



## Comparative Analysis of Financial Statements PT. Indofood Sukses Makmur Tbk

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### **Abstract**

PT. Indofood Sukses Makmur Tbk is one of the consumer goods companies, the products it produces are easy to sell and quickly run out of the market. The speed with which it makes money, of course, affects the speed at which it makes a profit. In fact, this company has grown into a business giant. This shows that its production turnover is very fast and the company's ability to earn profits is certainly very fast too. However, there must be changes that occur in the financial report posts, either in the activity report or in the statement of financial position, in the form of an increase or decrease. The purpose of this study is to determine changes in financial report posts both horizontally and vertically and the development of company profitability. The data used are secondary data obtained indirectly but through intermediary media. This type of research is descriptive with quantitative analysis techniques, using financial analysis such as horizontal analysis, vertical analysis, and using profitability ratios. Based on the analysis of the profitability ratio at PT Indofood Sukses Makmur Tbk, it is known that the operating income ratio is greater than the net profit margin, which shows that the amount of funds spent on interest and taxes needs to be examined more deeply. The decline in operating ratio from 2017-2019 caused an increase in operating income ratio, this shows that the company's performance is getting better because it can reduce operating costs on sales. In the analysis of the income statement, it can be seen that there is an increase in cost efficiency which causes an increase in the level of sales to increase the value of gross profit due to a decrease in the cost of goods sold.

**Keywords:** *Financial Statement Analysis; Horizontal Analysis; Vertical Analysis; Profitability Ratio*

### **Introduction**

A large number of consumer needs that must be met makes a costumer goods company create various products ranging from food beverages to body care (Elghannam et al., 2020; Pallant, Sands & Karpen, 2020; de Moraes et al., 2020; Ketelsen et al., 2020). PT. Indofood Sukses Makmur Tbk is a costumer goods company, the products it produces are easy to sell and quickly run out of the market. The speed with which it makes money, of course, affects the speed at which it makes a profit. In fact, this company grew into a business giant.

PT. Indofood Sukses Makmur Tbk has been listed on the Indonesia Stock Exchange and is even included in the LQ45 list where its business is declared liquid. This company is superior when compared

to similar costumer good companies such as Mayora Indah Tbk, Garudafood Putra Putri Jaya Tbk, and Ultra Jaya Milk Industry Tbk. Seeing the many products of this company circulating in the community and often consumed in daily activities by consumers such as instant noodles, snacks, drinks, flour, cooking oil, and others. This shows that the production turnover is very fast and the company's ability to earn profits is certainly very fast too. However, there must be changes that occur in the financial report posts, either in the activity report or in the statement of financial position, in the form of an increase or decrease.

Based on the description above, the researcher is interested in researching this company with the title "Comparative Analysis of Reports Finance at PT. Indofood Sukses Makmur Tbk ”.

### ***Formulation of the Problem***

The formulation of the problem in this study are:

How do the financial statements compare at PT Indofood Sukses Makmur Tbk for the 2017-2019 period horizontally and vertically?

And how its development when viewed from the side analysis Profitability Ratios (*Profitability Ratio*) that occurred during three periods?

### ***Research Purposes***

The aim of this research is:

This is to determine changes in financial report posts, both horizontally and vertically.

This is to determine the development of the company's profitability.

### ***Literature Review***

#### **Previous Research**

In this study, researchers also used references from previous studies, including:

1. "Comparative Analysis of Financial Statements at PT Rimba Kara Rayatama" by Istimaroh.

This research is a descriptive quantitative study, in which the researcher performs horizontal and vertical comparison analysis as well as the analysis of the Liquidity Ratio, Profitability Ratio, and Solvency Ratio. In this study, the researchers compared the financial statements for two periods, namely 2015-2016 with the results of the study that the overall performance of the company was good but the company experienced illiquid.

2. "Comparative Analysis of Financial Statements at PT. Palem Baja Palembang” by Abdullah Aziz and Dina Oktaviana.

This research is also a quantitative descriptive study, with the research tools used are horizontal and vertical comparisons and also analysis of the Liquidity Ratio, Rentability Ratio, Solvency Ratio, and Activity Ratio, by comparing financial reports for two periods, namely 2011-2012. The results of research

on the ratio of profitability to ROI (Return On Investment) ratio increased by 1.61% with the comparable figure in 2011 net profit and total assets of 0.25%, while in 2012 the comparable figure was 1.86%.

## **Theoretical Basis**

### **Financial Statements**

Financial reports according to Sofyan Syafri Harahap in his book "Critical Analysis of Financial Statements" (2002: 105) as follows: "Financial reports describe the financial condition and results of a company's business at a certain time or a certain period".

Meanwhile, according to Munawir (2004: 2) "Financial statements are basically the result of an accounting process that can be used as a tool to communicate between financial data or activities of a company and parties with an interest in the company's data or activities."

Financial statements are part of the financial reporting process and also a form of presenting the company's financial position. Complete financial reports include balance sheet/statement of financial position, income statement / financial activity report, changes in capital/asset change report, cash flow statement, financial statement notes.

### **Financial Report Function**

Financial reporting functions in general can be divided into:

1. A tool to determine the company's financial condition and performance
2. Prepare a company activity plan
3. Control the company
4. The basis for decision making in the company

### **Analysis of Financial Statements**

According to Bernstein (1983: 3) in Harahap (2002: 190), White et al. (2002), Spathis et al. (2002), Humpherys et al. (2011), Palepu et al. (2020), Palepu et al. (2020), Meredith et al. (2020) is "Analysis of financial statements includes the application of analytical methods and techniques to financial statements and other data to see from the report certain measures and relationships that are very useful in the decision making process".

Sofyan Syafri (2002: 190) states that financial statement analysis means: "Describing financial statement items into smaller units of information and seeing the relationship that is significant or has meaning between one another, both quantitative data and non-quantitative data. The aim is to know deeper financial conditions which are very important in the process of producing the right decisions".

From the above opinions, it can be concluded that financial statement analysis is a process with full consideration to evaluate the company's financial position and results of operations and the company's business development at a certain time with the main objective of knowing the financial position and business development of the company and to estimate and predict various possibility in the future.

### **Definition of Comparative Analysis of Financial Statements**

Comparative analysis of financial statements is a vertical horizontal analysis that compares each of the same items in the financial statements for a period of several years (periods) so that the

development (trend) or trend can be known. What is being compared is the assessment results obtained from the company's performance over several years.

Horizontal analysis is an analysis that is carried out by comparing financial reports for several periods to determine developments and trends. Vertical analysis is an analysis that is carried out by comparing one item to another in the same financial reporting period for the same period.

### **Purpose and Benefits of Comparative Analysis of Financial Statements**

The purpose of comparing the company's financial statements is as follows:

Knowing changes in the form of increases or decreases in financial statement items or other data in two or more periods compared. Comparing financial data for two or more periods, so that data can be obtained that can support decisions to be taken by interested parties. Determine how each financial statement item changes, because the post changes, knowing whether the change is profitable or not.

### **Functions or Uses of Comparative Analysis of Financial Statements**

**The functions and uses of this analysis are:**

This is to determine the changes in each element of the financial statements over several periods. As a basis for planning, policies, decisions, and operational actions of company management in the coming period.

### **Research Methods**

#### **Research Sites**

In this research, the object of research will be carried out at PT. Indofood Sukses Makmur Tbk, which is located at Plaza Sudirman, Indofood Building, 27th floor, Jl. Jend. Sudirman Kav 76-78, Jakarta, Indonesia, and has been listed on the Indonesia Stock Exchange.

#### **Types of Research**

This type of research is quantitative descriptive, namely research on phenomena that occur in the present through the process of data collection, as well as data analysis and interpretation. According to Sugiono (2012: 7), Chong et al. (2020), Chireshe, (2020), Varbanova, V., & Beutels (2020), Yang et al. (2020), Humble (2020), quantitative research methods research where the research data is in the form of numbers and the analysis uses statistics.

#### **Types and Sources of Data**

##### **Type of Data**

In quantitative research, the basic concept that must be followed is that all data (anything) must be quantified. This means that the data is in the form of numbers (Kasiram, 2010: 356). Therefore, the type of data in this study is called quantitative data. The quantitative data in the research proposal is in the form of numbers that represent the value of the profit/loss financial statements and balance sheet financial

statements at PT. Indofood Sukses Makmur Tbk so that it can be processed and provides an objective picture of the problem being analyzed.

### Data Source

Sources of data in this study are research data obtained by researchers indirectly (secondary sources), secondary sources according to Sugiono (2012: 137) are sources that do not directly provide data to data collectors, for example through other people or documents. The data sources in this study were accessed and retrieved at <https://www.idx.co.id>.

### Data Collection Technique

Based on the research data source, the data collection in this study is a secondary source. Secondary sources according to Sugiono (2012: 137) are sources that do not directly provide data to data collectors, for example through other people or documents. Judging from the way of data collection, the data collection techniques in this study are documentation techniques and library sources.

### Data Analysis Technique

The data analysis technique is the process of simplifying data into a form that is easier to understand and easily interpreted. This data analysis technique is concerned with calculations to answer the problem formulation. In analyzing the data, the author uses quantitative methods, namely by calculating the numbers from the data source.

## Research Results and Discussion

Table 1. PT. Indofood Sukses Makmur Tbk Balance Sheet for the Period Ended 31 December 2017-2019 (presented in millions of rupiah, unless otherwise stated)

	2017	2018	2019
<b>ASSET</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	13689998	8809253	13745118
Short term investment	800159	4118936	55492
Accounts receivable from third parties-net	3941053	4258499	4128356
Accounts receivable from related parties	1098680	1143472	1277677
Accounts receivable from third parties	1430300	951589	331283
Accounts receivable from related parties	382852	219116	227094
Inventories-net	9792768	11644156	9658705
Biological assets	536821	516656	717620
Advances and guarantees	690160	822966	633227
Prepaid taxes	368412	503769	404068
Prepaid expenses and other current assets	216928	284206	224805
<b>Total Current Assets</b>	<b>32948131</b>	<b>33272618</b>	<b>31403445</b>
<b>NON-CURRENT ASSETS</b>			
Income tax bill	215062	446277	260131
Receivables plasma-net	1158659	1378256	1457728
Deferred tax assets-net	2120165	1854918	1659709
Long term investment	3588183	4171390	5065061
Fixed assets-net	39492287	42388236	43072504

<b>Investment property</b>	42188	42188	42188
<b>Deferred charges-net</b>	758038	805980	854175
<b>Goodwill</b>	3968725	4320534	4305329
<b>Intangible assets-net</b>	1830140	2136679	2011090
<b>Long-term prepaid expenses</b>	961395	899443	836867
<b>Other non-current assets</b>	1317904	4821277	5230332
<b>Total Non-Current Assets</b>	55452746	63265178	64795114
<b>TOTAL ASSETS</b>	88400877	96537796	96198559
<b>LIABILITY AND EQUITY</b>			
<b>SHORT-TERM LIABILITIES</b>			
<b>Short-term bank loans and overdrafts</b>	9949734	17131455	13005567
<b>Trust receipts payable</b>	636225	605883	-
<b>Accounts payable third parties</b>	3361953	3963547	4373415
<b>Accounts payable from related parties</b>	714034	65398	148468
<b>Miscellaneous debts - third parties</b>	1390487	1471841	1465898
<b>Accrual expenses</b>	2153449	2289856	2888302
<b>Short-term employee benefits liabilities</b>	912622	877226	981133
<b>Tax debt</b>	392351	296533	807465
<b>Long-term debt with maturities of one year on bank loans</b>	2124644	2501023	1016614
<b>Long-term debt with maturities of one year on bonds payable</b>	-	1998799	-
<b>Long-term debt with maturities of one year on debt for the purchase of fixed assets</b>	2264	2541	-
<b>Total Short Term Liabilities</b>	21637763	31204102	24686862
<b>LONG TERM LIABILITIES</b>			
<b>Long-term debt after deducting the portion due within one year of bank loans</b>	7618216	5312877	6953533
<b>Long-term debt after deducting the portion due within one year of the bonds payable</b>	3986500	1992058	1994153
<b>Long-term debt after deducting the portion due within one year for the purchase of other fixed assets</b>	2377	184640	7290
<b>Total Long-term Debt</b>	11607093	7489575	8954976
<b>Deferred tax liability-net</b>	1127069	991843	874536
<b>Payable to related parties</b>	351659	427859	509859
<b>Advances for paid-up capital and non-controlling interests</b>	1820	-	-
<b>Employee benefits liabilities</b>	6462639	6406539	6852215
<b>The estimated liability for the cost of dismantling the fixed assets</b>	110068	101078	117623
<b>Total Long-term Liabilities</b>	19660348	15416894	17309209
<b>TOTAL LIABILITIES</b>	41298111	46620996	41996071
<b>EQUITY</b>			
<b>Capital stock</b>	878043	878043	878043
<b>Additional paid-in capital</b>	283732	283732	283732
<b>Unrealized gain on available-for-sale financial assets</b>	951812	1425098	1856757

<b>The difference between changes in equity of subsidiaries and the impact of transactions with non-controlling interests</b>	6754788	6649034	7102867
<b>Exchange differences on financial statement translation</b>	932027	1074413	876550
<b>Retained earnings that have been determined for use</b>	105000	110000	115000
<b>unspecified profit balance</b>	21397123	23193960	26664999
<b>Total equity attributable to owners of the parent</b>	31302525	33614280	37777948
<b>Non-controlling interests</b>	15800241	16302520	16424540
<b>TOTAL EQUITY</b>	47102766	49916800	54202488
<b>TOTAL OF LIABILITIES AND EQUITIES</b>	88400877	96537796	96198559

*Data Source: PT Indofood Sukses Makmur Tbk*

Table 2. PT. Indofood Sukses Makmur Tbk Income Statement for the Period Ended 31 December 2017-2019 (Presented in Millions of Rupiah, Unless Otherwise Stated)

	2017	2018	2019
<b>NET SALES</b>	70186618	73394728	76592955
<b>COST OF GOODS SOLD</b>	50416667	53182723	53876594
<b>GROSS PROFIT</b>	19769951	20212005	22716361
<b>Selling and distribution expenses</b>	(7237120)	(7817444)	(8489356)
<b>General and administrative expenses</b>	(4070151)	(4466279)	(4697173)
<b>Gain (loss) on fair value of biological assets</b>	34839	(30882)	190353
<b>Other operating income</b>	888863	1524070	869970
<b>Other operating expenses</b>	(702612)	(278450)	(759131)
<b>OPERATING PROFIT</b>	8683770	9143020	9831024
<b>Financial income</b>	614293	517470	829833
<b>Financial burden</b>	(1486027)	(2022215)	(1727018)
<b>Final tax on interest income</b>	(113978)	(96570)	(79326)
<b>Share of net loss in associates and joint ventures</b>	(103236)	(94739)	(105116)
<b>INCOME BEFORE INCOME TAX EXPENSES</b>	7594822	7446966	8749397
<b>Income tax expense</b>	(2497558)	(2485115)	(2846668)
<b>CURRENT YEAR PROFIT</b>	5097264	4961851	5902729
<b>Other comprehensive income (loss)</b>			
<b><u>Items that will not be reclassified to profit or loss after tax:</u></b>			
<b>Gain (loss) remeasurement of employee benefits liabilities</b>	(383870)	486006	112013
<b>The portion of other comprehensive loss from associates and joint ventures</b>	(9074)	(4849)	(4795)
<b><u>Items that can be reclassified to profit loss:</u></b>			
<b>Unrealized gain on available-for-sale financial assets</b>	413102	792768	777817
<b>Exchange differences on financial statement translation</b>	18779	111203	(128556)

<b>Share of comprehensive income (loss) others from associates and joint ventures</b>	(144932)	3809	(70546)
<b>Other comprehensive income (loss) for the year</b>	(105995)	1388937	685933
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	4991269	6350788	6588662
<b>Profit for the year attributable to:</b>			
<b>Parent owner</b>	4156222	4166101	4908172
<b>Non-controlling interests</b>	941042	795750	994557
<b>Total</b>	5097264	4961851	5902729
<b>Total comprehensive income for the year attributable to:</b>			
<b>Parent owner</b>	4255705	5324407	5485207
<b>Non-controlling interests</b>	735564	1026381	1103455
<b>Total</b>	4991269	6350788	6588662
<b>BASIC INCOME PER SHARE ATTRIBUTABLE TO THE ENTITY OWNERS PARENT (full number)</b>	473	474	559

*Data Source: PT Indofood Sukses Makmur Tbk*

## **Results of the Discussion**

### **Gross Profit Margin**

The percentage of gross profit to revenue generated from sales in the table above shows the efficiency of the company's operational activities in 2017 of 28.1% and 2019 by 29.6% better than in 2018 of 27.5% this is due to the higher cost of goods sold. Lower than sales or the company can suppress the cost of goods sold in 2017 and 2019, increasing gross profit.

### **Operating Income Ratio**

The table above shows the company's ability to maximize sales to generate operating profit from 2017-2019 which continues to increase, which means that the company can maximize net sales so that operating profit increases.

### **Operating Ratio**

Operating costs on sales from 2017-2019 have decreased, this shows that the company's performance is getting better from year to year. This decrease in operating ratio causes an increase in the operating income ratio.

### **Net Profit Margin**

The percentage of net profit obtained after deducting tax on income obtained from sales in the table above shows that the company's operations in 2017 were 7.3% and 2019 were 7.7% better than 2018, which was 6.7%. cost overruns.



## Earning Power of a Total Investment

PT. Indofood Sukses Makmur Tbk experienced a decrease in operating profit / EBIT / operating profit on wealth or business capital by 0.30% in 2018 from 9.80% in 2017, and an increase of 0.70% in 2019 from 9, 50% in 2018. The company's ability to generate profits from company assets in 2017 and 2019 is better than in 2018.

## Net Earning Power Ratio

The ability of capital invested in all assets to generate net profits shows that 2017 and 2019 are more profitable compared to 2018.

## Rate of Return for the Owners

Profits generated from the ability of own capital to shareholders were better in 2017 and 2019 compared to 2018 which fell by 0.9% from 2017.

## Conclusions and Suggestions

### Conclusion

Based on the analysis of the profitability ratio at PT Indofood Sukses Makmur Tbk, it is known that the operating income ratio is greater than the net profit margin, which shows that the amount of funds spent on interest and taxes needs to be examined more deeply.

The decline in operating ratio from 2017-2019 caused an increase in operating income ratio, this shows that the company's performance is getting better because it can reduce operating costs on sales. In the analysis of the income statement, it can be seen that there is an increase in cost efficiency which causes an increase in the level of sales so that it can increase the value of gross profit due to a decrease in the cost of goods sold.

### Suggestion

Companies must review taxes and interest so that their net profit margin increases and there is also a need for an increase in performance looking at the data, the average in 2018 has decreased performance.

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