

Analysis Of Financial Performance Using Common Size At PT Astra International Tbk 2019-2020 Period

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ABSTRACT

The purpose of this study is to examine the financial performance of PT Astra International Tbk from 2019 to 2020 using Common Size for balance sheets and income statements. This is a quantitative and descriptive research project. Data is collected using a documentation process, and each component is further analyzed using percentages or Common Size analysis. According to the data, private capital accounts for most of the cash allocated to company assets. This is done to strengthen the company's financial position while increasing the margin of safety given to creditors by the size of the total balance sheet. The solvency of the company increases, or in other words. Companies that use the same Common Size in their income statements have poor financial performance because their capacity to earn a net income is impaired due to a decrease in net income. In other words, the income statements of these companies do not reflect their financial performance. In other words, the company's profitability is rapidly declining

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INTRODUCTION

Background

The business world undergoes periodic changes with the passage of time. This change directs efforts in a more positive and forward-thinking direction. In addition, the level of competition between companies is increasing. The company continues to strive to improve the company's performance. One of them is to improve the company's already impressive financial results. Due to its good financial performance, it is hoped that the company will be able to attract investors.

To make intelligent judgments, investors want to know how a company's financial performance is. Investors can judge which option is preferable over the other and put in bigger bucks by looking at the comparison. Prospective investors will consider investing in the company if the company's performance is perceived as having high value. When a company's performance is good, investors tend to place a higher value on their shares (Farida et al., 2019).

It is important to note that a company's financial statements provide an overview of a company's financial reporting over time. The various functions that financial reports perform for the welfare

of a company are detailed below. The management team relies on this financial information to guide their assessment. It is possible to use financial reports to evaluate a company's performance and determine if it is appropriate. Financial reporting is a management job, and financial reporting is the most essential tool organizations use to communicate financial information. (Prasetyowati, 2013)

(Fahmi, 2012) Financial performance is an examination of how well the company has managed its finances by following financial rules appropriately. Information about the condition and financial position of the company can be collected through the evaluation of financial performance. Financial statements are evaluated by reflecting financial success from an investor's point of view to predicting the future. The goal is to use financial statement analysis to help the development of the company. With this research, companies can predict future situations and can even be used to plan the company's next finances.

A review of a business's financial statements can be used to determine not only the level of a company's exposure to various financial risks and opportunities but also the overall financial performance of the organization. Common Size analysis is a measure of how well a company's financial operations work in various methods. One of the most basic forms of analysis is Common Size analysis. We will compare the company's financial data in each financial statement item, which can be displayed as a percentage of total assets or liabilities on the balance sheet or income statement.

Such an analysis has already been carried out by researchers in Indonesia. (Prihastuti et al., 2019) tested the financial performance of automotive companies. The findings of this study indicate that when the balance sheet financial performance is analyzed using Common Size, the six companies allocate a portion of their funds to larger assets, which results in reduced solvency and low margin of safety. security, while the other seven companies strengthened their financial positions. Allocating asset money from capital increases the margin of safety for creditors. There are ten automotive companies that experienced an increase in net profit, thus boosting overall performance. In addition, there were three automotive companies that experienced a decline in net profit, which indicated their deteriorating financial performance.

From research conducted by (Farida et al., 2019) the findings of this study indicate that when a company's financial performance is assessed by Common Size, most of its liabilities are allocated to assets. Meanwhile, in the plastics sub-sector, two companies have devoted most of their capital to assets in order to strengthen the company's financial position and improve financial performance for creditors.

(Rifardi et al., 2019) Financial performance analysis is the focus of research at PT Holcim Indonesia Tbk. PT Holcim Indonesia Tbk has insufficient current assets to meet the company's short-term commitments, according to investigative findings. This shows that the company is still unable to fulfill its short-term responsibilities. Gross profit margin and gross profit both declined, according to the income statement. The company's profitability continued to decline from year to year, culminating in losses in 2016 and 2017. As a result, the company's profitability continued to deteriorate and the company's performance worsened.

Formulation of the problem

The formulation of the research problem is how is the financial performance of the company PT Astra International Tbk measured using Common Size analysis for the 2019-2020 period?

Research purposes

To find out financial performance through ratios analyzed using Common Size at PT Astra International Tbk for the 2019-2020 period.

Benefits of research

1. For companies, the findings of this study can inform management about the perspective of investors in measuring company performance and the level of improvement from year to year.
2. The findings of this study are expected to provide information to investors and shareholders about the factors that need to be considered when investing in companies listed on the Indonesian Stock Exchange.
3. For researchers, as a means of collecting material taught in class, with the aim of ensuring that the findings of this study can be used by further researchers as additional information or references in their own work.
4. The findings of this study can be used by readers to learn more about the meaning of Common Size analysis and how to evaluate the performance of a company listed on the Indonesia Stock Exchange.

THEORY REVIEW

Definition of Financial Statements

(Fionalita, 2020) in Darminto's quote, (2011:3) "The purpose of doing financial report analysis is to review financial reports. It is very important to have a thorough understanding of the context surrounding the compilation and presentation of financial statements before proceeding to the next level of financial statement examination.

(Febrianti, 2019) Kasmir coined the phrase "Financial reports are reports that reveal the company's financial condition at this time or during a certain period" (2015: 7).

"At the end of each accounting period, the company's accountant will produce two lists which are referred to as financial reports," said a quote found (Fionalita, 2020) in Herispon's book (2016: 8). The two lists referred to here are the balance sheet, or list of a company's financial status, and the list of revenues, or list of profit and loss.

Components of Financial Statements

Complete financial statements can be seen in PSAK No. 1 (2002) (Zuhri et al., 2019) which consists of the following components:

- a. balance sheet
A statement of financial condition is any document that comprehensively details a company's assets, liabilities, and equity.
- b. Cash flow statement
Reports detailing each item of income earned as well as each expense incurred over a specified period of time.
- c. Statement of Changes in Equity

An overview of the movement of a company's capital over a specified period of time.

d. **Cash flow statement**

reports detailing cash inflows and cash outflows as a direct result of various investments, expenses, and other business activities.

Financial Statement Analysis

(Harahap, Sofyan, 2008) The act of breaking down the information included in the financial statements into easier-to-digest data parts and uncovering statistically or qualitatively relevant relationships is referred to as "financial statement analysis". with the aim of better understand the current financial condition and determining the best solution

Purpose of Financial Statements

The fundamental objective of preparing financial statements is to provide information about the current and historical financial situation of an enterprise, its performance, and changes in position to various users who may use it to make economic decisions.

Definition of Financial Performance

Ikhsan, Mardani, and Wahono Quoted in (Fahmi, 2012) "Company success is determined by the results that have been produced as a direct result of the various actions that have been taken. Here is the meaning of the word "financial performance".

"Financial performance is an explanation of the company's financial position from time to time in various characteristics such as collection and distribution of money based on capital adequacy, liquidity, and profitability indicators." "Financial performance is a description of the company's financial status from time to time, including characteristics such as collection and distribution."(Jumingan, 2014)

Definition of Comparison

(Fionalita, 2020) quoted by Monok, Montololu, and Tarore (2018) Comparison is a method of aligning one or more things to find their relationship and make an assessment. According to Monok, Montololu, and Tarore (2018), comparisons are an important part of the process of assessing financial statements.

Definition of Common Size Analysis

The purpose of Common Size Analysis is to calculate each account in the income statement and balance sheet as a percentage of total income (for profit and loss statements) or total assets (for balance sheets) (for balance sheets). (Hanafi, M., 2007)

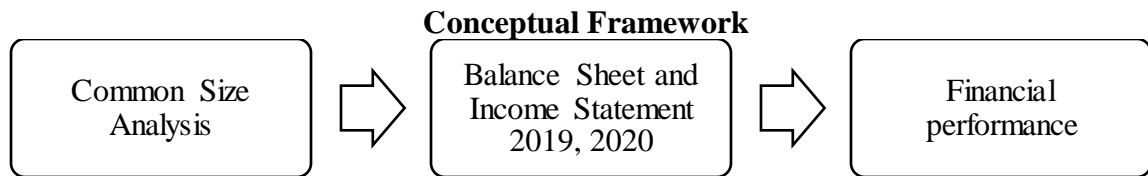
Data in the Balance Sheet and Income Statement are converted into percentages based on certain premises in Common Size Analysis. The common basis for statistics on the balance sheet is total assets. This shows that all assets are worth 100%. While net sales or net sales are what is considered 100% in the income statement.

Income statement

(Febrianti, 2019) quoted by Fahmi (2014) Profit is defined by the Committee on Terminology as "the amount resulting from reductions in production costs, other costs, and losses from income or operating income," while profits and losses are defined by the APB Statement as "excess (deficit) of revenue over expenses in an accounting period."

Framework of thinking

(Zuhri et al., 2019) quoted by Sugiyono (2010), states that this framework is a conceptual model that describes how theory connects a number of aspects that have been identified as the main concern.



RESEARCH METHODS

Using the Common Size technique to characterize PT. Astra International Tbk's financial performance in 2020 requires a specific research strategy, namely descriptive research combined with a quantitative approach. The purpose of this study is to find and obtain solutions to the difficulties generated by the common size technique.

This research initiative relies heavily on quantitative data. Quantitative data is provided in the form of information from the company's annual financial reports for 2019 and 2020 in this study. The balance sheet and income statement are included in this report.

Secondary data collection techniques are used to obtain information from PT. Astra International Tbk's financial statements on the website www.idx.id are in the form of a balance sheet and income statement for the 2019-2020 fiscal year.

RESULTS AND DISCUSSION

Results

The following is a discussion of the Common Size analysis presented in the form of a percentage of PT Astra International Tbk's balance sheet.

Table 1. PT Astra International Tbk

Table of Reports on the Percentage of Financial Statements of PT Astra International Tbk		
Year	2019	2020
Cash	6,88%	14,09%
Supply	1,10%	1,10%
Current asset	36,49%	39,21%
Non-Current Assets	63,51%	60,79%
Total assets	100,00%	100,00%
Short-term liabilities	60,61%	60,06%
Long Term Liabilities	39,39%	39,94%
Liability	46,90%	42,21%
Equity	53,10%	57,79%
Total Liability	100,00%	100,00%

Calculation of Common Size on the balance sheet of PT Astra International Tbk shows that non-current assets are the largest part of the company's resources. These are the conclusions that can be drawn based on the data presented. Since 2019, the share of total assets represented by cash and cash equivalents has increased. The 2019 figure is 6.88 percent, while the 2020 figure is 14.09 percent. Non-current assets as a percentage of total assets decreased from 63.51 percent in 2019 to 60.79 percent in 2020, a loss of Rp. 19,506,000,000 or 2.72 percent.

The percentage of current assets decreased from 36.49 percent in 2019 and 2020 to 39.21 percent in 2021. Financial receivables, third-party receivables, inventories, and prepaid taxes all decreased resulting in a nominal loss of IDR 12,030,000,000.

The percentage of short-term commitments to total liabilities is expected to continue to decline after reaching its highest level, namely 60.61 percent in 2019, to 60.06 percent in 2020. This is due to the decline in almost all elements that make up this short term. liabilities, with short-term loan items witnessing the largest decline. This decrease resulted in Rp. 8,927,000,000 losses, or down 4.8 percent. This shows that the risks that the company will face in 2019 and 2020 will be proportional to the decrease in percentage.

The portion of long-term commitments increased, from 39.39 percent in 2019 to 39.94 percent in 2020. This was due to an increase in liability to third parties, employee benefits, and rental companies of IDR 1,815,000,000. Because PT Astra International Tbk's obligations can be seen in the liabilities and equity posts in 2019 at 46.90 percent and 42.41 percent respectively, and because liabilities do not have a larger percentage than equity, the company uses its capital by utilizing more equity. This shows that the company has a solid solvency ratio.

The percentage of total equity increased by 4.69% in 2019 from 53.10% to 57.79% in 2020. This was influenced by unreserved profit accounts and non-controlling interests of IDR 9,457,000,000.

This study will assess not only Common Size in terms of balance sheets but also Common Size in terms of income statements. Understanding financial performance using Common Size in terms of balance sheets is only the beginning. The table below summarizes the Common Sizes listed in PT Astra International Tbk's profit and loss statement for the 2019-2020 financial year:

Table 2

Table of Profit and Loss Percentage Report of PT Astra International Tbk.

Year	2019	2020
Net income	100,00%	100,00%
Cost of Revenue	-78,82%	-77,97%
Gross profit	21,18%	22,03%
Net Profit	11,22%	10,61%

Seeing that the percentage of the cost of revenue at PT Astra International has decreased from -78.82% in 2019 to -77.97% in 2020, the decrease was IDR 50,439,000,000 or 0.85%. Gross profit has increased from 2019 by 21.18% and in 2020 to 22.03%. Meanwhile, the net profit has decreased from 2019 of 11.22% in 2020 to 10.61%. This was influenced by the many decreases in expense items, finance costs, other income, and the share of net results of ventures and associates.

Pembahasan

Common Size, also known as percent per component analysis, is used to compare the components contained in balance sheets, income statements, and financial reports (Kasmir, 2016). This research was conducted to find out the percentage of investment, also known as asset composition, in each asset category. This data can assist companies in determining the relative value of their current assets. and less smooth

As a consequence of the investigation, the company has increased its investment in assets that are no longer needed. Because this company has a lower number of non-current assets than current assets, the percentage of current assets is lower.

If PT Astra International Tbk's current assets are compared with its short-term debt, the results are disproportionate. This shows that the company's ability to meet short-term commitments by using current assets is limited.

In the results of the calculation of liabilities and equity, the corporation has a capital structure (composition of liabilities) where equity exceeds liabilities, in accordance with the calculation of the components of liabilities and equity. This shows that the company's different assets make up the largest part of its capital. If the company's own capital exceeds its debts, the company's creditors will have a greater safety margin and its financial situation will improve. The degree to which the company is solvent increases as a result of this.

The income statement, besides the balance sheet, is another location where common metrics can be found (statement of financial position). The percentage of the cost of goods sold is significantly greater than the percentage of gross profit, according to the percentage comparison per component (Common Size) in the 2019 and 2020 income statements. After evaluating the ratio of these two percentages, a conclusion is drawn. The proportion of gross profit and cost of goods sold, on the other hand, grew and fell in 2020 respectively.

The increase in gross margin was due to a decrease in the percentage of the cost of revenue (gross profit percentage of net sales). This situation shows that the marketing plan is working. In terms of productivity, it can be said that the company has increased its productivity costs. In 2020, the company's net profit will decrease. The company's losses reduce its ability to generate net income, and as a result, the company's financial performance deteriorates. This condition shows that the company's profitability is decreasing. Common sizes, as well as income statements, often show an increase or decrease in each item. Whereas a whole the Common Size of the company shows growth or decline. This is because the number of balance sheet and income statement items fluctuates.

Conclusion

Given what has been revealed so far, one possible conclusion is that the company's financial performance when using the Common Size is adequate. The acquisition of current assets by PT Astra International Tbk is not proportionate to the company's short-term liabilities, according to the balance sheet. This indicates that the company's current assets are insufficient to meet its short-term obligations.

The business invests a significant amount of its own funds in an asset acquisition. This step was taken to strengthen the company's financial condition and increase the margin of safety for its creditors. The solvency of the company increases, or in other words.

According to the income statement, companies using Common Size have poor financial performance because their net income has decreased, which indicates that the company's ability to

generate net profit is insufficient. Since Common Size is used this is the problem. In other words, the company's profitability is declining.

Suggestion

Based on the previous explanations and conclusions, it can be assumed that the company will be able to optimize its assets and be more careful in making investment choices. Through asset optimization, it is believed that the company's activities will be boosted and revenue will increase, so that the company's liquidity in the future can increase. Furthermore, it is expected that the company can improve its financial performance by increasing the amount of lost net profit so that it can increase the company's profitability in the future.

This paper provides suggestions for additional researchers who will conduct research similar to that offered, in addition to suggestions for companies. To achieve effective research results, it is advisable to conduct research on various companies and use long periods of observation and study analysis over many years.

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