

# ANALYSIS OF FINANCIAL REPORTS BASED ON FUNDAMENTAL RATIO TO ASSESS FINANCIAL PERFORMANCE AT PT. LSPA IN MANADO

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**Abstract**-The purpose of this research is to analyze financial statements based on fundamental ratios to assess financial performance at PT. LSPA in Manado. The ratios used in the analysis of financial statements include liquidity ratios, solvency ratios, profitability ratios, and activity ratios. The research method used is a descriptive qualitative approach. Data collection techniques through interviews, documentation, and observation. Data analysis techniques, namely: fundamental financial ratio analysis can be done by calculating ratios, the sources of which are obtained from the figures listed in the financial balance sheet and profit and loss statement of a company, then these ratios are referred to as fundamental financial ratios. The results of the study show that the financial ratios of PT LSPA from 2020 to 2023 are as follows: Liquidity Ratio, during 2020 to 2023 it can be said that the Company is less able to pay off its short-term obligations. Solvency Ratio, during 2020 to 2023 it can be said that the company is still able to pay off its long-term debts. Activity Ratio, if assessed from the activity ratio, the company's financial performance for the 2020-2023 period has not been effective in managing its resources. Profitability Ratio, in 2020 to 2023 it can be said that the company is less effective in generating profits. Profit Growth Ratio, in 2020 to 2023 it can be said that the company experienced relatively low profit growth and experienced a significant decline in 2022.

**Keywords:** Analysis of Liquidity, Solvency, Profitability, Activity Ratios

## I. INTRODUCTION

In this era of globalization, businesses are growing rapidly, more and more start-ups, to improve the efficiency and effectiveness of the organization, in running their internal organizational machines. A company is usually established with the aim of making a profit. Profit is the consequence of the profitable operation of the company, over a period of time. The company can use this income, to fund the expansion of its operations and most importantly, as a means to ensure its survival.

The company's financial performance is a picture of the company's financial condition, during a certain period of time, related to aspects of capital collection and allocation, which are often measured by indicators of liquidity capital adequacy, and profitability. Basic financial statements consist of financial position statements, income statements, and cash flow statements. The place where the financial ratio analysis is presented is the financial ratio analysis. The ratios used in financial statement analysis include liquidity ratios, solvency ratios, profitability ratios, and activity ratios.

Nowadays, human needs are very dependent on energy resources. One of the energy resources that is very much needed by humans is electricity. Almost all activities or works depend on the availability of electrical energy. In the development of the business world, be it services, trade, or manufacturing, it is very dependent on electrical energy. Electrical energy is an important element in the survival of the business. Whether it is routine or general, all require adequate electrical energy.

Along with the government's policy of providing opportunities for the private sector to engage in the electricity supply business, since 1994 the status of the Public Company has become a Limited Liability Company, and also as the Holder of the Electricity Business Authority in providing electricity for the public interest until now. PT. LSPA is in the form of a limited liability company, meaning that in addition to aiming to meet the needs of the community, it is also a profit-oriented company. The goal of achieving success, PT LSPA, which is one of the largest contributors to economic growth in Indonesia, will be in the spotlight because of its role as one of the driving forces of the economy. PT. LSPA, which is one of the companies that is a monopoly company engaged in the electricity sector, is known to have large assets and must also pay attention to its financial performance. So that the good or bad performance of PT LSPA will have a great impact on state revenues which greatly affect the country's economic growth.

A company is said to have a balanced financial condition if the company can finance the activities carried out and does not experience difficulties in fulfilling its obligations to other parties, both short-term and long-term. The company was established as an organization that will be utilized to meet human needs, and aims to obtain maximum profit. In order for the goals to be achieved to be realized, a company policy is needed, namely the company must have good management (Sukirno, 2006). To be able to find out the condition and performance of the company, an analysis of the company's financial report can be carried out on the company's

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performance. In a company, its financial performance can be seen and also measured based on financial reports by analyzing its financial reports.

Financial reports are the result of the act of making a summary of a company's financial data. Financial reports are reports that show the company's current financial condition, and in a certain period. Financial reports are basically the result of an accounting process that can be used as a tool to communicate financial data or company activities to interested parties. In other words, this financial report functions as an information tool that connects the company with interested parties, which shows the company's financial health and performance (Kasmir, 2017). To obtain information about the company's performance from financial reports, it is necessary to conduct a financial report analysis. Financial report analysis is a process that needs to be considered, in order to help evaluate the company's financial position and operating results, in the present and past, The main goal is to determine the most likely estimates and predictions regarding the company's condition and performance in the future (Prastowo and Juliaty, 20018). Muhlis Ruslan et al (2017) explained that a healthy organization, if its financial reports are good, can improve its financial performance.

The analysis of a company's financial statements is basically because we want to know the level of profitability and the level of risk or health of a company. Financial statement analysis is also important to do, to find out the strengths and weaknesses of a company. This information is needed to evaluate the performance achieved by the company's management in the past, and also for consideration in preparing the company's future plans. One way to obtain useful information from a company's financial statements is to conduct a financial statement analysis. The fundamental ratios that are often used to analyze financial statements are the profitability ratio, solvency ratio, liquidity ratio, activity ratio and profit growth ratio.

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Financial performance is a form of achievement in a company, after carrying out all its functions that can be seen from the financial condition through financial reports, consisting of profit and loss statements, balance sheets, cash flow statements, financial position statements analyzed using frequently used analysis tools, namely financial ratios which we can then find out how the financial condition is in the company whether the condition is good or vice versa bad in certain conditions (Fahmi, 2017). Furthermore, Muhlis Ruslan et al. (2021) explained that good administrative and financial governance shows the criteria and sustainability of an organization or institution. The following table illustrates the amount of assets and profits at PT. LSPA from 2020 to 2023.

**Table 1.1**  
**Assets and Profit Period 2020-2023**

Year	Total Assets (IDR)	Profit (IDR)
2020	1,588,914,720	5,993,428
2021	1,613,216,456	13,174,877
2022	1,638,139,276	14,414,720
2023	1,646,441,796	22,071,458

Source: PT. LSPA

PT. LSPA carries out control or monitoring of the company's financial performance level. Control and monitoring are carried out by analyzing and interpreting financial data from the company as reflected in the financial statements. Information on financial performance and the company's operating results is very important and useful for the benefit of various parties, both internal and external to the company. The results of this financial performance analysis can also explain the condition of the company or the factors that cause the condition. Given the importance of measuring company performance, the Ministry of SOEs has issued standards for assessing SOE Performance, namely based on the Decree of the Minister of SOEs Number: KEP-100/MBU/2002

Based on table 1.1, it can be seen that there is an increase in asset movement from year to year, as well as in profit/loss movement, where there is an increase from year to year. So that measuring financial performance is very important because it is expected to help good operational activities in order to help increase financial growth effectively and efficiently.

Previous research named Rachmi Wulandari (2022) entitled Financial Report Analysis to Measure Financial Performance (Case Study at PT Mayora 2018 - 2021), overall PT Mayora in 2020 had the best financial performance, because it had very high ROA and ROE values, low DER values so that the company could pay off its debts.

Analysis of financial statements to assess the financial performance of the Company, Case Study of PT Telkom Indonesia, based on the profitability ratio is not good because the company has not been able to manage its sales, assets and equity to generate optimal net profit. The activity ratio is not good because the company has not been able to use asset funds, and its own capital instead of debt funds, but the liquidity ratio of PT Telkom Indonesia is considered good because it is able to use current assets and cash, as collateral for current debt, and the solvency ratio is considered good because it uses asset funds and its own capital instead of debt. Based on the background of the problem above, in this research the author takes the title "Analysis of Financial Reports Based on Fundamental Ratios to Assess Financial Performance at PT. LSPA in Manado

## II. RESEARCH METHODS

The research method used in this study is qualitative research, where this study aims to solve problems by focusing on the facts that must be found regarding a problem. Data Sources, namely: Primary Data and Secondary Data. Data Collection Techniques, namely: Observation, interviews and Documentation. The data analysis technique used is the analysis of fundamental financial ratios. Analysis of fundamental financial ratios can be done by calculating ratios, the sources of which are obtained from the figures listed on the financial balance sheet and profit and loss statement of a company, then these ratios are referred to as fundamental financial ratios. The data analysis technique used in this study is as follows: Data analysis technique, namely: analysis of fundamental financial ratios can be done by calculating ratios, the sources of which are obtained from the figures listed on the financial balance sheet and profit and loss statement of a company, then these ratios are referred to as fundamental financial ratios, including: liquidity ratio, solvency ratio, activity ratio, profitability ratio and profit growth ratio.

## III. DISCUSSION

### 3.1. Liquidity Ratio

Liquidity ratio is a measure of financial performance that shows how PT. LSPA is able to finance its company's operations, and pay off its long-term and short-term liabilities. The liquidity ratio can be measured by the current ratio. According to Tampenawas, Maykel (2024) This ratio describes how much the company's total current assets are compared to its total liabilities. The method is by comparing all components in current assets with components in current liabilities (short-term debt).

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} \times 100\%$$

Where CR is the current ratio, the higher the current ratio, the greater the company's ability to pay its short-term obligations. The calculation of liquidity is as follows:

Table 3.1  
Liquidity Ratio Calculation of PT LSPA

Year	Current Assets (IDR)	Current Liabilities (IDR)	Liquidity (%)
2020	97,228,505	149,629,528	64,97
2021	85,911,375	146,538,480	58,62
2022	119,391,382	145,071,451	82,29
2023	131,383,486	143,195,433	91,75

Source: Processed Data (2024)

After conducting a liquidity ratio analysis, it can be concluded that the liquidity ratio in 2021 decreased by 58.62%, with a liquidity ratio change rate of -6.35% from 2020. This is indicated by the increase in the value of current debt compared to current assets. So this illustrates the level of the company's ability to meet its obligations, which means that the company cannot pay its obligations (debts) when they are due. Which finally put the company at a worrying point. Then in 2022 and 2023 there was an increase in the change in the liquidity ratio, namely 23.67% and 1.66% this was due to current assets which tended to increase in value compared to current debt, the amount of which tended to be corrected. So this illustrates a significant or improving condition.

### 3.2. Solvency Ratio

The solvency ratio is a measure of financial performance that shows how PT. LSPA increases the number of users and sales of the company by making funding decisions, which come from shareholders (equity) or lenders, in this case banks (liabilities). The solvency ratio is measured using the debt to equity ratio (Wijaya et al., 2021).

$$\text{DER} = \frac{\text{Total Liabilities}}{\text{Total Equity}} \times 100\%$$

Where DER is the Debt to Equity Ratio, the calculation of the solvency ratio is as follows:

Table 3.2  
Solvency Ratio Calculation of PT LSPA

Year	Total Liabilities (IDR)	Total Equity (IDR)	Solvency (%)
2020	649,102,128	939,812,592	69,07
2021	631,609,333	981,607,123	64,34
2022	646,688,710	991,450,566	65,23
2023	631,542,493	1,014,899,303	62,23

Source: Processed Data (2024)

Based on table 3.2, it shows that the Debt to Equity Ratio for the 2020-2023 period has decreased, namely from 69.07% in 2020 to 62.23% in 2023. This is influenced by the growth of total debt, which is relatively more than the growth of capital. The lower the total Debt to Equity Ratio, it can be said that the debt owned by PT LSPA can be guaranteed by the capital owned by PT LSPA itself.

### 3.3. Activity Ratio

: The activity ratio is a measure of financial performance that shows how PT. LSPA is able to utilize the company's assets (in general, both fixed assets and current assets) and manage them effectively and efficiently, so that the asset turnover carried out can produce digital products, with a larger market place. The activity ratio can be measured using total assets turnover (Ariyanti, 2020) with the following formula:

$$\text{Total Assets Turnover} = \frac{\text{Sales}}{\text{Total Assets}} \times 100\%$$

The calculation of the activity ratio is as follows:

Table 3.3  
Perhitungan Rasio Aktivitas PT LSPA

Year	Penjualan (IDR)	Jumlah Aset (IDR)	Aktivitas (%)
2020	274,898,464	1,588,914,720	17,30
2021	288,862,726	1,613,216,456	17,91
2022	150,550,915	1,638,139,276	9,19
2023	159,971,563	1,646,441,796	9,72

Source: Processed Data (2024)

Based on table 3.3, it can be concluded that the asset turnover of PT LSPA for the period 2020-2023 tends to decrease, namely from 17.30% to 9.72%. This is because the average sales growth is relatively lower, not comparable to the growth of assets. The decrease in this ratio can be interpreted that PT LSPA has not been able to maximize its assets to generate higher sales.

### 3.4. Profitability Ratio

The profitability ratio is a measure of financial performance that shows how PT. LSPA earns profit as a result of utilizing the company's asset ownership. The profitability ratio can be measured using return on assets (Wijaya et al., 2021) with the following formula:

$$\text{Return on Asset} = \frac{\text{Net Income}}{\text{Total Assets}} \times 100\%$$

The calculation of return on assets is as follows:

Table 3.4  
Calculation of Profitability Ratio of PT LSPA

Year	Net Income (IDR)	Total Assets (IDR)	Profitability (%)
2020	345,415,637	1,588,914,720	21,74
2021	368,174,270	1,613,216,456	22,82
2022	211,660,232	1,638,139,276	12,92
2023	234,519,705	1,646,441,796	14,24

Source: Processed Data (2024)

From the calculation results in Table 3.4, it can be concluded that Return on Assets in 2020-2023 tends to decrease from 21.74% to 14.24%. This is because along with average growth, the relatively lower total income actually decreases compared to total assets. The decline in Return on Assets, it can be seen that PT LSPA's performance in using all of its assets to generate profits is decreasing from year to year.

### 3.5. Profit Growth Ratio

The profit growth ratio is a measure of financial performance that shows the growth in the percentage of profit this year, compared to the previous year's profit, which is projected with the growth in the number of users and sales. The profit growth ratio can be measured using sales growth (Ariyanti, 2020) with the following formula:

$$\text{Sales Growth} = \frac{\text{Sales } t - \text{Sales } t - 1}{\text{Sales } t - 1}$$

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The calculation of the profit growth ratio is as follows:

Table 3.5  
Calculation of Profit Growth Ratio of PT LSPA

Year	Sales (IDR)	Profit Growth (%)
2020	274,898,464	-
2021	288,862,726	5,07
2022	150,550,915	-47,88
2023	159,971,563	6,25

Source: Processed Data (2024)

From the calculation results in Table 3.5, it can be concluded that Sales Growth in 2020-2023 experienced a significant decline in 2022 by -47.88%. The decline in Sales Growth means that PT LSPA's sales performance has been less than good from year to year.

#### IV. CONCLUSION

Based on the results of the calculation of financial ratios in the Financial Report of PT LSPA from 2020 to 2023, it can be concluded that on average the financial performance of PT. LSPA is not good, as can be seen from the results of the ratio analysis, as follows:

1. Liquidity Ratio  
During 2020 to 2023, it can be said that PT LSPA is less able to pay off its short-term liabilities. This is because the total current debt increased more rapidly than the growth of total current assets and inventory.
2. Solvency Ratio  
During 2020 to 2023, it can be said that PT. LSPA is still able to pay off its long-term debt.
3. Activity Ratio  
When assessed from its Activity Ratio, PT. LSPA's Financial Performance for the 2020-2023 Period has not been effective in managing its resources.
4. Profitability Ratio  
In 2020 to 2023, it can be said that PT. LSPA is less effective in generating profits. This is because the level of profitability generated by PT. LSPA is low
5. Profit Growth Ratio  
From 2020 to 2023, it can be said that PT. LSPA experienced relatively low profit growth, and experienced a significant decline in 2022.

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