times so that it became 67 times, which means that every Rp1.00 of fixed assets can generate Rp67 of revenue. Then in 2020 there was no change. In 2021, it increased by 0.4 so that it became 91 times, meaning that every Rp1.00 of fixed assets can generate Rp 91 of revenue.

The fixed asset turnover value for the 2017-2021 period is above the industry average of 5 times, despite experiencing a decline in 2018, however, the company is still in a stable condition and is able to maximize the use of fixed asset.

b. Total Asset Turn Over

Table 11 Calculation Total Asset Turn Over (in millions of rupiah)

Year	**Revenue**	**Total Assets**	***Total Asset Turn Over***	
2017	3.573.616.922	3.502.080.042	1	
2018	11.210.926.956	5.557.068.975	2	1
2019	19.152.069.939	6.763.451.542	2,8	0,4
2020	9.169.329.221	9.136.262.562	1	-0,6
2021	13.142.764.077	12.652.106.426	1	-

Source: Data Processed (2023)

Based on the total asset turnover calculation table, in 2017 it was 1 time, meaning that every Rp1,00 total assets can generate Rp1,00 revenue. In 2018 it increased by 1 so that it became 2 times, meaning that every Rp1,00 total assets can generate Rp2,00 revenue. In 2019 it increased by 0.4 so that it became 2.8 times, meaning that every Rp1.00 of total assets can generate Rp2.8 of revenue. However, it decreased in 2020 by 0.6 to 1 time, meaning that every Rp1.00 of total assets will generate Rp1 of revenue. Then, in 2021 there was no change or relatively constant so that the ratio value remained 1.

The total asset turnover value in 2017, 2020 and 2021 is still below the industry average of 2 times, which means that the company is less effective and efficient in utilizing its total assets to increase revenue or reduce some of its less productive assets.

4. Profitability Ratio

a. Return on Asset

Table 12 Calculation Return on Asset (in millions of rupiah**)**

Year	**EAIT**	**Total Assets**	**Return on Asset**	
2017	590.614.536	3.502.080.042	17%	
2018	1.022.024.612	5.557.068.975	18%	9%
2019	1.336.066.913	6.763.451.542	20%	7%
2020	1.145.994.107	9.136.262.562	13%	-37%
2021	370.648.121	12.652.106.426	3%	-77%

Source: Data Processed (2023)

Based on the calculation of return on assets, in 2017 it was 17%. Then, in 2018 it was 18%, meaning that the return on investment increased by 9%. In 2019 it amounted to 20%, meaning that the rate of return on investment had increased by 7%. However, in 2020 and 2021 the rate of return on investment decreased by 37% and 77% so that it became 13% and 3%. this shows management's inability to obtain ROA.

The return on assets value for the 2017-2021 period is still below the industry average of 35%, indicating that the company's profit margin is not optimal or not good. This is because the invested capital has not been able to generate profits. Although in 2018 and 2019 it had increased, it was still below the average industry standard. From the results of this ratio, it will certainly have a negative impact on the company, because it experiences losses and hampers the company's growth in the future.

b. Return on Equity

Table 13. Calculation Return on Equity (in millions of rupiah**)**

Year	EAIT	Total Equity	Return on Equity	
2017	590.614.536	3.090.614.536	19%	
2018	1.022.024.612	4.112.639.148	25%	30%
2019	1.336.066.913	5.448.706.061	25%	-1%
2020	1.145.994.107	6.594.700.168	17%	-29%
2021	370.648.121	6.965.348.289	5%	-69%

Source: Data Processed (2023)

Based on the calculation of return on equity, in 2017 it was 19% and in 2018 it was 25%, meaning that the return on equity increased by 30%. However, in 2019, 2020 and 2021 the return on equity decreased for three consecutive years, namely by 1%, 29%, and 69% so that it became 25%, 17%, and 5%. this shows management's inability to obtain ROE along with the decline in ROA.

The return on equity value for the 2017-2021 period is below the industry average of 40%. This is due to the increase in equity every year. Therefore, it can be concluded that the company's condition is not good and has not been able to generate profits from its own capital.

CONCLUSION

Based on the results of the analysis and discussion through financial ratio analysis in assessing the financial performance of PT INKA Multi Solution Consulting for the period 2017-2021, the following conclusions can be drawn:

1. Financial performance in terms of liquidity ratios as measured by the current ratio is in a fairly good condition because the company's current assets are above current debt, so the company is considered capable of paying its current debt. However, the cash ratio in 2020 and 2021 has decreased, so the company is unable to pay its current debt.
2. Financial performance in terms of solvency ratios as measured by debt to asset ratio and debt to equity ratio can be seen that the financial position of PT IMSC is in good condition. Therefore, the company can be said to be solvable because it is able to meet short-term and long-term obligations, if the company is liquidated.
3. Financial performance in terms of activity ratios as measured by fixed asset turnover that the company is in good condition because there is an increase in the ability to generate income. While based on the measurement of total asset turn over
4. It can be seen that the company is in a very bad condition because the company is less effective and efficient in generating income from its total assets.
5. Financial performance in terms of profitability ratios as measured by return on assets and return on equity can be known to be in a very bad condition, because the company is not optimal in generating profits from both assets and own capital.

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