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Analysis of Financial Ratio in the Financial Position Report Pt Gudang Garam TBK as A Measuring To Determine Company Stability

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Abstract: *In this study analyzing financial performance at Gudang Garam Tbk which can be analyzed in financial statements for the period 2012-2017. The purpose of the study to determine the state of financial efficiency in Gudang Garam Tbk experienced an increase or decrease and analyze the financial performance of Gudang Garam Tbk during the last five years, in terms of financial ratio analysis including liquidity ratios, profitability ratios and solvency ratios. The results of this study indicate that Gudang Garam Tbk's financial condition has met the efficient criteria seen from the analysis of financial ratios during the period of 2012 to 2017 and the financial performance of Gudang Garam Tbk Selatan in terms of good financial ratio analysis. This indicates that the company is able to create economic added value for the company and is able to meet the expectations of shareholders and investors.*
liquidity ratio, profitability ratio, solvency ratio, company stability.

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I. Introduction

Success of a corporate entity in carrying out its business can be seen from its financial statements. An entity can be seen from a financial report to obtain information or an overview of a corporate entity in order to show the condition of the entity's description in a certain period. Financial statements can clearly show a picture of the company's financial condition. Statement of Financial Accounting Standards No. 1 of 2009 explains that financial statements are structured presentations of financial position and financial performance of an entity that have the purpose of providing information about the financial position, financial performance, and cash flow of an entity that benefits most report users in making economic decisions.

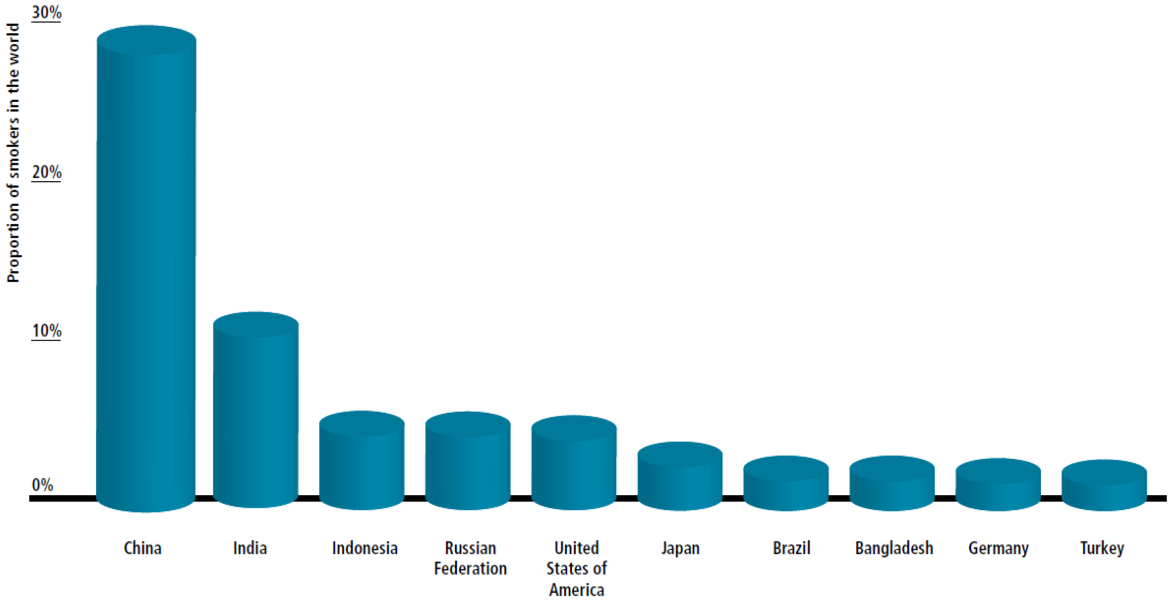
The financial statements also show the results of management's responsibility for the use of the resources entrusted to them. In order to achieve these objectives, the financial statements provide information about the entity that includes assets, liabilities, equity, income and expenses including profits and losses, contributions from and distribution to owners in their capacity as owners, and cash flows.

Some entities present, separate from financial statements, a financial study by management that explains the main characteristics of financial performance and financial position, and the main uncertainty conditions faced. The report may include a review of the main factors and influences that determine financial performance, including changes in the environment in which the entity operates, responses to changes and their effects, and investment policies to maintain and improve its financial performance, including dividend policy; entity funding source and target liability ratio to equity; and entity resources that are not recognized in the statement of financial position in accordance with Financial Accounting Standards.

To find out the financial performance of the entity, it is generally necessary to analyze the financial statements, which according to Brigham and Houston (2007) include comparing the performance of the company with other companies in the same industry and evaluating trends in the company's financial position over time. The company's financial statements report both the position of the company at a certain time and its operations over the past several periods.

The measurement of the company's financial performance is very important in evaluating the performance of the company. One of the most important goals in measuring a company's financial performance is to assess whether the goals set by the company have been achieved so that the interests of investors, creditors and shareholders can be fulfilled. For this reason, financial statement analysis is performed as a measure of the company's financial performance.The company's financial performance can be measured from the ratio of liquidity, solvency and profitability. Kasmir (2012) explains that liquidity ratios are ratios that describe a company's ability to meet short-term obligations (debt). Solvability ratio or *leverage ratio* is a ratio used to measure the extent to which a company's assets are financed by debt.

Profitability ratio is a ratio to assess a company's ability to seek profits. This ratio shows a picture of the level of effectiveness of a company's management in generating profits for a certain period. The results of financial ratios are used to assess management performance in a period of whether achieving the target as determined then can also be assessed by management's ability to effectively empower company resources. Indonesia is one of the third largest countries with the largest number of cigarette consumers after China and India (WHO TOBA CCO epidemic global, (2008) The Kompas daily wrote an article entitled This is the 4th Largest Cigarette Manufacturer in Indonesia (2018) explaining that the tobacco industry is one of the largest economic sectors in Indonesia because cigarette consumption in this country is very large. It is estimated that 65 percent of Indonesian male citizens are smokers and in general Indonesia is the second largest cigarette market in Asia after China.



Source: The number of smokers per country was estimated using adjusted prevalence estimates (see Technical Note II and Appendix III). A limitation of this approach is that adjusted estimates used to estimate the number of smokers are sometimes derived from limited country data, and for some countries large adjustments are needed. In these cases the adjusted estimates can be different from actual surveys reported by countries. Brazil prevalence data were obtained from VIGITEL 2006.

Figure 1 Percentage of Smokers in the World
(Source: WHO REPORT on the global TOBA CCO epidemic, 2008)

The tobbacoatlas.org site records 53.7 million Indonesian adults as active smokers. These high smokers make Indonesia the fourth largest smoker in the world after China has 2,995,400 metric tons, Brazil with 862,396 metric tons, while the United States has 397,535 metric tons and Indonesia as many as 196,300 metric tons. In Indonesia, there are four largest cigarette factories in the country, one of which is Gudang Garam Tbk.

Gudang Garam Tbk. is one of the leading cigarette brands / clove cigarette manufacturers in Indonesia. The company was founded on June 26, 1958 by Tjoa Ing Hwie, which changed its name to Surya Wonowidjojo. GGRM is headquartered in Kota Kediri and has a total of 35,272 employees in all sectors. Last year, in 2017, the company managed to get a net profit of Rp 7.8 trillion. However, the government issued Government Regulation No.109 of 2012 concerning Safeguards of Materials Containing Addictive Substances in the Form of Tobacco Products for Health. This policy includes tobacco products, controlling cigarette advertising and promotion as well as provisions for non-smoking areas. The policy certainly limits the movement for cigarette producers and can be a threat to shareholders and potential investors who intend to invest in the cigarette sector. This is a challenge for management to continue to create corporate value as an attraction for potential investors and to maintain the company's financial performance in the midst of government policies.

II. Material And Methods

Analysis of Financial Ratios

James C. Van Horne (2012) argues that financial ratios are indiceswhich connects two accounting numbers and is obtained by dividing one numberwith other numbers. From the statement above, it can be concluded that financial ratios are mathematical calculations carried out by comparing certain posts in financial statements that have a relationship and can show the financial condition of the company in a certain period.Financial ratio analysis that is often used to assess a company's financial performance is grouped into:

Liquidity Ratio

Warren's, Reeve et al (2014), describing liquidity as the *ability to convert assets into cashis called liquidity*. This means that if the company is billed, the company will be able to fulfill the debt, especially debt that has matured. In other words, the liquidity ratio serves to show or measure the company's ability to fulfill its obligations that have matured, both obligations to parties outside the company (business entity liquidity) and within the company (company liquidity).

Current Ratio / Ratio in the opinion of Brigham and Houston (2009) states that This ratio is calculated by dividing current assets by current liabilities. It indicates the extent to which the current liabilities are covered by cash in the near future. The primary liquidity ratio is the current ratio, which is calculated by dividing current assets by current liabilities.

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

Quick Ratio or ratio according to Brigham and Houston (2009) is the second liquidity ratio is quick, or acid test, ratio, which is calculated by deducting inventories from current assets and then dividing the remainder by current liabilities.

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

Profitability Ratio

The Profitability Ratio also known as the profitability ratio shows the company's ability to generate profits for a certain period. Profitability ratio provides the final answer for company management because this profitability ratio provides an overview of the effectiveness of company management (Munawir, 2010).

Return on Assets applies to ratios measures income earned on invested capital. These types are widely used to evaluate enterprise performance. Since Return On Assets is a type of return on capital, this ratio measures the ability of the firm to reward those who provide long term funds and attractive providers of future funds (Gibson, 2008).

$$\text{ROA} = \frac{\text{Earing After Interest and Tax}}{\text{Total Asset}}$$

Return On Equity / ROE is the return on equity or return on equity is a ratio to measure net income after tax with own capital (Kasmir, 2012).

$$\text{ROE} = \frac{\text{Earing After Interest and Tax}}{\text{Total Equity}}$$

LeverageRatio

Leverage / Solvability ratio is a ratio that shows the company's ability to fulfill its finances if the company is liquidated both short and long-term financial obligations (Munawir, 2010). Based on the description above it can be concluded that solvency ratios are ratios used to measure a company's ability to fulfill its finances, if the company has short-term obligations and long-term obligations.

Debt to Total Asset Ratio / DAR measures how much the company's assets are financed by creditors. The higher the debt ratio, the greater the amount of loan capital used in generating profits for the company. In other words, how much the company's assets affect the management of assets.

$$\text{Debt To Total Asset Ratio} = \frac{\text{Total Liabilities}}{\text{Total Asset}}$$

Debt to Equity Ratio / DER often a measure used in analyzing financial statements to show the amount of collateral available to creditors (Fahmi, 2011).

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

In this study, the research technique that will be used in this research is quantitative descriptive. Descriptive method is a method used to analyze data by describing or describing data that has been collected as it is without intending to make conclusions that apply to the general or generalizations (Sugiyono, 2013). According to Suharyadi and Purwanto (2013) quantitative data are numerical or numeric data and can be expressed in units of calculation. This research was conducted at PT. Gudang Garam Tbk, which is listed on the Indonesia Stock Exchange for the period of 2012 to 2017. To obtain the data and information needed in the preparation of this research, the author takes the data obtained through the Indonesian Stock Exchange (IDX) website, www.idx.co.id with the subject in this study is PT. Gudang Garam Tbk, in this study the object taken is the annual financial report of PT. Gudang Garam Tbk. 2012-2017.

III. Result

Analysis of the calculation of ratios in the consumer goods industry sector, namely cigarettes with the period used in calculating the analysis for 5 years, starting from 2012 to 2017. The consolidated financial report data is in IDX with the subject, Gudang Garam Tbk (GGRM).

The results of the calculation of the current ratio in 2012 to 2017 can be presented in Annex 1. The total current ratio in 2012 is 2.17. This value is obtained from the total current assets of Rp. 29,954,021.00divided by the total current liabilities of Rp. 13,802,317, 00. This means that Rp. 1,00 in good debt, can be paid with Rp. 2,17 in current assets. Because the current ratio is>1, Gudang Garam Tbk (GGRM) does not experience debt default. In 2013 the current ratio or the ability of GGRM to pay short-term debt was 1.72% while in 2014 the current ratio or ability to pay short-term debt was 1.62%, and in 2015 the current ratio in paying short-term debt became 1,77% then in 2016 to 1.93% as well as in 2017. This increase was due to a decrease in the number of current liabilities andliabilities currentdue to a decrease in the amount of bank loans, while current assets increased.

In attachment 2, it can be seen that the results of the quick ratio of Gudang Garam Tbk (GGRM) in 2012 were 0.23. This value was obtained from the total current assets minus inventory amounting to Rp. 26,649,777.00 (without including inventory into the calculation because inventory is an element of the least current liquidity level assets) divided by the total current liabilities of Rp. 13.802.317, 00. This means that Rp. 1.00 in good debt can be paid with Rp. 0.23 current assets without inventory in it. In 2003 a quick ratio of the ability to pay short-term debt without using inventory was 0.21%, in 2014 the quick ratio was 0.15% (a decrease of 0.06%), then in the year 2015 quick ratio or the ability to pay short-term debt without use inventory to 0.22%, and in 2016 a quick ratio becomes 0.20% (an increase of 0.05%). This increase and decrease was caused by the increase in current liabilities and the increase in current assets. From the explanation above, it can be seen that Gudang Garam Tbk (GGRM) has aaverage quickratio of 1.26 percent, which is more than 100 percent, so cooperatives are liquid enough to pay short-term debt with current assets without using inventory.

Appendix 3 explains that Return on Assets in 2012 was 0.09%. This figure is obtained from earning after interest and tax of Rp 4,068,711, 00 divided by total assets of Rp 41,509,925.00 then in the following year, namely 2013 ROA reached 0.08% decreased by 0.01% but when viewed in total assets and earnings after interest and tax increased from the previous year. Furthermore, in 2014, ROA increased by 0.09% from the previous year. It also had an impact back in 2015 to increase to 0.10% where the increase was 0.01% from the previous year. But in 2016 there was a constant condition where there was no change where the ROA was the same at 0.10% and despite experiencing a permanent condition it did not mean that the following year experienced the same conditions. In 2017 the ROA at Gudang Garam Tbk (GGRM) increased by 0.11% from the previous year because the amount of earnings after interest and tex increased, followed by total assets which also increased.

The Return on Equity ratio can be explained in appendix 4. During 2012 until 2017 the return on the equity of Gudang Garam Tbk (GGRM) continued to fluctuate. In 2012 the rate of return on equity shows the number 0.15 which means that every Rp. 1.00 shareholder equity will generate income or net income of Rp. 0.15. In 2013 the return on equity increased to 0.14, which means that every Rp. 1.00 shareholder equity will generate income or net income of Rp. 0.14. This happens because of an increase in the amount of profit that has not been determined. This rate of return on investment is above the industry average. This means that Gudang Garam Tbk (GGRM) uses more equity to generate income or net income when compared to other companies in the same sector. In 2014 the return on equity has increased to 0.16, meaning that every Rp. 1.00 shareholder equity will generate income or net income of Rp. 0.16. Furthermore, in 2015 and 2016 there was no change, but in 2017 there was an increase of 0.18 which means that every Rp. 1.00 shareholders' equity will generate income or net income of Rp. 0.18.

Debt to Total Asset Ratio is presented in appendix 5 during the period 2012-2017, at in 2012 amounted to 0.35. This shows that 35% of the company's total assets are financed by debt. This ratio is obtained from the total debt of Rp. 14,903,612, 00 divided by the total assets of Rp. 41,509,325.00. The possibility of default is also low. Then in 2013 it was 0.42 (up by 0.07 compared to the previous year). In 2014 there was an increase of 0.43 but in 2015 until 2017 it decreased.

Furthermore, the Debt to Equity Ratio ratio is described in Annex 6. Debt to equity in 2012 was 0.56. This amount is obtained from the total debt of Rp.14,903,612.00divided by the total shareholder's equity of Rp.26,605.71.00. From this, it can be concluded that shareholders provide funds for the company, and because the total debt is smaller than the total shareholder's equity, then the possibility of Gudang Garam Tbk (GGRM) experiencing default (default risk) becomes low. The 2013 debt to equity amounted to 0.72 (up 0.16 compared to the previous year). The increase in the ratio was due to an increase in the amount of debt originally amounting to Rp.14,903,612.00up to Rp.21,353,980.00and an increase in the total shareholder's equity which was initially Rp.26,605,713.00up to Rp.29,416.27.00. Debt to equity in 2014, 2015, 2016, 2017 and 2018 has decreased every year due to fluctuating total liabilities but the total shareholders' equity continues to increase.

IV. Conclusion

Based on the results of the financial ratio analysis described in the previous chapter, it can be concluded that the financial performance of Gudang Garam, Tbk for the period of 2012 to 2017 is measured from the calculation of financial ratio analysis as a whole, if viewed from the measured racial angle. by using the *current ratio, the* condition of Gudang Garam Tbk is declared to *liquid* be overall. While the company's financial performance when viewed from the point of view of profitability ratios is measured by using *returns on assets* and *return onequity* state Gudang Garam Tbk declared *profit* because of profits. In terms of the solvency ratio measured by using *debt to asset ratio* and *debt to equityratio of the* condition of Gudang Garam Tbk as stated as *solvable* as a whole.

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Appendix-1

Table-1.1Current Ratio

Year	Current Asset Rp.	Liabilities Rp. 000,000	Current Ratio (%)	Change Increase (+) Decrease (-)
2012	29,954,021	13,802,317	2,17	-
2013	34,604,461	20,094,580	1,72	-0,45%
2014	38,532,600	23,783,134	1,62	-0,10%
2015	42,568,431	24,045,086	1,77	0,15%
2016	41,933,173	21,638,565	1,93	0,16%
2017	43,764,490	22,611,042	1.93	-

Source: Processed by the author (2018).

Table-1.2 Quick Ratio

Year	Current Asset Rp '000,000	Inventory Rp' 000,000	Liabilities Current Rp '000.000	Quick Ratio (%)	Change Increase (+) Decrease (-)
2012	29.954.021	26.649.777	13.802.317	0,23	-
2013	34 604. 461	30,241,368	20,094,580	0,21	-0,02%
2014	38,532,600	34,739,327	23,783,134	0,15	-0,06%
2015	42,568,431	37,255,928	24,045,086	0,22	0,07%
2016	41,933,173	37,545,222	21,638,565	0,20	-0,02%
2017	43,764,490	37,920,289	22,611,042	0,25	0,05%

Source: Processed by the author (2018).

Table-1.3 ROA

Year	Earning After Interest and Tax Rp. 000,000	Total Asset Rp. 000,000	Return On Assets (%)	Change Increase (+) Decrease (-)
2012	4,068,711	41,509,325	0,09	-
2013	4,383,932	50,770. 251	0,08	-0,01%
2014	5,395,293	58,220,600	0,09	0,01%
2015	6,452,834	63,505,413	0,10	0,01%
2016	6,672,682	62,951,634	0,10	0%
2017	7,755,347	66,759,930	0,11	0,01%

Source: Processed by the author (2018).

Table-1.4ROE

Year	Earning After Interest and Tax Rp. 000,000	Total Equity Rp. 000,000	Return On Equity (%)	Change Increase (+) Decrease (-)
2012	4,068,711	26,605,713	0,15	-
2013	4,383,932	29,416,271	0,14	-0,01%
2014	5,395,293	33,228,720	0,16	0,02%
2015	6,452,834	38,007,909	0,16	0%
2016	6,672,682	39,564,228	0,16	0%
2017	7,755,347	42,187,664	0,18	0,02%

Sources : Processed by the author (2018).

Table-1.5Debt to Total Asset Ratio

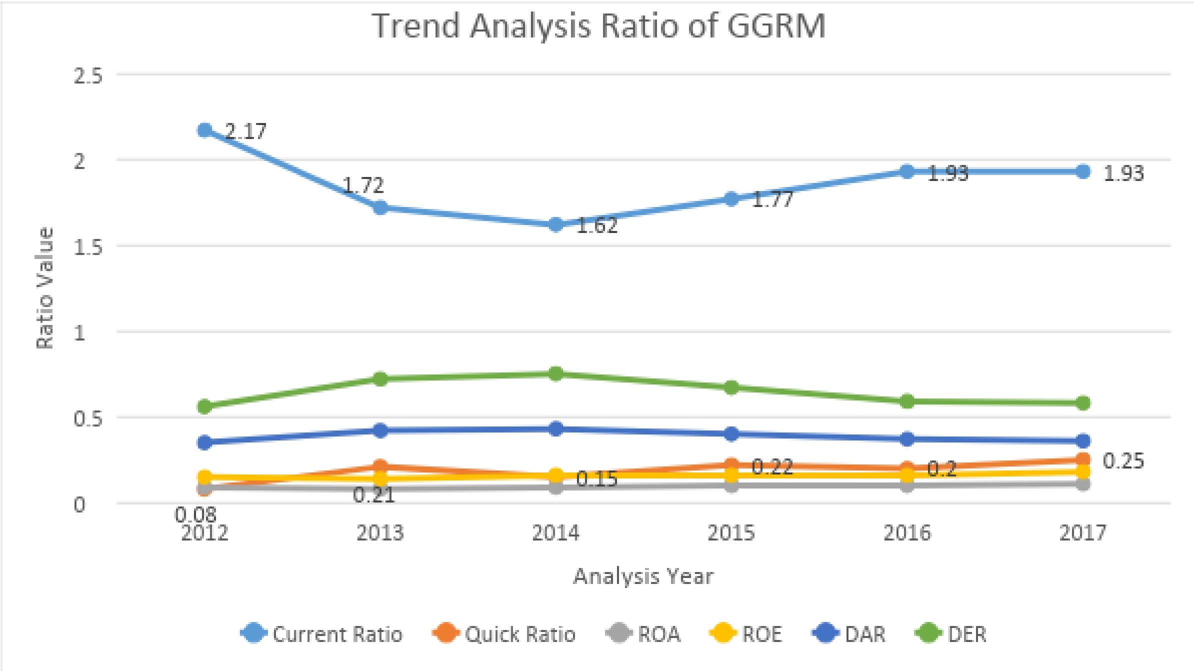
Year	Total Liabilities Rp. 000,000	Total Asset Rp. 000,000	Debt to Total Asset Ratio (%)	Change Increase (+) Decrease (-)
2012	14,903,612	41,509,325	0,35	-
2013	21,353,980	50,770,251	0,42	0,07%
2014	24,991,880	58,220,600	0,43	0,01%
2015	25,497,504	63,505,413	0,40	-0,03%
2016	23,387,406	62,951,634	0,37	-0,03%
2017	24,572,266	66,759,930	0,36	-0,01%

Source: Processed by the author (2018).

Table-1.6Debt to Equity Ratio

Tahun	Total Liabilities Rp ‘000.000	Total Equity Rp ‘000.000	Debt to Total Equity Ratio (%)	Change Increase (+) Decrease (-)
2012	14,903,612	26.605.713	0,56	-
2013	21,353,980	29,416,271	0,72	0,16%
2014	24,991,880	33,228,720	0,75	-0,03%
2015	25,497,504	38.007.909	0,67	-0,08%
2016	23,387,406	39,564,228	0,59	-0,08%
2017	24,572,266	42,187,664	0,58	-0,01%

Source : Processed by the author (2018).



Source: Processed by the author (2018).

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