

Financial Statement Analysis in the Technology Sub-Sector Companies Listed on the Indonesian Stock Exchange

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ABSTRACT

This research aims to determine the performance of financial reports based on financial ratio analysis for technology sub-sector companies listed on the Indonesia Stock Exchange. The financial reports used are for the last five years. The method used is descriptive analysis. The financial ratios used are the liquidity ratio, solvency ratio, profitability ratio, and activity ratio. The results of this research show that there are companies in this industry that have had thin profitability for several years. Another thing shows that companies in this industry depend on debt, but there has been an improvement in company liquidity as well.

INTRODUCTION

Every company hopes that the continuity of its company's business can develop in the long term. However, the company's business continuity can also experience losses and even bankruptcy that causes the company to stop operating.

Currently, Indonesia is heading towards the Society 5.0 era. This era is a continuation of the previous. The Society 5.0 era (Fukuda, 2020) is centered on humans and technology. It should be able to acquire the opportunities that exist in this era. Including industries involved in technology, it will become increasingly developed. Parties involved in this industry should measure existing capabilities with an eye on the future. This ability measurement is a performance measurement.

The performance of a company can be seen from its financial performance. Financial performance (Putri & Munfaqiroh, 2020) is an achievement of a company as stated in the financial reports. Financial performance is obtained from the results of financial report analysis. This analysis has benchmarks (ratios) that can be used to relate two financial data to each other. These ratios are divided into four, including liquidity ratios, activity ratios, solvency ratios, and profitability ratios. We can see the company's financial performance through this ratio. Apart from that, we can also make decisions regarding the next steps to be achieved. So that the company's business continuity can develop in the long term.

LITERATURE REVIEW

Financial Statement

According to the Statement of Financial Accounting Standards (PSAK), financial reports are a structured presentation of the financial position and financial performance of an entity. The benefit of financial reports (Aziz et al., 2022) is to provide useful information for users of financial reports. Another benefit is that it serves as a basis for company decision making. Users of these financial reports include investors, employees, lenders, suppliers and other business creditors, customers, government, and society. Financial reports consist of statements of financial position, profit and loss statements, reports of changes in equity, cash flow reports and notes to reports. finance.

Financial Statement Analysis

Interpretation of financial reports can be done through financial report analysis. Financial report analysis (Riswan & Kesuma, 2014) involves studying data to obtain a clear understanding of the company's financial position, operational performance, and growth of a company. Analysis of financial reports (Kasmir, 2016) will provide information about the weaknesses and strengths of a company.

Financial report analysis (Kasmir, 2014) is a process of analysing financial reports with the aim of finding out the company's current financial position. Financial report analysis will provide information about the company's weaknesses and strengths. This can make it easier for financial

managers to plan and make decisions for the company's progress. Financial statement analysis can be done by comparing the financial statements of a period with the previous period. Financial report analysis itself (Sinaga & Saragih, 2021) is an interaction between numbers in financial reports which have meaning or reasons for changes in a phenomenon which aims to determine financial conditions.

Financial Ratio Analysis

Financial ratio analysis (Anastasya & Hidayati, 2019) is an analysis that compares financial report items, either one by one or simultaneously, with the aim of finding out the relationship between items in both the financial position report and the profit and loss statement. Financial ratios are the activity of comparing the numbers in financial reports. Comparisons can be made between one component and another component in one financial report or between components in financial reports. Then, the numbers (Kasmir, 2015) being compared can be numbers in one period or several periods.

Financial ratios show systematic estimates between financial report estimates presented in comparative form. By using financial ratios as a measuring tool to assess financial performance, there are many ratios that can be used. There are several types of financial ratios including:

1. Liquidity Ratio

Liquidity ratios are financial ratios that measure a company's ability to fulfill its financial obligations (company liquidity) in the short term. The following are several types of liquidity ratios.

a) Current Ratio

The current ratio is a ratio that measures a company's ability to pay short-term obligations or debts that are due soon with available current assets. The greater the ratio of current assets to current liabilities, the higher the company's ability to cover its short-term liabilities. The formula for calculating the current ratio is as follows:

$$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Liabilities}}$$

If the current ratio is 1:1 or 100%, it means that current assets can cover all current liabilities. So it is said to be healthy if the ratio ranges from 1 to 3 or above 100%. This means that current assets must be far above the amount of current liabilities. If this ratio is less than 1, it indicates a liquidity problem.

b) Quick Ratio

The quick ratio is a ratio that shows the company's ability to pay current obligations or debt with current assets without considering the value of inventory. This ratio shows the ability of the most liquid current assets to cover current liabilities. The formula for calculating the quick ratio is as follows:

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$$

A good Quick Ratio value is 1 or 100%. If the resulting value is below 1 or 100%, then the company is considered unable to fulfill or pay current debts within a certain operational cycle.

2. Activity Ratio

The activity ratio measures how effectively a company utilizes all its resources. In this financial ratio analysis, low activity at a certain level of sales results in greater amounts of excess funds being invested in assets. These extra funds, which have a lower impact on activities, would be better if invested in more productive activities. There are 2 activity ratios, namely as follows:

a) Total Asset Turnover Ratio

Total asset turnover ratio is an activity ratio that measures a company's ability to generate sales from its total assets by comparing net sales with average total assets. The formula for calculating the total asset turnover ratio is as follows:

$$\text{Total Asset Turnover} = \frac{\text{Net Sales}}{\text{Average Total Assets}}$$

The higher the value of this ratio, the better it is because it means the company is able to maximize the assets it has to produce higher sales and faster asset turnover and profit generation. In this case, the company can be considered efficient in using all assets to generate sales.

b) Fixed Assets Turnover

Fixed asset turnover is a ratio that measures how effectively and efficiently a company uses its fixed assets to generate income. The formula for calculating Fixed Asset Turnover is as follows:

$$\text{Fixed Asset Turnover} = \frac{\text{Net Revenue}}{\text{Average Fixed Asset}}$$

The higher the ratio, the better. That means the company can generate more income for each fixed asset it owns.

3. Solvability Ratio

The solvency ratio is a ratio that shows the company's ability to pay its obligations using the assets it owns if the company is liquidated. There are 2 solvency ratios, namely as follows:

a) Debt to assets ratio (DAR)

DAR is a ratio that measures how much of a company's assets are financed by debt or how much company debt can influence asset management. From this ratio, the company's financial health can be

seen in bearing the debt it has. The formula for calculating is the following DAR:

$$\text{Debt to Asset Ratio} = \frac{\text{Total Debts}}{\text{Total Assets}}$$

A high debt to assets ratio value indicates that the amount of assets financed by capital is relatively small or that the amount of assets financed by capital is relatively small or that it is financed more by debt. A healthy or good DAR ratio is generally smaller than 1 times (x) or <100%.

b) Debt to equity ratio (DER)

DER is a measurement of the debt to capital ratio. The formula for calculating the DER is as follows:

$$\text{Debt to Equity Ratio} = \frac{\text{Total Liabilities}}{\text{Total Equity}}$$

A financially healthy company is indicated by a DER ratio below 1 or below 100%, the lower the DER ratio, the better. A low DER indicates that the company's debts/liabilities are smaller than the amount of capital it has, so that in undesirable conditions (for example bankruptcy), the company can still pay off all its debts/obligations.

4. Profitability Ratio

The profitability ratio (Kasmir, 2015) is a ratio to assess a company's ability to seek profits or profit in a certain period. There are 2 profitability ratios, namely as follows:

a) Net Profit Margin

Net profit margin is a ratio that measures how effectively a company operates in converting its sales into profits by comparing the company's profits to the total amount of money it generates. The formula for calculating net profit margin is as follows.

$$\text{Current Ratio} = \frac{\text{Revenue} - \text{Cost}}{\text{Revenue}}$$

A company is said to have a good net profit margin if the calculation result is more than 5%. The higher this net value, the company is considered efficient in determining the sales price of its products.

b) Return on Assets (ROA)

ROA is a ratio that measures a company's ability to use assets to gain profits. This ratio is used to calculate the company's rate of

return on investment through all funds owned. So it can be concluded that ROA is used to calculate the level of efficiency of company management through the use of its assets. The formula for calculating Return on Assets (ROA) is as follows:

$$\text{Return on Asset} = \frac{\text{Net Income}}{\text{Total Asset}}$$

The smaller the ROA ratio, the less good the company's condition is. The standard that must be achieved for ROA is 5.98%. If the ratio reaches a value of 5.98%, it means that the ROA value can be said to be good.

METHODOLOGY

We used a quantitative descriptive research approach in this research. Descriptive research (Sujarweni, 2014) is research conducted with the main aim of providing an objective picture or description of a situation. Meanwhile, quantitative research is a type of research that produces discoveries that can be achieved using statistical procedures or other methods of quantification (measurement).

In this research, the data collection method we use is a documentation method in the form of financial reports of companies in the technology sub-sector that are listed on the Indonesia Stock Exchange. The financial report data used comes from 2018-2022. The ratios we use are four ratios, which are liquidity ratio, solvency ratio, activity ratio, and profitability ratio. The following are industry standards for financial ratios.

Table 1. Industry Standards for Financial Ratios

Type of Financial Ratios	Analysis	Ratio Standards
Liquidity ratio	Current ratio	2 times
	Quick ratio	1.5 times
Activity ratio	Total asset turnover ratio	2 times
	Fixed assets turnover	5 times
Solvability ratio	Debt to assets ratio	35%
	Debt to equity ratio	90%
Profitability ratio	Net profit margin	20%
	Return on assets	30%

Source: (Kasmir, 2021)

RESULT AND DISCUSSION

The author processes financial report data for five years (2018-2022) for technology sub-sector companies listed on the Indonesian Stock Exchange. The following are the names of the companies we used in this research.

Table 2. The Companies List

Company Name	Code
PT Distribusi Voucher Nusantara, Tbk	DIVA
PT M Cash Integrasi, Tbk	MCASH
PT Kioson Komersial Indonesia Tbk	KIOS
PT Sentral Mitra Informatika Tbk	LUCK
PT Metrodata Electronic Tbk	MTDL
PT Multipolar Technology Tbk.	MLPT
PT Sat Nusapersada Tbk.	PTSN
PT NFC Indonesia Tbk	NFCX
PT Elang Mahkota Teknologi Tbk	EMTEK
PT Kresna Graha Investama Tbk.	KREN

Based on the list of companies, we conducted a four ratio analysis. The following are the results of financial ratio analysis for technology sub-sector companies.

Table 3. Liquidity Ratio

Years	Liquidity Ratio			
	Current Ratio	Industry Standards	Quick Ratio	Industry Standards
2018	1,22	2 times	0,38	1,5 times
2019	6,32	2 times	5,72	1,5 times
2020	4,14	2 times	3,64	1,5 times
2021	5,05	2 times	3,82	1,5 times
2022	9,26	2 times	8,56	1,5 times
Average	5,20		4,42	

The liquidity ratio consists of the current ratio and the quick ratio. Based on the results of calculations, the current ratio for the last five years has an average of 5.20. The lowest point occurred in 2018 with a value of 1.22 and the highest point was in 2022 with a value of 9.26. The quick ratio for the last five years has a value of 4.42 with the highest point in 2018 and the highest point in 2022.

Table 4. Activity Ratio

Years	Activity Ratio			
	Total Asset Turnover	Industry Standards	Fixed Asset Turnover	Industry Standards
2018	16,7	2 times	561	5 times
2019	3,5	2 times	124,3	5 times
2020	6,5	2 times	46,7	5 times
2021	6,4	2 times	25,8	5 times
2022	4,1	2 times	28,4	5 times
Average	7,44		157,24	

The activity ratio consists of two, namely total asset turnover and fixed asset turnover. In 2018, total asset turnover had the highest value. This shows that the company makes high use of assets. The high total asset turnover is supported by the high fixed asset turnover value in 2018.

Table 5. Solvency Ratio

Years	Solvency Ratio			
	Debt To Asset Ratio	Industry Standards	Debt To Equity Ratio	Industry Standards
2018	88,40%	35%	764,10%	90,00%
2019	15,80%	35%	18,70%	90,00%
2020	24,20%	35%	32%	90,00%
2021	23,60%	35%	23,60%	90,00%
2022	9%	35%	9%	90,00%
Average	32%		169%	

The solvency ratios used are the debt to asset ratio and the debt to equity ratio. The five-year industry values for these two ratios are quite volatile. However, the ratio values for the debt to asset ratio and debt to equity ratio are generally decreasing. The peak will be in 2022. The value of both ratios is around 9%.

Table 6. Profitability Ratio

Years	Profitability Ratio			
	NPM	Industry Standards	ROA	Industry Standards
2018	0,20%	20,00%	2,20%	30%
2019	0,80%	20,00%	1,40%	30%
2020	2,80%	20,00%	9%	30%
2021	1,70%	20,00%	5.6%	30%
2022	26,10%	20,00%	53,70%	30%
Average	6%		17%	

The profitability ratios used for analysis are net profit margin and return on assets. The net profit margin and return on assets tend to increase. Even the net profit margin value increased by 26%. The return on assets value also increased significantly to 53.70%

CONCLUSIONS AND RECOMMENDATIONS

The research results show that the technology sub-sector industry has different conditions each year. The following is a presentation of the research results.

1. Liquidity ratio. Based on the results of this ratio analysis, companies in this industry have liquidity values that comply with standards. Namely above 2 times (current ratio) and 1.5 times (quick ratio). In 2018, it experienced the lowest conditions in the last five years.
2. Activity ratio. The results of this ratio analysis show that companies in the technology sub-sector industry have values above the standard. This shows that the company can manage its assets optimally.
3. Solvency ratio. The results of ratio analysis show that the company depends on debt. However, the condition has continued to decline over the last five years. This can be seen from the solvency ratio percentage value which is getting smaller in both types of ratios.
4. Profitability ratio. The results of ratio analysis show that companies in this industry have experienced profitability problems for several years. However, in 2022 there will be a significant increase in performance.

The government should provide incentives to this industry to develop its research. Because research costs are high, the margin obtained is also low. Finally, the company had difficulty increasing profitability from year to year.

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