



Financial Statements Analysis In Measuring Financial Performance of PT. Mayora Indah Tbk, Period 2014-2018

Tuti Maisharoh¹, Setyo Riyanto²

¹⁾ *Mercu Buana University, South Meruya St. No. 1, South Meruya, Kembangan, West Jakarta, 11650, Special Capital Region of Jakarta, Indonesia*

Email: tutimaisharoh5@gmail.com

²⁾ *Mercu Buana University, South Meruya St. No. 1, South Meruya, Kembangan, West Jakarta, 11650, Special Capital Region of Jakarta, Indonesia*

Email: setyo.riyanto@mercubuana.ac.id

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ABSTRACT

The purpose of PT Mayora Indah Tbk research is to analyze its financial statements in order to measure financial performance over the period of 2014 to 2018. Financial performance can be measured by calculating financial ratios. Information data used for analyzing financial statements is obtained from Indonesia Stock Exchange (IDX) website transparently. Financial ratios are the most appropriate method to measure financial performance using Liquidity, Solvency, Activity, and Profitability data. These four financial ratios can produce numbers, from these results it thus can be assessed whether the company experiencing good or bad financial condition. After conducting research, the results of the liquidity ratio using the Current Ratio, Quick Ratio, and Cash Ratio overall have increased which indicates the increase in liquidity. Results of Solvency Ratio using Debt to Asset Ratio (DAR) is considered solvable while Debt to Equity Ratio (DER) is considered insolvable. Activity Ratio is fluctuate, which indicates that the data every year to year experience an increase or decrease. Meanwhile, the result of Profitability Ratio is constantly decreases due to company's losses and required to be increased again.

1. INTRODUCTION

In this modern era, competition between industries is getting tougher, particularly in the food and beverage sector. PT. Mayora Indah Tbk is one of them. It is engaged in the food and beverage industry which is already well known in Indonesia. Its products include biscuits, wafers, cereals, drinking water, and tea. Many competitors of the company include PT. Ultra Prima Abadi, PT Arnot's Indonesia, and many more. PT. Mayora is able to compete by having advantages both in its operations, finances, human resources, and marketing. Finance has a very important role in a company. One of them is

profit, which is the main objective of the company, and the company is also looking for opportunities to meet the daily needs of consumers. Therefore, measuring financial performance is a must to find out whether the company is in good financial condition or not.

Measuring financial performance in a company can be done by analyzing financial statements using financial ratios. Financial ratios have to do with the relationship between the importance of providing important information such as management, creditors, investors, and financial analysis in general and the company's financial performance is also an indicator (Sharan 2009). If the company is measured using financial

ratios and results high ratios' value, it indicates good financial performance. While the financial statements are the most complete things based on the company's financial position and can be based on forming opinions about a property, and a reliable information base (E.A. Osadchy 2018). In addition, financial reports are also important for external management who are punctual in their work, have high-quality financial stability, and other indicators to obtain the performance of legal entities.

Ratios can be made using balance sheet, income statement, or can be a cross of both reports (Sharma 2020). The analysis ratios used in this study are the liquidity, solvency, activity, and profitability ratios. This analysis is useful for the main source of information regarding its financial statements. Moreover, this ratio analysis is more effective and efficient for companies to conduct in order to maintain its sustainability. Based on these four ratios, each ratio has its level of measurement. Jain (2007) firstly argues about liquidity as requirements for the survival of a company. This can be seen from the calculation of Current Ratios, Quick Ratios, and Cash Ratios. Second, solvency to measure a company's long-term debt-to-asset ratios or debt-to-equity ratios that can be examined. Third, Activity measures assets in the company have been efficient or not, this can be measured by Ratios Total Assets Turnover, Ratios Total Equity Turnover, Inventory Turnover, and Average age of accounts receivable. Fourth, profitability measures the financial health of a company and the efficiency of its operations. The results of the four ratios can be seen from the interpretation of good or bad for the company.

According to Indonesia Stock Exchange's data, it is reported that since December 31st 2018, there are 652 companies listed in IDX. These companies exist from various industrial sectors, one of them is in the manufacturing industry. Manufacturing industry which will be discussed in this study is called consumer goods industry sector, Food and Beverage sub-sector, especially in the company PT Mayora Indah, Tbk. This company is included in the major consumer product business category in Indonesia. Products from PT Mayora Indah, Tbk are classified as needed by various consumers. Various products produced by this company are Better, Choki-choki, Danisa, Roma, Mi Gelas, Astor, Fragrant Tea, Kopiko Candy, Energen, Beng-Beng, Le Minerale, Super Porridge, Teh Gelas, Kopiko Candy, Fancy

Bakmi, and others. Products from PT Mayora Indah Tbk are very well known by consumers and easy to find even if only in a shop. In 2018, PT Mayora Indah Tbk has reached 71 countries across the world starting from Asia, Africa, Australia, Europe, and America.

Based on IDX, in 2014 PT Mayora Indah Tbk. experienced loss at 59% compared to previous year (2013). However, from 2015 to 2018, its net profit has increased numerously. This financial condition of PT Mayora Indah has led the author to examine further increase of company's financial performance through financial ratio analysis. Moreover, this analysis is intended to find out how the company seeks to revive losses that did not take more than a year. Based on the information above, the author is interested in choosing the title of this journal article as "ANALYSIS OF FINANCIAL STATEMENTS TO THE FINANCIAL PERFORMANCE OF THE PT. MAYORA INDAH TBK, PERIOD 2014-2018".

2. LITERATURE REVIEW

Finance

Managing finance has the knowledge and arts to obtain funds and utilize business affairs effectively (Subramanian 2009). Finance in every company has an important role in sustainability of doing business.

Financial Management

Ratio, equity, and debt are calculated in financial management. Financial management is the process of activities owned by an organization or company to carry out the planning, budgeting, inspection, management, control, search, and deposit of a fund (Mehta 2018). In addition, the essence of financial management must be followed by an understanding done by action (Whiteley 2003). Meanwhile, according to Jain (2005) based on the modern era, financial management can be interpreted very broadly and provide a conceptual and analytical framework for financial decisions. Therefore, by realizing the budget set every year by the company, financial management uses an integrated system.

Financial Statements

Companies or MSMEs must have financial reports quarterly or annually, this is useful to know about their income and expenses. It is thus important to understand financial statements that have an indispensable function in financial management (Whiteley 2017). The

purpose of this financial report is to meet the needs of various users, one of them is PT. Mayora Indah Tbk to prepare an income statement and adjusted balance sheet from her account data (Gibson 2013). According to Murphy (2020), Written notes to convey financial performance and business activities of companies or organizations are also called financial management. Besides, there are many sources regarding company information, one of them is financial statements. Every company must have financial statement due to its importance in order to know the company's cash flow.

Financial statements are prepared with some information that can later be used to assess the performance of the company and to report its financial condition (Rida Perwita Sari 2018). The calculation process that provides various information and makes decisions is the result of financial statements. So, the existence of financial statements makes it easy for companies to assess their financial condition transparently.

Analysis of Financial Statements

Company releases financial statements transparently to find out whether quarterly and annual sales increase or decrease. The use of financial statement analysis is able to control its financial statements. Halim (2007) states that identifying financial characteristics is an analysis of financial statements. So, the company does not only arrange its financial statements, but it is also required to analyze the financial statements. The understanding of the company's financial performance and proposal as a valuation process is therefore related to the components of the financial statements (Rao 2011). Economic decision making according to Alamry (2020) is good, and measuring financial performance can be done by analyzing financial statements using financial ratio analysis. Types of ratio analysis include:

1. Liquidity Ratios

Meet the company's financial obligations in paying punctually and effective basis using the Liquidity Ratio using the calculation of current ratio, quick ratio, and cash ratio (Webb 2010)

- a. *Current Ratio*: Losses caused by the non-cash flow of assets can be used as cash as a measure of excess current assets (Agustina 2018).
- b. *Quick Ratio*: A company's ability can be measured by paying its short-term obligations when it is due. (Kaur 2016)

2. *Cash Ratio*: Examine the proportion of liabilities that can be achieved by the numerator in the short term only use cash (Bragg 2007).

3. Solvency Ratios or Leverage Ratios

This ratio discusses the company's long-term financial calculations related to its long-term solvency capability (Wagner 2003). Therefore the calculation is done through Debt to Equity Ratio and Debt to Assets Ratio.

- a. *Debt to Equity Ratio* (DER): Large debts become unprofitable and heavy for the company when calculated by the ratio of debt to equity (Endri 2019).
- b. *Debt to Assets Ratio* (DAR): The value of the company's total assets is used to measure the amount of debt that is held (Engle 2010)

4. Activity Ratios

According to Jain (2007), Asset management has something to do with this activity ratio. The use of assets efficiently will make the conversion of assets into sales more rapid. However, this ratio is also related as the turnover ratio used to measure the level of work in a company by using the calculation of Total Asset Turnover Ratio, Fixed Asset Turnover Ratio, Inventory Turnover, and Average Age of Receivables.

- a. *Total Asset Turnover Ratio*: Earnings in sales are used to show the company's license to compare net sales with average total assets (William L. Megginson 2008).
- b. *Fixed Asset Turnover Ratio*: Fixed assets such as property, factories, and equipment are investments that have a relationship with sales to be measured using a Fixed Asset Turnover Ratio (Clyde Stickney 2009).
- c. *Inventory Turnover*: Funds tied to investment can be measured by inventory turnover to find out whether it has advantages or not. Because this is very important for management to generate large sales from year to year (Nuhu 2014).
- d. *Average Age of Receivables*: Turning Receivables into cash to pay off receivables requires measurement of company receivables management and duration (Time) efficiently (Kusuma 2018).

5. Profitability Ratio

A company that is measured through income or operational success at a certain time to influence the ability of the company to obtain debt and equity financing that affects its liquidity and capacity (Sultan

2014). Measuring income using NPM, ROE, ROA, OPM, and GPM.

- a. Net Profit Margin: Sales that generate a net profit in each dollar percentage measure by dividing the company's net profit by net sales (Sultan 2014)
- b. Return On Equity (ROE): Equity as a shareholder, which means the same as the company's assets, therefore the finance is calculated by dividing net income, and equity is measured as financial performance (Hargrave, 2020).
- c. Return On Assets (ROA): The cost of using debt to get the results of capabilities that produce low company profits and high interest (James 2020)
- d. Operating Profit Margin (OPM): Opening costs are substituted by measuring how much profit is left from the company's sales dollars (Andrew 2007)
- e. Gross Profit Margin (GPM): Analyze company trend lines over time and compare companies in this same industry to measure gross profit margin (Booker 2006)

Financial Performance

Financial indicators shall be used to measure the financial performance of the company. The analysis of the financial ratio is also one to determine the financial performance of each company. According to E.A. Osadchy (2018), Financial performance and indicators in companies have an important role to manage the financial and economic activities of companies that have the function of identifying financial problems. Meanwhile Evi Wardah Sanjiah Maulidya (2019), states that the indicators of capital adequacy, liquidity, and profitability are measured by collecting funds and distributing funds to see a financial performance in looking at the company's financial condition in each period.

3. RESEARCH METHOD

This research uses quantitative descriptive methods. Harahap in Evi Wardah Sanjiah Maulidya (2019) said quantitative data is data that contains figures such as financial statements and balance sheets. The quantitative descriptive method by analyzing financial statement data using ratio analysis namely liquidity ratios (Current Ratio, Quick Ratio, and Cash Ratio), Solvency Ratio (Debt to Asset Ratio and Debt to Equity Ratio), Activity Ratio (Total Asset Turnover Ratio, Fixed Assets Turnover Ratio, Average age of accounts receivable, and

Inventory Turnover). Secondary data is a source of data used to analyze the financial statements of PT. Mayora Indah Tbk from 2014 to September 2018 registered on the website www.idx.co.id containing open company financial data.

Horizontal analysis is an analysis method used in this study. Patty Graybeal (2019) says horizontal analysis (also known as trend analysis) looks overtime at various financial statements. Usually seen from one period a year later compared to other periods.

4. RESULT AND DISCUSSION

The results of the study according to Sinha (2012) based on the level of liquidity, solvency, activity, and profitability is to determine the financial performance at PT. The following Mayora Indah Tbk are formulas and research results:

Liquidity Ratios are measured to find out how well a company is in meeting short-term obligations when due.

- a. Current Ratio

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

- b. Quick Ratio

$$\frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}} \times 100\%$$

- c. Cash Ratio

$$\frac{\text{Cash}}{\text{Current Liabilities}} \times 100\%$$

Solvency Ratio is measured to find out the ratio between total debt with total assets in the company.

- a. Debt to Assets Ratio

$$\frac{\text{Total Liabilities}}{\text{Total Assets}} \times 100\%$$

- b. Debt to Equity Ratio

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

Activity Ratio is measured to determine the effectiveness of the company is using its assets.

- a. Total Assets Turnover Ratio

$$\frac{\text{Revenues}}{\text{Total Assets}}$$

- b. Fixed Assets Turnover Ratio

$$\frac{\text{Revenues}}{\text{Fixed Assets}}$$

- c. Average Age of Receivables

$$\frac{\text{Receivables}}{\text{Revenues}/365}$$

- d. Inventory Turnover

$$\frac{\text{Cost of Revenues}}{\text{Inventory}}$$

Profitability Ratio are measured to find out how much profit the company gets.

- a. Net Profit Margin (NPM)

$$\frac{\text{Total Revenues} - \text{Cost of Revenues}}{\text{Revenues}} \times 100$$

- b. Return on Assets (ROA)

$$\frac{\text{Net Income}}{\text{Total Assets}} \times 100$$

- c. Return on Equity (ROE)

$$\frac{\text{Net Income}}{\text{Total Equity}} \times 100$$

- d. Gross Profit Margin (GPM)

$$\frac{\text{Gross Profit}}{\text{Revenues}} \times 100$$

- e. Net Profit Margin (NPM)

$$\frac{\text{Income before Tax and Tax}}{\text{Revenues}} \times 100$$

The above research attached in Appendix can be said to go up or down based on the level of the year that has experienced significant increase or decrease. The following discussion:

Liquidity Ratio

The current ratio and rapid ratio movements tend to increase, while cash ratio

movements tend to decrease. This is due to 3 years decrease and only 2 years had increased. However, these three ratios are still considered in liquid position. staff (2019) said the higher the value of the liquidity ratio, it indicates that PT. Mayora Indah Tbk. is in a good condition or liquid. Liquid means that company is able to pay off short-term obligations and its debts according to maturity, therefore the company can be said to be in good and healthy condition. (Tsokur 2019)

Solvency Ratio or Leverage Ratio

Movement of Debt to Asset Ratio (DAR) and Debt to Equity Ratio (DER) is always decreasing. The lower the value, the better the debt of the company, the higher the debt ratio, the more leverage the company, resulting higher financial risk (Hayes 2019). However, even though the results of the Debt to Equity Ratio (DER) is still above 1, it can still be said to be in good condition. Whereas a financially stable company with a DER ratio must be below 1 or 100%, the lower the ratio the better (Moeller 2012). This causes the company's situation to be problematic and even tends to be not punctual in paying its debts which are commonly called insolvable (Bararuallo 2019). But when it is viewed in terms of the company's Debt to Asset Ratio (DAR), it is still considered solvable which further indicates that the company is able to fulfill all obligations at the time the company is going to be liquidated (closed).

Activity Ratio

Company's resources are well utilized by activity ratios. Movement of Total Assets Turnover Ratio, Fixed Assets Turnover, Inventory Turnover, and Average Age of Receivables experienced a graph of rising value unless the Total Assets Turnover Ratio decreased. This causes the company's operational conditions to deteriorate due to declining sales so that the turnover of assets is slow to generate profits and the overall use of assets is not optimal. Meanwhile, according to McLean (2002) the higher the value, the more desired by management and shows that the income is effective. But, overall the activity ratio is in a good condition, even though each year has fluctuated. Fluctuations are increases or decreases in depreciation or interest and financial costs for the year due to differences in adjusted sales (Goel 2014).

Profitability Ratio

According to Kaur (2016), this profitability ratio is very important for determining the investment power of the company's stock holdings, the calculations that are going to be analyzed are Net Profit Margin, Return On Asset, Return On Equity, Gross Profit Margin and Operating Profit Margin. Overall results are decreasing, but there is also a certain year which has increased. Every year, all calculation results experience the highest ratio, and also the company's performance becomes good. It can be seen from the overall ratio, data in profitability has decreased, so that operational activities at PT. Mayora Indah Tbk is not good enough. While good operational activities are increasing every period. Habib (2010) said this profitability ratio is a reference to how well a company is using its assets and controlling its expenditure. Inversely, PT Mayota Indah Tbk is not able to control its expenses which leads to decrease in its net profit.

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

Many numbers can be summarized in the Financial Statements, using Analysis Ratios. Based on the results of research conducted through liquidity ratios, solvency ratios, activity ratios, and profitability ratios can be used to measure the financial performance of PT. Mayora Indah Tbk. First, in this liquidity ratio can be seen from the current ratio, quick ratio, and cash ratio are in a good position, therefore the company can satisfy the company's obligations.

Second, the solvency ratio can be seen from the results of ratio data such as Debt to Asset Ratio and Debt to Equity Ratio decreased. With the result declining, the interpretation is good and does not go bankrupt. T.Rizky (2009) said that every company that can pay its debts on time does not experience bankruptcy. Third, the ratio data of Total Assets Turnover Ratio, Total Equity Turnover Ratio, and Average Receivable Age fluctuated. So the company must increase its assets on its balance sheet to get good results.

Fourth, the results of profitability ratios (NPM, ROA, ROE, GPM, and OPM) fluctuate because the graph from year to year has decreased and increased. The company PT Mayora Indah Tbk is advised to rearrange its financing strategy so that the costs incurred for what is needed are more efficient. All of these analysis ratios are ways in which the financial and health of a company's performance can be judged well or poorly.

Research Contribution

In this study, it is expected to have the results as a good contribution in practice including in the field of science about ratio analysis which is related to the assessment of financial performance at the company PT Mayora Indah, Tbk. These contributions and implications are as follows:

- 1) Contribute Theoretically:
 - a. The management of the company is expected to be able to provide an assessment of the company's performance of PT Mayora Indah, Tbk, which will later become a consideration in determining the financing of venture capital and the origin of the capital. And able to refer to a supporting factor to determine the improvement of the company's performance of PT Mayora Indah, Tbk in the years to come.
 - b. With this research, it can provide a source of information to stakeholders to become a basic foundation for investment that will be invested in the company PT Mayora Indah, Tbk.
 - c. This ratio analysis can provide data related to the financial statements of the company PT Mayora Indah, Tbk. in 2014-2018.
- 2) Theoretical contribution

It is hoped that this research will provide informative and informed information on the market performance ratio study of PT Mayora Indah Tbk in the Food and Beverage subsector listed on the Indonesian Stock Exchange. In addition, it is hoped that this will become a way of improving skills gained in lectures.

Limitations

There are some limitations to the results of this study, namely:

1. Analysis of the ratio of the company PT Mayora Indah Tbk in 2014-2018 gives good results. However, this is still not good enough when compared to competitors of PT Unilever Tbk. This can be seen from the results of the financial performance of PT Unilever Tbk which was listed on the stock exchange in 2014-2018 had a better company performance because it was able to produce a better ratio value than PT Mayora Indah Tbk.
2. Even though in 2014 there was a decline in market value so that it affected the stock prices of all existing companies, the calculation of ratio analysis using time series can still be said that PT Unilever Tbk had an increase in sales of 22.4% (Falencia,2020).

However, when compared with the sales of PT Mayora Indah Tbk which only increased by 13.46%. Sales from competing companies starting from 2014 have dominated and are the best companies in the food and beverage sub-sector, especially in 2018 which experienced a rapid increase.

Suggestion

As in this research, it can be a benefit for certain parties and used according to the interests and objectives, so the suggestions given by the researcher are as follows:

1. For Companies

It is expected that the company can find out this research as additional information to determine a consideration in improving aspects related to investment policy. With the hope that the company can optimize its operational activities so that investors are encouraged to invest in the company PT Mayora Indah Tbk.

2. For Further Researchers

- a. In the future, it is expected to be able to provide additional variables, year differences, and other aspects that affect the performance of PT Mayora Indah Tbk.
- b. Using different indicators as a measure of the PT Mayora Indah Tbk company to provide the latest information and hopefully not have research limitations.

3. For Investors

Choosing the right investment really needs to be considered so that the results obtained can provide an advantage. It would be nice for investors to be able to consider carefully before making an investment so that investment decisions will provide benefits that match expectations. This big risky opportunity faced by investors must be used as a good opportunity so as not to make an investment carelessly. Therefore, it is hoped that this research will be able to provide information to investors who will invest in the company PT Mayora Indah Tbk.

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APPENDIX

Table of Results for The Calculation of The Financial Ratios

Ratio	Year					Result	Interpretation
	2014	2015	2016	2017	2018		
Liquidity Ratio							
Current Ratio (%)	208,99	236,53	225,02	238,60	284,40	Increased	Good
Quick Ratio (%)	145,84	180,58	170,34	197,80	207,29	Increased	Good
Cash Ratio (%)	22,89	53,37	39,72	49,21	42,05	Decreased	Not Good
Solvency Ratio							
Debt to Asset Ratio (X)	0,60	0,54	0,52	0,51	0,56	Decreased	Good
Debt to Equity Ratio (X)	1,51	1,18	1,06	1,03	1,29	Decreased	Good
Activity Ratio							
Total Asset Turnover Ratio (X)	1,37	1,30	1,42	1,39	0,96	Decreased	Not Good
Fixed Asset Turnover Ratio (X)	3,95	3,92	4,75	5,24	4,28	Increased	Good
Average Age of Receivable (Day)	79,3	83,2	87,2	107	141,6	Increased	Not Good
Inventory Turnover (X)	5,91	6,02	6,33	8,67	3,55	Increased	Good
Profitability Ratio							
NPM (%)	2,89	8,44	7,57	7,83	6,50	Decreased	Not Good
ROA (%)	3,98	11,02	10,75	10,93	6,26	Decreased	Not Good
ROE (%)	9,99	24,07	22,16	22,18	14,35	Decreased	Not Good
GPM (%)	17,89	28,33	26,71	23,90	25,93	Decreased	Not Good
NPM (%)	6,29	12,57	12,62	11,82	8,61	Decreased	Not Good

Sources: Indonesia Stock Exchange