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LIQUIDITY, SOLVABILITY, AND PROFITABILITY RATIO ANALYSIS TOWARDS FINANCIAL PERFORMANCE

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Abstract: A cooperative is a collection of people with social characteristics who work together based on the principles of kinship and cooperation to advance the interests of cooperative members. This study aims to analyze the financial performance of BMT Projo Artha Sejahtera in Bantul by using financial ratios. The analytical method used in this research is a descriptive quantitative analysis using the measurement of liquidity ratios, solvency ratios, and profitability ratios. The analytical tool used in paying short-term obligations by using the Current Ratio and Quick Ratio of the liquidity ratio. Based on the research results, it can be concluded that seen from the liquidity ratio, the Current Ratio and Quick Ratio have decreased every year. The increase in this ratio shows that the company is not performing well because the cooperative has not been able to pay its current obligations. Judging from the solvency ratio, the Total Debt to Total Assets Ratio and Total Debt to Equity Ratio has decreased. The decrease in this ratio indicates a good company performance because of the smaller financial risk. Judging from the profitability ratio, Return On Assets and Return On Equity also increased. The increase in this ratio indicates that performance is good because it is maximum in generating profits.
Keywords: Financial Performance; Liquidity; Profitability; Solvency

INTRODUCTION

A cooperative is a collection of people with social characteristics who work together based on the principles of kinship and cooperation to advance the interests of cooperative members. This is following the main objective of the cooperative, which is to improve the welfare of members and society in general. To achieve this goal, the cooperative tries to meet and fulfill the needs of its members by organizing various business fields that are beneficial to the surrounding community (Prayitno, 2016). Given that the majority of Indonesian people are predominantly Muslim. This becomes a strong foundation for the community on the importance of cooperatives. However, in practice, the existing cooperatives currently use a conventional system, which is considered by some people to still contain usury and unclear contracts in syirkah. To make the operational principles of the cooperative comply with sharia principles, a sharia cooperative or baitul mal wa tamwil (BMT) was formed. Currently, many cooperative activists have taken the initiative to establish sharia cooperatives to make their members prosperous based on Sharia principles.

Measurement of financial performance can be done by analyzing the financial statements. analyzing financial statements means exploring more information contained in a cooperative financial report with ratio analysis. (Jumhana, 2017). The way to find out whether the financial performance of a company is good or bad can be found by analyzing the relationships of various items in a financial report. As for analyzing the company's financial performance, financial ratio analysis can be used, which includes liquidity ratios, solvency ratios, and profitability ratios. This study aims to determine the analysis of liquidity ratios, solvency, and profitability on financial performance at BMT Projo Artha Sejahtera for the period 2015-2019.

The company's financial performance is a description of the condition and financial position of a company that is analyzed using financial analysis tools so that the company

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can find out about the good or bad financial condition of a company that reflects work performance to earn a profit within a certain period. (Rakhmawati et al., 2017). Meanwhile, according to Fahmi (2012) in Maith (2013) states that financial performance is an analysis carried out to see how far the company has implemented by using financial implementation rules properly and correctly.

The liquidity ratio is the ratio that relates to the problem of a company's ability to meet its financial obligations which must be fulfilled immediately (PA & Marbun, 2016). The liquidity ratio is the ability of an entity to pay off the company's current liabilities by utilizing its current assets triwahyuningtias (2012) in Widhiari & Aryani Merkusiwati (2015). Current Ratio (CR) A high ratio indicates a better guarantee for short-term debt, but if it is too high it results in inefficient working capital(PA & Marbun, 2016). Quick Ratio (QR*)* This ratio is also called the acid test ratio which is also used to measure a company's ability to meet its short-term obligations. The quick ratio is calculated by subtracting current assets from inventories (Hanie, 2018).

The solvency ratio is the company's ability to meet its obligations, which is used to measure the extent to which the company's assets are financed with debt (Hanie, 2018). The solvency ratio is used to measure the company's ability to pay all its obligations, both short term and long term if the company is liquidated or dissolved Kasmir (2016) in Rusti'ani & Wiyani (2017). Debt To Asset Ratio(DAR) This ratio is used to measure a company's ability to guarantee its debts with the number of assets it owns. The higher the total debt, the greater the amount of loan capital used to generate profits for the company(Erindani, 2014). Debt to Equity Ratio (DER) is a ratio that compares the amount of debt to equity. The higher this ratio means that the equity itself is less than the debt. For a conservative approach, the maximum amount of debt is the same as own capital, meaning that the maximum equity debt is 100%. (Adelina et al., 2014).

The profitability ratio is a ratio that shows the company's ability to benefit from the use of its capital(Nurminda et al., 2017). The profitability ratio measures the effectiveness of cooperatives making profits, besides being able to be used as a measure of financial health, this profitability ratio is very important to observe considering adequate profits are needed to maintain the flow of cooperative capital sources Friyanto Pandia (2012) in Susanto, Heri & Kholis (2016).

A high Return On Asset ratio indicates the efficiency of asset management, which means management efficiency so that the lower this ratio means inefficient(Nurminda et al., 2017). Return on assets is a measurement of the company's overall ability to generate profits with the total number of assets available within the company Kasmir (2012) in Watung & Ilat (2016). Return On Equity is useful for knowing the amount of return given by the company for every rupiah of capital from the owner and shows the success of management in maximizing the rate of return on shareholders (Nurminda et al., 2017).

METHODS

The method used in this research is the descriptive method with a quantitative approach. Therefore, this research is descriptive quantitative, namely data in the form of numbers. Sources of data obtained are from the BMT Projo Artha Sejahtera Savings and Loan Cooperative in Bantul which is in the form of secondary data, namely data that has been processed in the form of a balance sheet and income statement. The data collection method in this research is data taken or obtained from documents in the form of financial reports.

This study uses quantitative data analysis with an emphasis on matters relating to certain numbers and formulas by using the method of financial statement analysis. The financial statement analysis methods used consist of:

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Liquidity ratio

Current Ratio $= \frac{\text{total current assets}}{\text{total current liabilities}}$ x 100% =… ..%

Quick Ratio $= \frac{current\ assets - stock}{current\ liabilities}\ x\ 100\ \%$ =… ..%

Solvency Ratio

Debt to asset ratio $= \frac{total\ amoun\ of\ debt}{total\ assets}$ x 100% = ...%

Debt to Equity ratio $= \frac{total\ amoun\ of\ debt}{total\ equiy}$ x 100% = ...%

Profitability Ratio

ROA $= \frac{net\ income}{total\ assets}\ x\ 100\%$ = …….%

ROE $= \frac{net\ income}{capital}\ x\ 100\%$ = …….%

RESULTS AND DISCUSSION

Liquidity

Current Ratio (CR)

The current Ratio or current ratio is the ratio to measure the company's ability to pay short-term obligations or debt that is due. The calculation of the current ratio is done by comparing the total current assets with the total current debt. The formula for the current ratio is as follows:

CR $= \frac{total\ current\ assets}{total\ current\ liabilities}\ x\ 100\%$ =… ..%

Table 1. Current Ratio (CR) Calculation Results

Year	Current Asset	Current Liabilities	Current Ratio (%)
2015	12,194,509,381	10,556,702,731	1.16
2016	15,316,631,134	13,166,155,835	1.16
2017	17,839,243,990	15,643,132,902	1.14
2018	22,741,663,453	19,976,721,962	1.14
2019	30,182,371,692	26,325,632,947	1.15

Source: Financial reports of BMT Projo Artha Sejahtera 2015-2019 (2020)

Based on table 1, it can be seen that the amount of Current Ratio (CR) of BMT Projo Artha Sejahtera in 2015-2019 has fluctuated, only in 2017 and 2018 it has decreased. The liquid level of a company can be seen from its current assets, which are used to meet its short-term obligations. In 2015 the current ratio was 116%, in 2016 the current ratio was still stable at 116%, in 2017 the current ratio decreased by 114%, in 2018 the current ratio was still stable at the amount of 114%, and in 2019 the current ratio has increased by 115%. This ratio illustrates that each current debt is guaranteed with current assets of IDR 1.16 for 2015, IDR 1.16 for 2016, IDR 1.14 for 2017, IDR 1.14 for 2018, and IDR 1.15 for 2019.

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Quick ratio (QR)

Quick Ratio or quick ratio is the ratio used to measure the company's ability to use current assets without inventory to pay off its short-term debt. The quick ratio is done by comparing current assets minus inventory and divided by current liabilities. The formula for the quick ratio is as follows:

QR = $\frac{current\ assets\ -stock}{current\ liabilities}\ x\ 100\% = \ldots\%$

Table 2. Quick Ratio (QR) Calculation Results

Year	Current Asset	Stock	Current Liabilities	Quick Ratio
2015	12,194,509,381	-	10,556,702,731	1.16
2016	15,316,631,134	-	13,166,155,835	1.16
2017	17,829,423,990	-	15,643,132,902	1.14
2018	22,741,663,454	-	19,976,721,962	1.14
2019	30,182,371,693	-	26,325,632,948	1.15

Source: Financial reports of BMT Projo Artha Sejahtera 2015-2019 (2020)

Based on table 2, the Quick Ratio of Projo Artha Sejahtera BMT in 2015-2019 has fluctuated. Only in 2017 and 2018 has it decreased. In 2015 the fast ratio was 116%, in 2016 the fast ratio was 116%, in 2017 the fast ratio was 114%, in 2018 the fast ratio was 114% and in 2019 the fast ratio was 115%. In 2015 the current ratio was 116%, in 2016 the current ratio was still stable at 116%, in 2017 the current ratio decreased by 114%, in 2018 the current ratio was still stable at 114%, and in 2019 the current ratio increased by 114%. 115%.

Solvency

Debt to Asset Ratio (DAR)

DAR is a debt ratio used to measure the ratio between total debt and total assets. Or how much the company's assets are financed by debt with total assets. The DAR formula is as follows:

DAR = $\frac{Total\ Amoun\ of\ Debt}{total\ assets}$ x 100% = ...%)

Table 3. Debt to Asset Ratio (DAR) Calculation Results

Year	Total Amoun of Debt	Total Assets	Debt to Asset Ratio
2015	10,556,702,731	12,194,509,381	0.87
2016	13,166,155,835	15,316,631,134	0.86
2017	15,643,132,902	17,839,243,990	0.88
2018	19,976,721,962	22,741,663,453	0.88
2019	26,325,632,947	30,182,371,692	0.87

Source: Financial reports of BMT Projo Artha Sejahtera 2015-2019 (2020)

Based on table 3, the Debt to Asset Ratio (DAR) or debt to BMT Projo Artha Sejahtera Debt to Asset Ratio for 2015-2019 tends to decline, only in 2017 and 2018 did the Debt to Asset Ratio has increased. For 2015 DAR was 87%, for 2016 DAR decreased by 86%, for 2017 DAR had increased by 88%, for 2018 DAR was still stable at 88%, while for 2019 DAR decreased by 87%.

Debt To Equity Ratio (DER)

Debt To Equity Ratio is a ratio used to assess debt to equity. This ratio also functions to find out each rupiah of own capital that is used as debt collateral. The higher the ratio, the less the capital itself is compared to the debt. The Debt To Equity Ratio formula is as follows:

DER =$\frac{total\ liabilities}{total\ Equity}$ x 100% = ...%

Table 4. The results of the Debt to Equity Ratio (DER) Calculation

Year	Total Amoun of Debt	Total Equity	Debt to Equity Ratio
2015	10,556,702,731	1,920,387,059	5,50
2016	13,166,155,835	2,372,565,318	5,55
2017	15,643,132,902	2,706,265,023	5.78
2018	19,976,721,962	3,462,440,971	5.77
2019	26,325,632,947	4,653,924,176	5.66

Source: Financial reports of BMT Projo Artha Sejahtera 2015-2019 (2020)

Based on table 4, BMT Projo Artha Sejahtera shows that the debt to equity ratio tends to increase, only in 2018 and 2019 the debt to equity ratio has decreased. For 2015 the debt to equity ratio was 550%, in 2016 it had increased to 555%, in 2017 the debt to equity ratio had increased to 578%, but in 2018 the debt to equity ratio had decreased to 577%, and for 2019 the debt to equity ratio has decreased to 566%.

Profitability

Return On Asset (ROA)

ROA is the ratio to measure net profit after tax to total assets. This ratio shows the level of efficiency of asset management by the company. The greater the ROA, the greater the level of profit and the better the company's position in terms of asset use. The ROA formula is as follows:

ROA = $\frac{net\ income}{total\ assets}\ x\ 100\%$ = …….%

Table 5. The Results of the Calculation of Return on Asset (ROA)

Year	Net Profit	Total Assets	ROA
2015	171,808,007	12,194,509,381	0.014
2016	219,101,328	15,316,631,134	0.014
2017	282,616,699	17,839,243,990	0.016
2018	325,704,095	22,741,663,453	0.014
2019	573,869,115	30,182,371,692	0.019

Source: Financial report of BMT Projo Artha Sejahtera 2015-2019 (2020)

Based on table 5, Return On Asset (ROA) to BMT Projo Artha Sejahtera ROA for 2015-2019 tends to increase, only in 2018 ROA has decreased. For 2015 ROA was 1%, for 2016 ROA was stable at 1%, for 2017 ROA increased by 2%, for 2018 ROA decreased by 1%, while for 2019 ROA again increased by 2%.

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Return On Equity (ROE)

ROE is the ratio to measure net profit after tax with own capital. According to Sutrisno (2009), ROE is the company's ability to generate profits with its capital. The higher the ROE, the higher the investor's profit because the more efficient the invested capital is. The ROE formula is as follows:

ROE = $\frac{net\ income}{capital}\ x\ 100\%$ = …….%

Table 6. Return on Equity (ROE) Calculation Results

Year	Net Profit	Capital	ROE
2015	171,808,007	1,920,387,059	0.089
2016	219,101,328	2,372,565,318	0.092
2017	282,616,699	2,706,265,023	0.104
2018	325,704,095	3,462,440,971	0.094
2019	573,869,115	4,653,924,176	0.123

Source: Financial reports of BMT Projo Artha Sejahtera 2015-2019 (2020)

Based on table 6, shows that the Return On Equity (ROE) of BMT Projo Artha Sejahtera in 2015 was 9%, in 2016 it was 9%, in 2017 it had increased by 10%, in 2018 it had decreased by 9%, and in in 2019 again has increased by 12%.

CONCLUSION

The results of the study when viewed from financial performance state that the liquidity ratio variable has decreased in Current Ratio and Quick Ratio, the solvency ratio variable has increased in Debt To Asset Ratio and Debt To Equity Ratio and the profitability ratio variable has also increased in Return On Asset and Return On. Equity.

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