

Analysis of Financial Statements in Companies Drinking Water Area Banggai Islands Regency

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Abstract

The aim of this research is to determine the level of Liquidity, Profitability and Activity in the Regional Drinking Water Company of Banggai Islands Regency for the period 2019 - 2021. The type of data used in this research is qualitative and quantitative data. Data collection techniques used are observation, interviews and documentation. The data analysis techniques used are Liquidity Ratios, Profitability Ratios, and Activity Ratios. From the Research Results, Analysis of Liquidity Ratios for 3 Years Based on the Current Ratio and Quick Ratio Calculations of the Regional Drinking Water Company of Banggai Islands Regency in 2019, the Current Ratio was 184.40% and the Quick Ratio was 316.58%, in 2020 the Current Ratio was 228.77 % and Quick Ratio of 413.12%, in 2021 the Current Ratio is 218.28% and the Quick Ratio is 496.20%. Thus, it shows that the liquidity ratio is in good condition because the current assets owned can fulfill financial obligations on time. Profitability Ratio Analysis for Three Years Based on Calculation of Return on Equity and Return on Investment of the Regional Drinking Water Company of Banggai Islands Regency. In 2019, Return On Equity was 31% and Return On Investment was 10%, in 2020 Return On Equity was 43% and Return On Investment At 20%, in 2021 Return On Equity will be 33% and Return On Investment will be 67%. Thus, it shows that the profitability ratio is in very good condition because the company is able to make a profit using its own capital and the company is able to generate profits which will be used to cover the investments made so that the company's profits for three consecutive years' experience a profit. Activity Ratio Analysis for 3 Years Based on the Total Asset Turnover Calculation of the Regional Drinking Water Company of Banggai Islands Regency in 2019, it was 29 times, in 2020 it was 30 times, in 2021 it was 32 times. Thus, it shows that the activity ratio is in good condition because the company can generate more sales with certain levels of assets, and vice versa.

Keywords: Financial Reports, Liquidity Ratios, Profitability Ratios, and Activity Ratios

INTRODUCTION

In order for financial reports to be meaningful for interested parties, it is necessary to conduct an analysis of the relationships between various items in a financial report which is often called financial report analysis. In this case, ratio analysis can be used to provide a picture of the actual financial condition regarding the company's development and whether or not the company is managing its business healthily.

Competition in the business environment is increasing day by day, in a company, if the company wants to achieve

the goals that have been set, it requires the best possible management and financial performance of the company and a series of cooperation between sub-systems and their respective functions within the company.

The Regional Drinking Water Company is a regionally owned company which operates in the distribution and sales of drinking water. The Regional Drinking Water Company was established with the aim of distributing drinking water. to meet one of the needs of the community, apart from that it also has the aim of obtaining maximum profits so that it can contribute to local government in the form of income.

However, if we look at the financial reports, the management of PDAM Banggai Islands Regency lacks the ability to manage the company which causes the company's annual profits to fluctuate, and lacks attention to the company's current assets and the company's current liabilities which can result in the company not being in liquid condition.

METHOD

In this research, the data collected and analyzed comes from primary data and secondary data as follows.

1. Primary Data

RESULTS

The financial report is a list to determine the total assets of the Regional Drinking Water Company of Banggai Islands Regency, in the form of financial reports (balance sheet, profit and loss report, change in equity report and cash flow report).

The following are the results of calculating financial ratios

1) Liquidity ratio

Liquidity Ratios are one of the financial ratios that can be used to measure a company's ability to meet its short-term debt obligations

Based on the calculation of the Current Ratio and Quick Ratio of the Regional Drinking Water Company of Banggai Islands Regency in 2019, the Current Ratio was 184.40% and the Quick Ratio was 316.58%, in 2020 the Current Ratio was 228.77% and the Quick Ratio was 413.12%, In 2021 the Current Ratio is 218.28% and the Quick Ratio is 496.20%. Thus, it shows that the liquidity ratio is in good condition.

2) Rentability/Profitability Ratio

This data was obtained from the results of direct observations and interviews with the parties concerned in the company, such as the company owner and the person in charge of finances so that the necessary information can be obtained regarding the financial reports of the regional drinking water company in Banggai Islands Regency.

2. Secondary Data

Secondary data is data in written form in the form of official documents at the Regional Drinking Water Company of Banggai Islands Regency and other information that is directly related to the problem being studied.

Profitability Ratio is a ratio to assess a company's ability to make a profit. This ratio also provides a measure of the level of effectiveness of a company's management.

Based on calculations of return on equity and return on investment for the regional drinking water company Banggai Islands Regency in 2019, return on equity was 31% and return on investment was 10%, in 2020 return on equity was 43% and return on investment was 20%, in 2021 Return On Equity is 33% and Return On Investment is 67%. Thus, it shows that the profitability ratio is in very good condition.

3) Activity Ratio

The activity ratio can also be known as the asset management ratio, where the activity ratio is a ratio that shows the company's ability to utilize the assets it owns. Based on the calculation of the Total Asset Turnover of the Regional Drinking Water Company of Banggai Islands Regency in 2019, it was 29 times, in 2020 it was 30 times, in 2021 it was 32 times. Thus, it shows that the activity ratio is in good condition

DISCUSSION

1. Liquidity Ratio

Liquidity Ratio is a ratio that shows the company's ability to pay off its short-term debt. If a company has the ability to pay off its short-term debt, then the company is said to be a liquid company, while a company that does not have the ability to pay off its short-term debt, then the company is said to be an illiquid company. Analysis of the current ratio of the regional drinking water company in the Banggai Islands district above shows that the current ratio has increased from year to year for three years, where the current ratio in 2019 was 184.40%, in 2020 it was 228.77%, and in 2021 it was 218.28% and is classified as good or liquid.

Based on the quick ratio calculation of the Regional Drinking Water Company of Banggai Islands Regency, it can be seen that it has increased, where the quick ratio in 2019 was 316.58%, in 2020 it was 413.12%, in 2021 it was 496.20% and is classified as good or liquid. The financial report of the Regional Drinking Water Company (PDAM) of Banggai Islands Regency on the liquidity ratio seen from the current ratio and quick ratio from 2019 - 2021 is classified as good or liquid because the current assets owned can fulfill financial obligations on time.

2. Profitability Ratio

Profitability Ratio is a ratio to assess a company's ability to make a profit. This ratio also provides a measure of the level of effectiveness of a company's management. This is shown by the profits generated from sales and investment income. The point is that the use of this ratio shows the company's efficiency.

Based on the calculation of the return on equity of the Banggai Islands Regency Regional Drinking Water Company, it can be seen that it has increased, where the return on equity in 2019 was 31%, in 2020 it was 43%, and experienced a decrease where the return on equity in 2021 was 33%, which is classified as good or liquid. because the company is able to generate large

profits with its own capital and meets return on equity assessment standards.

Based on the calculation of the return on investment of the regional drinking water company, Banggai Islands Regency, it can be seen that it has increased, where the return on investment in 2019 was 10%, in 2020 it was 20%, and in 2021 it was 67%, which is classified as good or liquid because the company was able to generate high profits. will be used to cover the investment issued so that the company's profit for three consecutive years is profitable and meets the return on investment assessment standards.

3. Activity Ratio

The activity ratio can also be known as the asset management ratio, where the activity ratio is a ratio that shows the company's ability to utilize the assets it owns. To measure the level of efficiency of the Regional Drinking Water Company of Banggai Islands Regency, the total assets turn over ratio is used. total assets turnover is calculated by dividing sales by total assets.

Based on the calculation of the Total Assets Turn Over of the Regional Drinking Water Company of Banggai Islands Regency, it can be seen that there has been an increase, where the Total Assets Turn Over in 2019 was 29 times, in 2020 it was 30 times, and in 2021 it was 32 times, which is classified as good criteria, this is because the company can produce more sales with certain asset levels, and vice versa, and meets the Total Assets Turn Over assessment standards.

CONCLUSION

The results of the financial report analysis and discussion that have been described can produce the following conclusions:

1. Liquidity ratios at the Regional Drinking Water Company of Banggai Islands Regency based on current ratio and quick ratio analysis show healthy or liquid

figures, because the current assets they own are able to guarantee all of their current debts.

2. The profitability ratio of the Regional Drinking Water Company of Banggai Islands Regency, seen from return on equity and return on investment, can be said to be good or liquid.
3. Activity Ratio shows that the Regional Drinking Water Company of Banggai Islands Regency is efficient in its asset turnover. This can be seen from the results of asset turnover which show that it is in accordance with the set standard figures.

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SUGGESTION

1. The liquidity ratio is classified as good, so it needs to be maintained or even needs to be improved to make it better by increasing the amount of current assets and reducing the amount of debt.
2. The Profitability Ratio is classified as good or liquid, so it needs to be maintained and needs to be improved to make it better by increasing sales of clean water.
3. The activity ratio is categorized as being in good condition, so it needs to be maintained and even needs to be improved to make it even better by increasing the number of assets and sales.

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