Artikel Penelitian

The Analysis of Statement of Cash Flow in Assessing the Financial Performance at PT Akasha Wira International TBK

Analisis Laporan Arus Kas dalam Menilai Kinerja Keuangan Pada PT Akasha Wira International TBK

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Abstract*: The statement of cash flow has an important role in helping to assess the financial performance of a company. Cash flow information assists its financial statement users in obtaining the relevant information concerning the source and use of virtually the entire financial system over a given period of time. Cash flow is a concept in accounting and finance used to describe the inflow represent cash receipts while outflow relate to cash expenditure. Cash flow of a company is a crucial factor that enhances its operations. Due to the relevance of cash flows in the company's operations and performance, companies need to develop a suitable cash flow and apply it in order to maximize shareholders values. Cash flow can be used as effective way of forecasting the company's ability in providing profit in future. If the company has lack of cash, the company will have difficulties in conducting the business activities such as making purchasing, making investment and paying the loan. The purpose of this research is to know result of analysis of cash flow in determining the financial performance at PT Akasha Wira International, Tbk. Research design used in this research is descriptive research design with conducting financial statement analysis. Research methods which used are descriptive statistic analysis with financial ratio analysis. The conclusion of this research is that financial performance in PT Akasha Wira International Tbk isn't good based on analysis of cash flow. There is decreasing of cash flow in year 2012-2016. It shows that there is decreasing of company's ability in paying liabilities and generating income with using cash. The company doesn't manage the cash flow properly with result that the company will have lack of cash in developing the business. There is increasing of liabilities in conducting business activities. The company cannot collect the account receivable quickly. The cash isn't used properly in generating sales. There is decreasing of financial performance in year 2012-2016. It shows that there is decreasing of the company's ability in generating income. The company cannot increase the sales significantly because there is change of customer demand and choice. The company doesn't make innovation in developing the new product with considering the customer's expectation.*

Keywords:
Cash Flow;
Financial;
Performance

Abstrak: Laporan arus kas memiliki peranan penting dalam membantu menilai kinerja keuangan suatu perusahaan. Informasi arus kas membantu pengguna laporan keuangan dalam memperoleh informasi yang relevan mengenai sumber dan penggunaan hampir seluruh sistem keuangan selama periode waktu tertentu. Arus kas adalah konsep dalam akuntansi dan keuangan yang digunakan untuk menggambarkan arus masuk mewakili penerimaan kas sedangkan arus keluar berhubungan dengan pengeluaran kas. Arus kas perusahaan merupakan faktor penting yang meningkatkan operasinya. Karena relevansi arus kas dalam operasi dan kinerja perusahaan, perusahaan perlu mengembangkan arus kas yang sesuai dan menerapkannya untuk memaksimalkan nilai pemegang saham. Arus kas dapat digunakan sebagai cara yang efektif untuk meramalkan kemampuan perusahaan dalam menghasilkan laba di masa depan. Apabila perusahaan kekurangan kas, maka perusahaan akan mengalami kesulitan dalam melakukan kegiatan usahanya seperti melakukan pembelian, melakukan investasi dan membayar pinjaman. Tujuan dari penelitian ini adalah untuk mengetahui hasil analisis arus kas dalam menentukan kinerja keuangan pada PT Akasha Wira International, Tbk. Desain penelitian yang digunakan dalam penelitian ini adalah desain penelitian deskriptif dengan melakukan analisis laporan keuangan. Metode penelitian yang digunakan adalah analisis statistik deskriptif dengan analisis rasio keuangan. Kesimpulan dari penelitian ini adalah kinerja keuangan PT Akasha Wira International Tbk tidak baik berdasarkan analisis arus kas. Terjadi penurunan arus kas pada tahun 2012-2016. Hal ini menunjukkan adanya penurunan kemampuan perusahaan dalam membayar kewajiban dan menghasilkan pendapatan dengan menggunakan kas. Perusahaan tidak mengelola arus kas dengan baik sehingga perusahaan akan kekurangan uang tunai dalam mengembangkan bisnis. Terjadi peningkatan kewajiban dalam menjalankan kegiatan usaha. Perusahaan tidak dapat menagih piutang dengan cepat. Uang tunai tidak digunakan dengan benar dalam menghasilkan penjualan. Terjadi penurunan kinerja keuangan pada tahun 2012-2016. Hal ini menunjukkan bahwa terjadi penurunan kemampuan perusahaan dalam menghasilkan pendapatan. Perusahaan tidak dapat meningkatkan penjualan secara signifikan karena adanya perubahan permintaan dan pilihan pelanggan. Perusahaan tidak melakukan inovasi dalam mengembangkan produk baru dengan mempertimbangkan harapan pelanggan.

Kata Kunci:
Arus Kas;
Kinerja;
Keuangan

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INTRODUCTION

The statement of cash flows is one of the main financial statements. (The other financial statements are the balance sheet, income statement, and statement of stockholders' equity). The cash flow are the main reports that provide information on cash receipts, cash payments and changes in net value of operating, investing and financing activities for a certain period. Cash flow information is useful in assessing the ability of the entity to generate cash and cash equivalents and enables users to develop models to assess and compare the present value of the future cash flows of different entities. It also enhances the comparability of the reporting of operating performance by different entities because it eliminates the effects of using different accounting treatments for the same transactions and event.

The statement of cash flow has an important role in helping to assess the financial performance of a company. In addition, profit in income statement can result in two possibilities at the statement of cash flow. A positive cash flow means the company have amount of cash with them, but a negative cash flow means no more cash in the company. This is why the important of statement of cash flow in making sure that there is any cash left in the company. Cash flow had to do with operating, investing, and financing activities. Operating activities had to do with expenses that do not guarantee a continues inflow of cash. The investing on the other hand guarantee a continues inflow of revenue. The issue is how best had these investing activities been evaluated with cash flow analysis or ratios in determining corporate performance instead of the traditional ratio analysis. The financing is that arise from raising or decreasing cash through the issuance of additional shares, short-term or long-term debt for company's operation. In addition to the cash amounts being reported as operating, investing, and financing activities, the cash flow statement must disclose other information, including the amount of interest paid, the amount of income taxes paid, and any significant investing and financing activities which did not require the use of cash. The statement of cash flow is to be distributed along with a company's income statement and balance sheet.

Cash flow information assists its financial statement users in obtaining the relevant information concerning the source and use of virtually the entire financial system over a given period of time. Cash flow is a concept in accounting and finance used to describe the inflow represent cash receipts while outflow relate to cash expenditure. According to Frank (2015, p.77), "cash flow has significant impact on financial performance". Cash flow of a company is a crucial factor that enhances its operations. Due to the relevance of cash flows in the company's operations and performance, companies need to develop a suitable cash flow mix and apply it in order to maximize shareholders values. Cash flows of an company as those pool of funds that the company commits to its fixed assets, inventories, account receivables and marketable securities that lead to company's profit. For the cash flows to be well structured and effectively utilized, a company must be able to devise various ways for selecting the best components of its cash flows which would be used in the company's operation to raise its productivity or achieve performance. A cash flow statement assists in the evaluation of the ability of a company to generate in future positive cash flows. The cash flow statement can become a source of information which can be easily understood. This is because as the cash flow statement reports the inflow and outflow in real terms from different activities. Writer chooses to analysis cash flow in determining financial performance because cash flow can be used as information in determining the company's ability in making payment of company's debt and expense. Cash flow can be used as effective way of forecasting the company's ability in providing profit in future. If the company has lack of cash, the company will have difficulties in conducting the business activities such as making purchasing, making investment and paying the loan. Cash flow statements can help companies to overcome several of the problems that may be seen in negative cash flow. The company should improve the company's financial condition if there is negative cash flow in certain period. If the company has lack of cash, the company cannot develop the business. Positive cash flow gives information that company has strong future performance.

The impact of production and operational cost increase give pressure on the company's cash. Furthermore, the cost increases faster than the sales growth due to the company make investment in new brands and products, production capacity, management team, and IT system. It can increase the company's cash outflow. Besides that, the company use bank loan and liabilities in making investment with result that it can decrease the availability of cash in conducting the business activities. The company cannot make sales quickly to customer with result that the company doesn't have sufficient cash in increasing the business activities. Some of inventories cannot be sold quickly because the distribution of product isn't effective. The company should convert the inventory quickly into cash in order that the company can use the cash for profitable activities.

Convertible to a determinable amount of cash, with a maturity date of three months or less". Cash means cash on hand and cash in the bank. Cash includes cash equivalents, which are highly liquid investments that can be converted into cash in three months or less. These forms of cash represent amounts readily available to pay off debt or to use in operations, without any legal or contractual restriction. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition.

LITERATURE REVIEW

Cash Flow. According to Spiceland (2015, p.359), "cash includes currency and coins, balances in checking accounts, and items acceptable for deposit in these accounts, such as checks and money orders received from customers". According to Stolowy (2015, p.505), "cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and whichare subject to an insignificant risk of changes in value". According to Norton (2015, p.634), "Cash equivalents are assets readily convertible to a determinable amount of cash, with a maturity date of three months or less". Cash means cash on hand and cash in the bank. Cash includes cash equivalents, which are highly liquid investments that can be converted into cash in three months or less. These forms of cash represent amounts readily available to pay off debt or to use in operations, without any legal or contractual restriction. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition.

Cash Flow Statement. According to Stice (2015, p.223), "a statement of cash flows explains the change during the period in cash and cash equivalents". According to Warren (2015, p.642), "The statement of cash flows reports a company's cash inflows and outflows for a period". According to Weygant (2015, p.650), "The statement of cash flows reports the cash receipts, cash payments, and net change in cash resulting from operating, investing, and financing activities during a period". The statement of cash flows is used by managers in evaluating past operations and in planning future investing and financing activities. It is also used by external users such as investors and creditors to assess a company's profit potential and ability to pay its debt and pay dividends. The statement of cash flows is an important complement to the other major financial statements. It summarizes the operating, investing, and financing activities of a business over a period of time. The statement of cash flows reports the changes in cash over a period of time and, most importantly, explains those changes. Cash flow statement provides information about the cash receipts and payments of an enterprise for a given period. The data about the cash flows of a concern is useful in providing the users of financial statements with a basis to assess the ability of the firm to generate cash and cash equivalents and the requirement

of the firm to utilize these cash flows. So cash flow statement is a statement which provides a detailed explanation for the change in a firm's cash during a particular period by indicating the firm's sources and uses of cash during that period.

Financial Performance. According to Mwangi (2015, p.289), "Financial performance is a measure of an organization's earnings, profits, appreciations in value as evidenced by the rise in the entity's share price". According to Ravinder (2015, p.10), "financial performance refers to the degree to which financial objectivities being or has been accomplished". According to Devi (2015, p.225), "financial performance is the process of measuring the results of a firm's policies and operations in monetary terms".

Financial Performance is a measure of how well firm use assets from its primary mode of business to generate revenues. It measures the financial health of an organisation. Financial performance includes the profits measured in monetary terms. Simply, it is the difference between the revenues and expenses. Financial performance guides management on the strategies and policies to adopt to improve sustainability of the organisation. A company's financial performance is critical to its health and survival. A company's high performance reflects its effectiveness and efficiency in the management of its resources for operational, investment and financing activities.

Measurement of Financial Performance. Return on Assets According to Berman (2015, p.167), return on assets tell what percentage of every invested in the business was returned as profit. Return on asset simply shows how effective the company is at using those assets to generate profit. The return on assets (ROA) shows the percentage of how profitable a company's assets are in generating revenue. As general rule, return on asset is good if return on asset is no less than 5%. Return on asset over 5% are generally considered good. As a general rule, return on asset below 5% is very asset heavy company while return on asset above 20% is asset light company.

Return on Equity. According to Berman (2015, p.168), return on equity tells what percentage of profit the company makes for every equity invested in the company. Return on Equity is a measure of management's ability to generate income from the equity available to it. Return on Equity of 15-20% are generally considered good. As general rule, companies that are consistently able to make Return on Equity above 20% are generating solid returns on shareholders' money, which means they are likely to have good condition.

METHODOLOGY

Research Design. Research design used is descriptive method. According to Hepper (2015, p.288), "descriptive research provides basis information about variable or phenomenon". The functions of descriptive research are to describe, explain or explore phenomena. The descriptive research attempts to identify variables that might explain the occurrence of a phenomenon. The descriptive research focus on the accurate portrayal of the characteristics of people, situations, or groups and the frequency with which certain phenomena occur.

Research Object. The research is conducted at PT Akasha Wira International, Tbk at Jalan Letjen. TB. Simatupang Kav. 88, Jakarta. The company is engaged in production drinking water bottling and cosmetic. Research time is from September 2017 to March 2018. This research is done to analysis of cash flow and financial performance in year 2012-2016.

Method of data analysis in this study is descriptive analysis. Descriptive analysis is done by collecting data, classifying and interpreting data in order to obtain an objective picture of the problem under study. Analysis of cash flow and financial performance with using financial ratio as follows:

Data Analysis Method. Cash Flow According to Drake (2015, p.291), the formula of cash flow to debt in analysis of financial performance is as follows:

$$\text{Cash Flow to Debt} = \frac{\text{Cash Flow}}{\text{Total Debt}}$$

According to Schmidlin (2015, p.56), the formula of cash flow to sales ratio in analysis of financial performance is as follows:

Operating Cash FlowCash

Flow to Sales Ratio = ————————

Net Sales

Financial Performance According to Berman (2015, p.167), the formula of return on asset in analysis of financial performance is as follows:

Net Income Return on

Asset = ————————

Total Asset

According to Berman (2015, p.167), the formula of return on equity in analysis of financial performance is as follows:

Net Income Return on

Equity = ————————

Total Equity

RESULT AND DISCUSSION

Financial management is concerned with the maintenance and creation of economic value or wealth. Financial management refers to that part of management activity, which is concerned with the planning and controlling of firm's financial resources. Financial management is a part of overall management. All business decisions involve finance. Where finance is needed, role of finance manager is inevitable. Financial management deals with raising of funds from various sources, dependant on availability and existing capital structure of the organization. Financial management is as an application of general managerial principles to the area of financial decision-making. The analysis of these decisions is based upon the expected inflows and outflows of funds and their effect upon stated managerial objectives financial statement analysis involves the examination of both the relationships among financial statement numbers and the trends in those numbers over time. Viewing these trends allows a company to predict how it will do in the future. This process of reviewing the financial statements allows for better economic decision making. The main purpose of financial statement analysis is to utilize information about the past performance of the company in order to predict how it will fare in the future. Financial ratios provide a quick and relatively simple means of assessing the financial health of a business. Ratios can be very helpful when comparing the financial health of different businesses. . It helps to ascertain the financial condition of the firm. Ratios help to summarize large quantities of financial data to make qualitative judgment about the firm's financial performance.

The financial analysis with cash flow ratio can be used to know the company's ability in generating cash flow. The cash flow shows the receiving and using of cash in the company's business activities. The cash flow statement is a separate financial statement that mainly provides users with additional information so that they can evaluate the solvency and liquidity of the entity. All entities are required to present a cash flow statement that reports cash flows during the reporting period. Either the direct or the indirect method can be used. Cash and cash equivalents must be defined. Cash flows must be classified as follows: 1) Operating activities. 2) Investing activities. 3) Financing activities

The cash flow from each activities show the negative result, it means that there is cash used for the activities. While, if the result is positive, it show the cash flow provided from the activities. Then, the result of calculation from three cash flow activities shows the net cash flow that is generated by company. If cash flow generated by company shows positive from year to year and there is also increasing of cash flow from previous year, it means that company can be stated in good condition. Because from cash flow generated, it is expected that company can continues to exist and develop in

future year. While if the company generate negative cash flow or show the decreasing of cash flow from year to year, it means that company can be stated in bad condition.

Measurement of cash flow can be done with cash flow to debt ratio. This ratio gives a measure of a company's ability to meet maturing debt obligations. The cash flow-to-debt ratio is the ratio of a company's cash flow from operations to its total debt. This ratio is a type of coverage ratio, and can be used to determine how long it would take a company to repay its debt if it devoted all of its cash flow to debt repayment. Cash flow is used rather than earnings because cash flow provides a better estimate of a company's ability to pay its obligations. This ratio provides an indication of a company's ability to cover total debt with its yearly cash flow from operations. The higher the percentage ratio, the better the company's ability to carry and service its total debt. The components of cash flow to debt can be seen as follows:

Table 1. The Component of Cash Flow to Debt Ratio in Year 2012-2016 (In MillionRupiah)

Year	Cash Flow	Total Debt
2012	24,563.-	179,972.-
2013	-16,282.-	176,286.-
2014	6,048.-	209,066.-
2015	-5,048.-	324,855.-
2016	11,248.-	383,091.-

Following formula is used to calculate debt to equity ratio:

$$\text{Cash Flow to Debt} = \frac{\text{Cash Flow}}{\text{Total Debt}}$$

$$\text{Cash Flow to Debt in year 2012} = \frac{\text{Rp } 24{,}563.\text{-}}{\text{Rp } 179{,}972.\text{-}}$$

$$= 13.65\%$$

$$\text{Cash Flow to Debt in year 2013} = \frac{\text{Rp } -16{,}282.\text{-}}{\text{Rp } 176{,}286.\text{-}}$$

$$= -9.24\%$$

$$\text{Cash Flow to Debt in year 2014} = \frac{\text{Rp } 6{,}048.\text{-}}{\text{Rp } 209{,}066.\text{-}}$$

There is decreasing of cash flow to debt in year 2012-2016. The cash flow to debt ratio reveals the ability of a business to support its debt obligations from its operating cash flows. This is a type of debt coverage ratio. A higher percentage indicates that a business is more likely to be able to support its existing debt load. The calculation is to divide operating cash flows by the total amount of debt. Cash flow to debt ratio is the true measure of the creditworthiness of a firm. This is because a company has

to pay its interest and retire its debt by paying cash. In general, the higher the ratio is, the more capable a business is of supporting and sustaining its ongoing short-term and long-term debt obligations. The Cash Flow to Total Debt ratio measures the length of time it will take the company to pay its total debt using only its cash flow. A high, or increasing Cash Flow to Total Debt ratio is usually a positive sign, showing the company is in a less risky financial position and better able to pay its debt load. A company with a decreasing ratio results in a riskier financial position, as declining cash flow and a rising debt load reveals a company that is less able to manage its debt.

The company purchases the goods on credit from supplier in order to maintain cash availability. The increasing of account payable shows the company's ability to providing the goods to customer without immediate cash payment. This condition can make the company arrange and manage the working capital in good allocation. The company can maintain the availability of cash that can support the all activities business. There is increasing of liabilities because the using of bank loan for the company's business activities especially investment in new business. The company uses the bank loan in buying the fixed asset such as machine and equipment. Besides that, the company conducts construction of plant building with using the liabilities. For financing working capital, the company uses short term liabilities such as buying the raw material. The company has effort to developing market area with result that it needs the cash to making promotion and develop branch office in some cities. Cash flow to debt is good if ratio is over than 15%. The company has cash flow to debt less than 15%. Therefore, the company doesn't have good financial position in cash flow because there is decreasing the company's ability in paying debt.

This ratio, which is expressed as a percentage, compares a company's operating cash flow to its sales or revenues, which gives investors an idea of the company's ability to turn sales into cash. Positive and negative changes in a company's terms of sale and the collection experience of its accounts receivable will show up in this indicator. The greater the amount of operating cash flow, the better. The cash flow to sales ratio reveals the ability of a business to generate cash flow in proportion to its sales volume. It is calculated by dividing operating cash flows by sales. Ideally, the ratio should stay about the same as sales increase. If the ratio declines, it can be an indicator of a number of problems.

There is decreasing of cash flow to sales ratio in year 2012-2016. This ratio compares the operating cash flows a company to its sales revenue. This ratio gives the analysts and investors indications about the ability of a company to generate cash from its sales. In other words, it shows the ability of a company to turn its sales into cash. The higher this ratio is the better it is for the company. Greater amounts of operating cash flows are always desirable. Cash is very important for all companies. Cash is needed for payments to suppliers, employees, shareholders, and for operating expenses and investment in capital assets. There is some problem in decreasing of cash flow to sales ratio. The company is pursuing incremental sales that are generating a smaller amount of cash. The company is offering incremental customers longer payment terms, so that cash is tied up in accounts receivable. The company must invest in more overhead as its sales ncrease, thereby reducing the rate of growth in cash flow. The decreasing of revenue to cash ratio shows that the company doesn't use the cash effectively in generating the sales. The company doesn't use the cash to make purchasing of product based on the customer demand. The company maintain the cash in order to make purchase of fixed asset and paying of long term bank loan. The company doesn't use cash quickly to operational activities such as paying the expense and paying the short term liabilities. The company cannot increase the sales based on the company's expectation because the company makes investment with cash for long time period such purchasing of fixed asset. The cash should be used in increasing the business activities such as increasing the sales volume. The decreasing of cash flow to sales ratio shows that the company cannot make sales quickly and make collection of account receivable quickly. The company doesn't determine the appropriate account receivable management in collecting the account receivable in proper time. The increasing of sales occurs because the increasing of sales on credit that it will decrease the company's cash availability for the company's business activities. With high account receivable, the company will have risk of uncollectible in account receivable settlement that it can make loss in company's financial

condition. The company spends higher cash expense. The increasing of sales in credit that cannot be collected also can increase some expenses such as administration expense. Besides that, the increasing of sales that cannot be collected can decrease the availability of cash with result that the company will have difficulties in buying the raw material with cash. The increasing of raw material price also can decrease the operational cash flow with result that the company should increase the sales price in improving the cash flow to sales ratio. Cash flow to sales is good if ratio is over than 5%. The company has good financial position in cash flow to sales but there is decreasing of this ratio.

Financial performance refers to the degree to which financial objectivities being or has been accomplished. Financial performance is the process of measuring the results of a firm's policies and operations in monetary terms. Financial Performance is a measure of how well firm use assets from its primary mode of business to generate revenues. It measures the financial health of an organization. A company's high performance reflects its effectiveness and efficiency in the management of its resources for operational, investment and financing activities. Organizational performance improvement requires measurements to identify the level to which the use of organizational resources impact business performance. The company's success is basically explained by its performance over a certain period of time. Financial performance has been perceived through its ability to obtain profits. Return on Assets (ROA) is used to measure the effectiveness of the company in generating profits by using its assets. Return on assets tell what percentage of every invested in the business was returned as profit. Return on asset simply shows how effective the company is at using those assets to generate profit. The return on assets (ROA) shows the percentage of how profitable a company's assets are in generating revenue. Return on assets gives an indication of the capital intensity of the company.

CONCLUSIONS

Based on research result, the conclusion of this research is that financial performance in PT Akasha Wira International Tbk isn't good based on analysis of cash flow. There is decreasing of cash flow in year 2012-2016. It shows that there is decreasing of company's ability in paying liabilities and generating income with using cash. The company doesn't manage the cash flow properly with result that the company will have lack of cash in developing the business. There is increasing of liabilities in conducting business activities. The liabilities is used for working capital and purchasing fixed asset. The company cannot collect the account receivable quickly. Besides that, the company makes increasing of sales on credit with result that there is high account receivable. The cash isn't used properly in generating sales. The cash is used to purchasing fixed asset and inventory that cannot fulfill the customer's demand. There is decreasing of financial performance in year 2012-2016. It shows that there is decreasing of the company's ability in generating income. The company cannot increase the sales significantly because there is change of customer demand and choice. The company doesn't make innovation in developing the new product with considering the customer's expectation. The company doesn't use fixed asset optimally in producing product that can be sold quickly to customer. It can increase the number of stock with result that the company doesn't have additional fund for developing the business. The average of cash flow to debt ratio and return on equity aren't in good condition. The average of cash flow to sales ratio and return on asset are in good condition.

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