THE EFFECT OF CURRENT RATIO AND DEBT TO RATIO ASSETS AGAINST RETURN ON ASSETS

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Abstract: This study aims to determine the effect of Current Ratio and Debt to Asset Ratio on Return on Assets at PT. Basunanda in Jakarta. The method used was explanatory research with a population in this study financial statements for 5 years PT. Basunanda in Jakarta. The analysis technique uses statistical analysis with regression testing, correlation, determination and hypothesis testing. The results of this study Current Ratio influence but not significant to Return on Assets of 35.9%, the hypothesis test obtained significance of 0.286> 0.05. Debt to Asset Ratio effect but not significant to Return on Assets of 66.4%, the hypothesis test obtained significance of 0.093> 0.05. Current Ratio and Debt to Asset Ratio simultaneously influence but not significantly to Return on Assets of 69.6%, the hypothesis test obtained significance of 0.304> 0.05.
Keywords: Current Ratio, Debt to Asset Ratio, Return on Asset.

INTRODUCTION

Seeing the development of the business world that has sprung up and grown with the increasing competitive business competition. Facing this competition, companies or company leaders are required to create or increase company value and be able to manage existing production factors effectively and efficiently so that the objectives of a company are achieved. In this case the company is also required to be able to determine good business performance, so that the company will be able to guarantee its survival.

The goal of the company is to achieve or obtain the maximum and optimal profit. To achieve these objectives, it is necessary to have a careful calculation in determining capital structure as a measurement tool in order to generate high profits but reduce other operational costs. Financial performance appraisal is one of the ways that management can do to fulfill its obligations to funders and also to achieve the goals set by the company. The company's financial performance is analyzed by means of financial analysis tools, so that it can be known about the pros and cons of a company's financial condition that reflects work performance in a certain period. This is very important so that resources are used optimally in the face of environmental changes.

The financial ratio is one of the financial analysis tools to assess the performance of a company based on the comparison of financial data contained in the post (balance sheet, profit / loss statement, cash flow statement). Ratio analysis can be used as consideration for investors and creditors for decision-making material or consideration of the company's achievements and future prospects. Financial ratio analysis uses existing report data as a basis for research. Although based on data and past conditions, financial ratio analysis. Intended to assess the risks and opportunities in the future. Measurements and relationships of one item with another item in the financial statements that appear in financial ratios can provide meaningful conclusions in determining the soundness of a company.

In this study, the authors used PT. Basunanda as an object in this study to be analyzed. It has been mentioned that the management's financial performance research using the financial ratio method cannot represent the interests of shareholders because this method does not take into account the cost of equity (equity).

Therefore, based on the above explanation the authors take the things mentioned above, as the object of research entitled "Analysis of Profitability and Liquidity Ratios to Assess the Financial Performance of PT. Basunanda.

Table 1. Profitability Ratios of PT. Basunanda

Years	NPM (%)	ROA (%)	ROE (%)
2014	4,15%	4,56%	8,71%
2015	5,81%	5,97%	12,87%
2016	6,75%	7,78%	16,48%
2017	5,68%	7,26%	15,10%
2018	7,29%	9,67%	18,41%

Net Profit Margin, Return On Asset and Return On Equity shown in the table above. Based on the results of calculations it can be seen that the Net Profit Margin in 2014 to 2018 there was a fluctuating development. The increase shows that the company's net profit has increased but there have been a number of years of decline due to net income from each sale that the company has decreased. But the average value of PT. Net Profit Margin ratio Basunanda by 5.94%.

Return On Assets (ROA) at PT. Basunanda during 2014-2018 also experienced fluctuating developments. The decrease in Return on Assets (ROA) shows that the company's performance is not good because the net profit from each sale obtained by the company decreases. It can be concluded that the average Return on Assets (ROA) Ratio from 2014-2018 PT. Basunanda is 7.05% and this is above the industry average (time series)> 5% for financial performance is said to be good and efficient.

Return On Equity (ROE) at PT. Basunanda during 2014-2018 also experienced fluctuating developments. It can be seen that throughout the years of research Return on Equity (ROE) PT. Basunanda tends to increase. But the average value of the Return On Equity (ROE) ratio is only 14.31%. For financial performance is said to be not good and inefficient, due to lack of optimizing their own capital to generate net income.

Table 2. Current Ratio and Quick Ratio of PT. Basunanda

Years	CR (%)	QR (%)
2014	103,47%	50,18%
2015	99,75%	57,27%
2016	114,23%	66,52%
2017	148,42%	90,94%
2018	157,89%	104,01%

Current Ratio values based on table 2 above can be known by PT. Basunanda from 2014-2018 were 103.47%, 99.75%, 114.23%, 148.42% and 157.89%, respectively. This ratio value means that every Rp. 100 current debts guaranteed with current assets of: Rp. 103.47 in 2014, Rp. 99.75 in 2015, Rp. 114.23 in 2016, Rp. 148.42 in 2017 and Rp. 157.89 in 2018. From the table above it is also known that the Current Ratio of PT. Basunanda in a state of liquidity or a company is not good can be seen from the calculation of the average Current Ratio above 124.75%.

Quick Ratio values based on table 2 above can be known by PT. Basunanda from 2014-2018 were 50.18%, 57.27%, 66.52%, 90.94% and 104.01% respectively. This ratio value means the Quick Ratio in 2014 which is every Rp. 100 obligations guaranteed with Rp. 50.18 current assets. Quick Ratio in 2015, every Rp. 100 obligations guaranteed with Rp. 57.27 current assets. Quick Ratio in 2016, every Rp. 100 obligations guaranteed with Rp. 66.52 current assets. Quick Ratio in 2016, every Rp. 100 obligations guaranteed with Rp. 90.94 current assets. Quick Ratio in 2017, every Rp. 100 obligations guaranteed with Rp. 90.94 current assets. Based on the calculation results of the average Current Ratio above can be found at 73.78%.

Formulation of the problem Is there a partial effect between Current Ratio to Return on Assets at PT. Basunanda in Jakarta, Is there a partial effect between Debt to Asset Ratio on Return on Assets at PT. Basunanda in Jakarta, Is there a simultaneous effect between Current Ratio and Debt to Asset Ratio on Return on Assets at PT. Basunanda in Jakarta.

Research purposes To find out partial effect between Current Ratio to Return on Assets at PT. Basunanda in Jakarta, To determine the partial effect between Debt to Asset Ratio on Return on Assets at PT. Basunanda in Jakarta, To determine the simultaneous effect between Current Ratio and Debt to Asset Ratio on Return on Assets at PT. Basunanda in Jakarta.

Profitability Ratio, What is meant by Profitability Ratio is a measuring tool used to measure how much profit the company can obtain. In this case the Profitability Ratio is an independent variable (X) measured by: net profit margin, return on equity, return on investment and return on assets. And liquidity ratios are ratios that illustrate the company's ability to meet short-term obligations (debt). Which includes the current ratio and quick ratio.

Financial performance, According to Jumingan (2006), financial performance is a picture of the financial condition of a company in a certain period both regarding aspects of raising funds and channeling funds, which are usually measured indicators of capital adequacy, liquidity and profitability.

METHODS
Population
The population in this study financial statements for 5 years PT. Basunanda in Jakarta

Sample
The sampling technique in this study is saturated sampling, where all members of the population are sampled. Thus the sample in this study was financial statements for 5 years.

Types of research
The type of research used is associative, where the aim is to find out the relationship between variables

Data analysis method
In analyzing the data used the instrument test, classical assumption test, regression, coefficient of determination and hypothesis testing.

RESULT AND DISSCUTION

Descriptive Analysis

In this test used to determine the minimum and maximum scores, mean scores and standard deviations of each variable. The results are as follows:

Table 1. Results of Descriptive Statistics Analysis

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CR (X1)	5	99.8	157.9	126.856	26.0489
DAR (X2)	5	50.2	104.0	73.784	22.8614
ROE (Y)	5	8.7	18.4	14.314	3.7275
Valid N (listwise)	5				

Source: 2020 SPSS Processing

Current Ratio obtained a minimum value of 99.8% and a maximum value of 157.9% with an average of 126.85% with a standard deviation of 26.048%. Debt to Asset Ratio obtained a minimum value of 50.2% and a maximum value of 104.0% with a mean score of 73.78% with a standard deviation of 22.861%. Return on Assets obtained a minimum variance of 8.7% and a maximum value of 18.4% with an average of 14.314% with a standard deviation of 3.727%.

Verification Analysis.

This analysis is intended to determine the effect of independent variables on the dependent variable. The test results are as follows:

Multiple Linear Regression Analysis

This regression test is intended to determine changes in the dependent variable if the independent variable changes. The test results are as follows:

Table 2. Results of Multiple Liner Regression Testing

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.024	7.256		.279	.806
	CR (X1)	.031	.067	.216	.462	.689
	DAR (X2)	.113	.076	.696	1.490	.275

a. Dependent Variable: ROE (Y)

Source: 2020 SPSS Processing

Based on the test results in the above table, the regression equation Y = 2.024 + 0.031X1 + 0.113X2 is obtained. From the equation explained as follows: A constant of 2,024 means that if the Current Ratio and Debt to Asset Ratio are absent, then there is a Return on Asset value of 2,024 points. Current Ratio coefficient of 0.031, this number is positive, meaning that every time there is an increase in Current Ratio of 0.031, Return on Assets will also increase by 0.031 points. Debt to Asset Ratio regression coefficient of 0.113, this number is positive meaning that every time there is an increase in Debt to Asset Ratio of 0.113 then

Return on Assets will also increase by 0.113 points.

Correlation coefficient analysis is intended to determine the degree of relationship strength of the independent variables on the dependent variable either partially or simultaneously. The test results are as follows:

Correlation Coefficient Analysis

Table 3. Results of the Current Ratio Correlation Coefficient Test Against Return on Assets.

Correlations[a]

		CR (X1)	ROE (Y)
CR (X1)	Pearson Correlation	1	.599
	Sig. (2-tailed)		.286
ROE (Y)	Pearson Correlation	.599	1
	Sig. (2-tailed)	.286	

a. Listwise N=5

Source: 2020 SPSS Processing

Based on the test results obtained a correlation value of 0.599 means that the Current Ratio has a moderate relationship to Return on Assets.

Table 4. Test Results Correlation Coefficient Debt to Asset Ratio Against Return on Assets.

Correlations[a]

		DAR (X2)	ROE (Y)
DAR (X2)	Pearson Correlation	1	.815
	Sig. (2-tailed)		.093
ROE (Y)	Pearson Correlation	.815	1
	Sig. (2-tailed)	.093	

a. Listwise N=5

Source: 2020 SPSS Processing

Based on the test results obtained a correlation value of 0.815 means that Debt to Asset Ratio has a very strong relationship to Return on Assets.

Table 5. Simultaneous Correlation Test Results of Current Ratio and Debt to Asset Ratio Simultaneously Against Return on Assets.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.834[a]	.696	.392	2.9059

a. Predictors: (Constant), DAR (X2), CR (X1)

Source: 2020 SPSS Processing

Based on the test results obtained a correlation value of 0.834 means that the Current Ratio and Debt to Asset Ratio simultaneously have a very strong relationship to Return on Assets.

Analysis of the Coefficient of Determination

Analysis of the coefficient of determination is intended to determine the percentage of influence of the independent variable on the dependent variable either partially or simultaneously. The test results are as follows:

Table 6. Results of the Current Ratio Determination Coefficient Test Against Return on Assets.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.599a	.359	.145	3.4463

a. Predictors: (Constant), CR (X1)

Source: 2020 SPSS Processing

Based on the test results obtained a determination value of 0.359 means that Current Ratio has an influence contribution of 35.9% to Return on Assets.

Table 7. Test Results Determination Coefficient Debt to Asset Ratio Against Return on Assets.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.815a	.664	.552	2.4962

a. Predictors: (Constant), DAR (X2)

Source: 2020 SPSS Processing

Based on the test results obtained a determination value of 0.664 means that Debt to Asset Ratio has an influence contribution of 66.4% to Return on Assets.

Table 8. Testing Results Determination Coefficient Current Ratio and Debt to Asset Ratio Against Return on Assets.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.834a	.696	.392	2.9059

a. Predictors: (Constant), DAR (X2), CR (X1)

Source: 2020 SPSS Processing

Based on the test results obtained a determination value of 0.696 means that the Current Ratio and Debt to Asset Ratio simultaneously have an

influence contribution of 69.6% on Return on Assets, while the remaining 30.4% is influenced by other factors.

Hypothesis testing

Partial hypothesis test (t test)

Hypothesis testing with t test is used to find out which partial hypotheses are accepted.

Table 9. Current Ratio Hypothesis Test Results Against Return on Assets.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.439	8.532		.403	.714
	CR (X1)	.086	.066	.599	1.296	.286

a. Dependent Variable: ROE (Y)

Source: 2020 SPSS Processing

Based on the test results in the table above, obtained t value <t table or (1.296 <3.182), thus the hypothesis there is an influence but not significant between Current Ratio to Return on Assets accepted.

Table 10. Debt to Asset Ratio Hypothesis Test Results Against Return on Assets.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.514	4.180		1.080	.359
	DAR (X2)	.133	.055	.815	2.433	.093

a. Dependent Variable: ROE (Y)

Source: 2020 SPSS Processing

Based on the test results in the table above, obtained t value <t table or (2.433 <3.182), thus there is an influence but not significant between Debt to Asset Ratio to Return on Assets received.

Simultaneous Hypothesis Test (Test F)

Hypothesis testing with the F test is used to find out which simultaneous hypotheses are accepted.

Table 11. Hypothesis Test Results Current Ratio and Debt to Asset Ratio Against Return on Assets.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	38.689	2	19.344	2.291	.304[b]
	Residual	16.888	2	8.444		
	Total	55.577	4			

a. Dependent Variable: ROE (Y)

b. Predictors: (Constant), DAR (X2), CR (X1)

Source: 2020 SPSS Processing

Based on the test results in the above table, the calculated F value <F table or (2.291 <9.280), thus there is an influence but not significant between Current Ratio and Debt to Asset Ratio to Return on Assets rejected.

Effect of Current Ratio on Return on Assets

Current Ratio has no significant effect on Return on Assets with a correlation of 0.599 or has a moderate relationship with an influence contribution of 35.9%. Hypothesis testing obtained t count value <t table or (1.296 <3.182). Thus there is an effect but not significant between Current Ratio to Return on Assets.

The Effect of Debt to Asset Ratio on Return on Assets

Debt to Asset Ratio has a significant effect on Return on Assets with a correlation of 0.815 or has a very strong relationship with a contribution of 66.4%. Hypothesis testing obtained t value <t table or (2.433 <3.182). Thus there is an influential but not significant relationship between Debt to Asset Ratio to Return on Assets.

Effect of Current Ratio and Debt to Asset Ratio on Return on Assets

Current Ratio and Debt to Asset Ratio have a significant effect on Return on Assets by obtaining a regression equation Y = 2.024 + 0.031X1 + 0.113X2, a correlation value of 0.834 or has a very strong relationship with a contribution of 69.6% while the remaining 30, 4% influenced by other factors. Hypothesis testing obtained by calculating the value of F <F table or (2,291 <9,280). Thus there is an influential but not significant relationship between Current Ratio and Debt to Asset Ratio to Return on Assets.

CONCLUSION

Current Ratio has a significant effect on Return on Assets. Hypothesis testing obtained t value <t table. Debt to Asset Ratio has a significant effect on Return on Assets. Hypothesis testing obtained the value of t <t table. Current Ratio and Debt to Asset Ratio have a significant effect on Return on Assets. Hypothesis testing obtained the value of F count <F table.

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