Analysis of Financial Statements in Measuring Financial Performance at PT. Matahari Department Store Tbk

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Abstract. This research is to find out more about PT Matahari Dapartment Store Tbk. As an analysis method, the horizontal analysis method is used. The horizontal financial analysis method examines the same components of financial statements over time. Financial statements under scrutiny are often compared over two or three periods, with the previous period acting as a baseline. In this analysis, the percentage decrease and increase in financial statement items from the previous period are considered.

Keywords: Analysis, horizontal analysis, financial statement, financial performance

Abstrak. Penelitian ini untuk mengetahui lebih jauh tentang PT MATAHARI DAPARTMENT STORE TBK. Sebagai metode analisis, digunakan metode analisis horizontal. Metode analisis keuangan horizontal memeriksa komponen laporan keuangan yang sama sepanjang waktu. Laporan keuangan di bawah pengawasan sering dibandingkan selama dua atau tiga periode, dengan periode sebelumnya bertindak sebagai dasar. Dalam analisis ini, persentase penurunan dan kenaikan item laporan keuangan dari periode sebelumnya dipertimbangkan.

Kata kunci: Analisis, analisis horizontal, laporan keuangan, kinerja keuangan

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1. Introduction

Obtaining information from financial statement analysis can reveal whether or not a company is experiencing financial difficulties. The company can start with the company's ability to make a profit. A good company is an indicator of competence. The company fulfills its obligations to employees, is also an element of creating corporate value and showing the company's future outlook. This measurement is often used by businesses to measure their assets. It is based on the rate of return, liquidity ratio, activity, and leverage which is of course to measure the company's performance. A general account is not enough to make the correct decision. The effectiveness and efficiency of a company can be measured by how well the company meets the needs of its customers. Today, many companies are more successful. Given the value of information, it seems valuable. As organizations improve CBM management practices, management becomes more ambitious and focused. A timeline showing how the events unfolded in chronological order. Future shareholders should focus on maximizing shareholder value. The value of a company's shares is based on the value of its assets. The second factor is the great strength of the company. Management motivation helps to achieve the desired result. Set high goals for maximum success.

The good performance and poor performance of local companies seen in the annual report can be evaluated based on the company's financial statements presented in each period. Annual reports are not only important for insiders, for companies or other parties or commonly called outsiders. Companies need to conduct an annual accounting analysis to evaluate the company's performance and use it for comparison of company status from the current year to previous years. This information is useful for the prediction of the company's production capacity, cash flows from existing data sources. Also, information helps develop considerations about the effectiveness of the company as an additional resource. The purpose of this study is to assess the financial capacity of PT. Matahari Department Store Tbk.

2. Literature Review

2.1 Accountancy

Accounting is a process of recording, grouping, summarizing, analyzing, and reporting economic information of a company that serves to provide data used in decision making. AICPA (American Institute of Certified Public Accountants) cites the definition, accounting is a service activity. The goal is to provide quantitative data from the economic entities of the company, particularly financial data, that can be used to make economic judgments and select alternatives from a situation.

2.2 Financial Statements

Financial statements are a summary of the company's financial transactions, as well as its financial records as accounting information. Financial statements should be prepared using standard accounting rules so that readers get a clear picture.

2.3 Financial statement analysis

Financial statement analysis is a method of determining a company's past, present, and future financial health so that interested parties can make the best decisions. Financial statement analysis includes breaking down financial statement items into smaller units of information in order to see a more meaningful relationship with the company's financial situation in the decision-making process.

2.4 Financial ratio analysis

Financial ratios are calculated from data obtained in the income statement and balance sheet. Home (2012:110) defines ratio analysis as an index that combines two accounting data and is calculated by dividing one number by another. Ratio analysis is used to evaluate profitability, liquidity, effectiveness of money use, effectiveness of funds, efficiency, and cost-effectiveness. Financial ratio analysis is usually divided into four parts:

1) Liquidity ratio

   Liquidity ratio / liquidity ratio is to compare the company's current assets with its current liabilities to determine its short-term liquidity ability, there are 3 short-term liquidity ratios, namely:

   a. The urrent *ratio* examines the extent to which a company can control short-term liabilities with all available assets.

   $$Current\ ratio = \frac{Aktiva\ lancar}{\text{Hutang lancar}} \times 100\%$$

   b. The Q*uick ratio* is to separate inventory and other current assets from very current assets to determine the extent to which a company can control short-term liabilities.

   $$Quick\ ratio = \frac{\text{Aktiva lancar} - \text{Persediaan}}{\text{Kewajiban lancar}} \times 100\%$$

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c. *Cash ratio* is using cash as a basis to measure a company's capacity to meet short-term obligations.

$$Cash\ ratio = \frac{(\text{Kas} + \ \text{Setara kas})}{\text{Hutang lancar}} \times 100\%$$

2) Solvency ratio

Solvency ratio is evaluating the company's ability to meet long-term commitments. A company goes bankrupt when its total debt exceeds all its assets.

a. *Debt to asset ratio* is to compare total debt with total assets.

$$Debt\ to\ asset\ ratio = \frac{\text{Total utang}}{\text{Total aset}} \times 100\%$$

b. *Debt to equity ratio* is to compare total debt with total capital.

$$Debt\ to\ equity\ ratio = \frac{\text{Total utang}}{\text{Total modal}} \times 100\%$$

3) Activity ratio

Activity ratio / activity ratio is to evaluate the ability of a company to measure the level of efficiency in the use of its resources.

a. Inventory turnover is what shows how many times dollars were invested in inventory during a certain period.

$$Inventory\ turnover = \frac{\text{Penjualan}}{\text{Persediaan}} \times 100\%$$

b. Working capital turnover is what determines the effectiveness of a company's working capital in generating revenue.

$$Working\ capital\ turnover = \frac{\text{Penjualan}}{\text{modal}} \times 100\%$$

4) Profitability ratio

Profitability ratio is to determine the potential of a company to create profits against certain levels of sales, assets, and capital.

a. *Return On Total Assets* (ROA) is assessing a company's power to generate profits based on a set of assets.

$$ROA = \frac{\text{Laba bersih}}{\text{Total aset}} \times 100\%$$

b. *Return On Equity* (ROE) is to calculate net income based on own capital.

$$ROE = \frac{\text{Laba bersih}}{\text{Modal saham sendiri}} \times 100\%$$

3. Method, Data, and Analysis

The form of research used is comparative descriptive research, which includes examining annual financial statements and comparing them with other financial accounts to assess the level of financial success of PT. Matahari Department Store Tbk.

In this case secondary data is used as a source of information. What is meant by "secondary data" is information obtained from third parties (Kuncoro, 2009: 148). Financial records for 2020 and 2021 come from PT. Matahari Department Store Tbk. and data for this study were obtained via internet from Indonesia Stock Exchange.

In this study, the horizontal analysis method was used. Horizontal analysis, according to Kasmir (2008: 69), is the practice of comparing financial statements from different time periods. The conclusion of the study will reveal how the company has evolved over one time to the next. Testing the ratio of liquidity, solvency, activity ratio, and profitability, according to Munawir (2008: 41), is the most important variable to be studied in reviewing and assessing the condition and potential or financial progress of a company.

4. Result and Discussion

4.1. Company Overview

PT Matahari Department Store Tbk. is one of the main retail brands in Indonesia, selling clothes, beauty knick-knacks, and home furnishings at prices that are easily accessible to the public. Matahari cooperates with well-known Indonesian and international suppliers in providing a variety of high-quality items at affordable prices. Matahari's modern and expansive position shares a vibrant shopping experience in attracting customers and helping Matahari become a fast-growing middle-class department store in Indonesia. On October 24, 1958, Matahari's first store, a children's clothing store, opened in Jakarta's Pasar Baru area. The scope of Matahari has expanded since then, with the inauguration of Indonesia's first modern department store in 1972 and subsequent expansion to all countries. Until now, the size of the sun is getting bigger.

After separating from PT Matahari Putra Prima Tbk (MPP) in 2009, Matahari changed its name to PT Matahari Department Store Tbk. Asia Color Company Limited and CVC Capital Partners Asia Pacific III

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Parallel Fund – A, L. P., industrial subsidiaries of CVC Capital Partners Asia Pacific III L. P., are the major shareholders of Matahari (collectively referred to as "CVC Asia Fund III").

4.2 Research Results

1) Liquidity ratio

a. C*urrent ratio*

$$Rasio\ lancar = \frac{\text{Rp } 1.610.213}{\text{Rp } 2.856.300} \times 100\% = 56{,}374\%$$

b. Q*uick ratio*

$$Quick\ ratio = \frac{\text{Rp } 1.610.213 - \text{Rp } 889.484}{\text{Rp } 2.856.300} \times 100\% = 25{,}232\%$$

c. Cash ratio

$$Cash\ ratio = \frac{(\text{Rp } 523.954)}{\text{Rp } 2.856.300} \times 100\% = 18{,}343\%$$

2) Solvency ratio

a. Debt to asset ratio

$$Debt\ to\ asset\ ratio = \frac{\text{Rp } 5.737.956}{\text{Rp } 6.319.074} \times 100\% = 90{,}803\%$$

b. Debt to equity ratio

$$Debt\ to\ equity\ ratio = \frac{\text{Rp } 5.737.956}{\text{Rp } 581.118} \times 100\% = 987{,}399\%$$

3) Activity ratio

a. Inventory turnover

$$Inventory\ turnover = \frac{\text{Rp } 4.839.058}{\text{Rp } 889.484} \times 100\% = 544\ \text{X}$$

b. Working capital turnover

$$Working\ capital\ turnover = \frac{\text{Rp } 4.839.058}{\text{Rp } 581.118} \times 100\% = 832\ \text{X}$$

4) Profitability ratio

a. Return On Total Assets (ROA)

$$ROA = \frac{\text{Rp } 934.404}{\text{Rp } 6.319.074} \times 100\% = 14{,}787\%$$

b. *Return On Equity* (ROE)

$$ROE = \frac{\text{Rp } 873.181}{\text{Rp } 581.118} \times 100\% = 150{,}258\%$$

2021 data

1) Liquidity ratio

a. C*urrent ratio*

$$Current\ ratio = \frac{\text{Rp } 1.513.483}{\text{Rp } 2.070.004} \times 100\% = 73{,}114\%$$

b. Q*uick ratio*

$$Quick\ ratio = \frac{\text{Rp } 1.513.483 - \text{Rp } 746.771}{\text{Rp } 2.070.044} \times 100\% = 37{,}038\%$$

c. Cash ratio

$$Cash\ ratio = \frac{(\text{Rp } 661.391)}{\text{Rp } 2.070.044} \times 100\% = 31{,}950\%$$

2) Solvency ratio

a. Debt to asset ratio

$$Debt\ to\ asset\ ratio = \frac{\text{Rp } 4.845.257}{\text{Rp } 5.851.229} \times 100\% = 82{,}807\%$$

b. Debt to equity ratio

$$Debt\ to\ equity\ ratio = \frac{\text{Rp } 4.845.257}{\text{Rp } 1.005.972} \times 100\% = 481{,}649\%$$

3) Activity ratio

a. Inventory turnover

$$Inventory\ turnover = \frac{\text{Rp } 5.585.975}{\text{Rp } 746.771} \times 100\% = 748\ \text{X}$$

b. Working capital turnover

$$Working\ capital\ turnover = \frac{\text{Rp } 5.585.975}{\text{Rp } 1.005.972} \times 100\% = \ 555\ \text{X}$$

4) Profitability ratio

a. *Return On Total Assets* (ROA)

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$$ROA = \frac{\text{Rp } 1.102.899}{\text{Rp } 5.851.299} \times 100\% = 18{,}849\%$$

b. *Return On Equity* (ROE)

$$ROE = \frac{\text{Rp } 912.854}{\text{Rp } 1.005.972} \times 100\% = 90{,}743\%$$

Table 1. Liquidity Ratio Comparison of PT. Matahari Department Store Tbk.

Information	Year 2020	Year 2021	Result	Interpretation
Current Ratio	56,374%	73,114%	Climb	Good
Quick Ratio	25,232%	37,038%	Climb	Good
Cash Ratio	18,343%	31,950%	Climb	Good

Table 2. Comparison of Solvency Ratio of PT. Matahari Department Store Tbk.

Information	Year 2020	Year 2021	Result	Interpretation
Debt to Asset Ratio	90,803%	82,807%	Go down	Not Good
Debt to Capital Ratio	987,399%	481,649%	Go down	Not Good

Table 3. Comparison of Activity Ratio of PT. Matahari Department Store Tbk.

Information	Year 2020	Year 2021	Result	Interpretation
Inventory Turnover	544 X	748 X	Climb	Good
Working Capital Turnover	832 X	555 X	Go down	Not Good

Table 4. Profitability Ratio Comparison of PT. Matahari Department Store Tbk.

Information	Year 2020	Year 2021	Result	Interpretation
ROA	14,787%	18,849%	Climb	Good
ROE	150,258%	90,743%	Go down	Not Good

1) Liquidity ratio

The company appears to be in decent shape based on its total liquidity ratio. The current ratio, quick ratio, and cash ratio indicate that the company has grown. A larger liquidity ratio figure indicates that the company is in good shape.

2) Solvency ratio

The debt-to-asset ratio and debt-to-capital ratio indicate that the corporation is in poor shape. The company's situation is bad because the greater the value of this ratio, the worse the company's performance.

3) Activity ratio

At this ratio, the smaller the company's ratio, the worse it will be. In inventory turnover, the company's condition is good because it has increased. Meanwhile, in the working capital turnover, the company's condition is not good because it has decreased.

4) Profitability ratio

In ROA, the company's condition is good because it has increased. ROA attempts to assess a company's potential to create net income from a particular asset. Meanwhile, the company's ROE is not good because it has decreased. ROE aims to measure a company's profit based on its own share capital.

5. Conclusion and Suggestion

5.1 Conclusion

1) PT. Matahari Department Store Tbk viewed from the whole, the company's performance is considered liquid when measured by the liquidity ratio of current ratio, quick ratio, and cash ratio.

2) Financial performance of PT. Matahari Department Store Tbk is considered unsolvable if measured using the debt to asset ratio and debt to equity ratio, because the company's performance will get worse if the greater the ratio.

3) The company's financial performance when viewed from the point of activity ratio to inventory turnover, the company's condition is good because it has increased. Meanwhile, in the working capital turnover, the company's condition is not good because it has decreased.

4) Return On Total Assets (ROA) and Return On Equity (ROE) are used to evaluate the financial performance of PT. Matahari Department Store Tbk., to declare profit.

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5.2 Suggestion

1) Liquidity

The liquid assets of the company are in good condition. This must be maintained so that the company's financial responsibilities can be fulfilled smoothly.

2) Solvency

The solvency of the company is in serious danger. This should be a top priority for the corporation to deal with.

3) Activity

The company's operations are in good condition. The utilization of company assets must be maintained so that the situation becomes more effective and efficient.

4) Profitability

The profitability of the company is strong. From the visible results, in making a profit shows that the company is in a good situation.

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