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Assessment of Financial Ratio Analysis for Evaluation of Small Medium Enterprises (SME) Performance (Study on IRT Ramayana Agro Mandiri Batu City 2016-2019)

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Abstract

This exploration depends on the improvement of small and medium ventures (SMEs) in Indonesia that has never been isolated from the monetary administration issues of this substance. The exhibition of SME finance is not just in the examination of its budget summaries. Nevertheless, the further investigation ought to be completed to survey whether the presence of this element is supposed to be achievable or not. Financial Ratio is one of the techniques that can be utilized to evaluate the financial presentation of SMEs. This exploration means deciding the evaluation of SMEs' financial presentation, particularly in the chosen family industry, to be specific Ramayana Agro Mandiri. Where this evaluation depends on the examination of financial proportions in the SME budget reports. Time series examination was picked as an information investigation strategy utilized by contrasting financial proportions in a specific period for this situation fiscal reports. The proportions chose in this examination include liquidity ratio (current ratio and fast ratio), leverage ratio (debt ratio and debt to capital ratio), activity ratio (inventory turnover, fixed asset turnover, total asset turnover, receivables turnover, and average billing period), as well as profitability ratio (gross profit margin, net profit margin, ROA, and ROE), just as to benefit proportion (net revenue, overall net revenue, ROA, and ROE). The estimation results show that the liquidity level of SME is enormous (over liquidity), the degree of influence is minimal, so the danger of the organization is additionally exceptionally low, just as the degree of action and productivity of the organization in helpless condition because of the diminishing in deals and benefit over the most recent two years.

Keywords: *SME; Financial Ratio; SME's Performance*

1. Introduction

The advancement of tiny and amazing organizations (SMEs) contributes a significant sum to a country's economy, not least in Indonesia. The principal driver of Indonesia's economy so far comes from the SME area (Tambunan, 2009). Subsequently, the part of SMEs in the economy cannot exclusively be decided from taking a gander at its commitment to the creation, work retention, and other financial marks. Nevertheless, SMEs should be enabled instead of Law No. 20/2008 on Micro, Small, and Medium

Enterprises. Hence, they become more autonomous, versatile, and ready to join and contribute significantly to the Indonesian economy.

The Government of Indonesia continues to run various programs to encourage the development and growth of SMEs. The program includes the empowerment of SMEs, funding, and financing of SMEs, facilities, and infrastructure as well as general information of SMEs, trade promotion and marketing of SMEs, and SME partnership programs that have been regulated in Law No.20 of 2008 on MSMEs. Indonesia also has a special department that handles SMEs, namely the Ministry of Cooperatives and SMEs.

The development of SMEs cannot be isolated from financial management problems since excellent financial management requires bookkeeping abilities which not all SMEs can understand (Xuhui, Y. &Ruoxi, Z. (2013)). SME actors argue that there is no need to assess the company's financial performance, some even do not need to make financial statements because it is considered too complicated and time-wasting. As long assure does not suffer losses, SME actors run their business only by guided by their financial statements without knowing how the financial turnaround experienced by the company (Akhtar, S. & Liu, Y. (2018)). Consequently, SMEs are unable to know when to pay off their short-term debt, how much sales contribute to profit, and how many SME turnovers in a year. Such problems can be solved by assessing the company's financial performance and analyzing it further.

Financial reports are helpful to proprietors, administrators, and financial backers from numerous points of view. For instance, partners can utilize financial data to acquire a superior comprehension of the financial parts of the organization, hazard profile, and venture purposes (Van Auken, H. (2013)). While proprietors and partners can settle on better choices by using financial reports, SME proprietors regularly do not finish their financial reports well, utilizing financial reports less productive. Accordingly, solid and arranged financial reports on time are inadequate when the proprietor could not utilize and decipher them precisely (Van Auken, H. (2005)).

Assessment of the company's financial performance can be done by analyzing financial performance, one of which is using the method of financial ratio analysis (Matsoso, M. &Benedict, O. H. (2016)). Financial ratio analysis is one method of calculation by comparing between one particular account and another account in financial statements. The ratios that have been analyzed help provide useful information to several stakeholders such as internal users and external users.

This study uses ratio analysis on SMEs that have been registered with the Office of Cooperatives, SMEs, Industry, and Trade (Diskoperindag) Batu City, namely IRT Ramayana Agro Mandiri. IRT Ramayana Agro Mandiri is an SME engaged in the processed fruit food industry. IRT Ramayana Agro Mandiri was established in 2005 and has 70 employees. IRT Ramayana Agro Mandiri is the only SME in Batu City that has obtained ISO 9001:2008 certificate.

The proportion examination utilized by researchers at IRT Ramayana Agro Mandiri incorporates liquidity ratio, leverage ratio, activity ratio, and profitability ratio. Liquidity ratio indicators include current ratio, quick ratio, and cash ratio. Leverage ratio indicators include debt ratio and debt to capital ratio. Activity ratio indicators include inventory turnover, total asset turnover, fixed asset turnover, receivables turnover, and average billing period. Profitability ratio indicators include gross profit margin, net profit margin, ROA, and ROE.

2. Literature Review
A. Financial Statements

1) Definition of Financial Statements

Financial reports are a synopsis of a chronicle cycle comprising of financial exchanges that happened during the particular year concerned (Baridwan, 2008:17). Financial statements become important in an organization because the financial statements will be shown how the company performs, whether it generates profit or loss. In addition, the financial statements inform users about how business resources can be utilized and managed (Matsoso, M. &Benedict, O. H. (2016)).

2) Purpose

Financial reports aim to give data regarding the financial position, performances, and changes in the financial condition of an organization that is valuable to countless clients in the financial decision making (Suhayati and Anggadini, 2009:14).

3) Users

The bookkeeping data needed by clients of financial reports shift enormously, relying upon the sort of choice to be taken. Clients of this bookkeeping data are assembled into two classifications, to be specific inward clients and outer clients (Hery, 2012:11).

B. Financial Statements Analysis

1) Definition

Examination of financial reports is the craft of changing information from financial reports over to data helpful for decision making (Van Horne &Wachowicz, 2012:154). Examining financial reports means assessing the company's performance, both internally and externally. This is useful for the development of the company, to know how effectively the company works.

2) Purpose

The objectives of financial report analysis include Screening, Understanding, Forecasting, Diagnosis, and Evaluation (Bernstein in Harahap, 2013:18).

3) Methods and Techniques

The methods of examining financial reports are the even examination and vertical examination (Rudianto, 2013:190). In light of the procedure, a financial examination can be recognized into 8 (eight) sorts of financial report correlation examination, trend analysis (position tendency), percentage analysis per component (standard size), source analysis and use of working capital, source, and cash usage analysis, financial ratio analysis, gross profit change analysis, and break-even analysis (Fri. 2006:242).

C. Company Performance Assessment

1) Definition

Performance is an image of accomplishing the execution of movement in understanding the vision, mission, targets, and goals of the association. Performance is a work accomplishment. Financial performance is an outcome that the organization's administration has accomplished in completing its capacity in dealing with the organization's resources viably during a specific period (Rudianto, 2013:189). Financial performance had to know and assess the degree to which the organization's prosperity rate depends on the monetary exercises that have been carried out.

2) Tools

During the time spent surveying the organization's performance, one of the significant standards utilized is the organization's financial performance proportion. Proportions of performance include:

a. Liquidity Ratio, a proportion of the organization's performance appraisal used to quantify its capacity to pay its obligations.

b. Leverage Ratio, a proportion of the organization's performance appraisal used to quantify the degree to which the organization's resources are financed by obligation.

c. Activity Ratio, a proportion of the organization's performance appraisal used to quantify how viable the organization is in utilizing its wellsprings of assets.

d. Profitability Ratio, a proportion of the organization's performance evaluation that shows the end-product of various arrangements and choices that the organization's administration has taken.

D. Small and Medium Enterprise (SME)

1) Definition

As per the Ministry of State for Cooperatives and Small and Medium Enterprises, which is implied by Small Businesses (UK), including Micro undertakings (UMI), is a business element that has total assets of at most Rp. 200.000.000,- barring area and structures of business premises, and has yearly deals of all things considered Rp. 1,000,000,000,- . Medium Enterprises (UM) is an Indonesian resident-possessed venture element with total assets more net worth than Rp. 200.000.000,- up to Rp. 10.000.000.000,- excluding land and buildings.

2) Basis, Principles, and Goals of SME's Empowerment

a. SME's Basis

In view of Chapter II, Article 2, and its clarification in Law No. 20 of 2008 on MSMEs, the standards of MSMEs are the standards of family relationship, economic democracy, togetherness, equitable efficiency, sustainability, environmental insight, independence, the balance of progress, and national economic unity.

b. SME's Principle

Based on Chapter II article 4 of Law No. 20 of 2008 on MSMEs, the principle of empowerment of MSMEs is the growth of self-reliance, togetherness, and entrepreneurship of MSMEs in working with their initiatives; realize transparent, accountable, and equitable public policy; regional and market-oriented potential-based business development following the competence of MSMEs; improving the competitiveness of MSMEs; and implementation of integrated planning, implementation, and control.

c. Goals of SME's Empowerment

Given Chapter II, Article 5 and its clarification in Law No. 20 of 2008 on MSMEs, the motivation behind MSME strengthening is to understand a reasonable, created, and evenhanded public financial construction; constantly develop the capacities of MSMEs into a challenging and autonomous business, and increment the job of MSMEs in local turn of events, work creation, pay correspondence, financial development, and individuals mitigation and destitution.

E. Financial Ratio Analysis

1) Definition

Financial ratio analysis is a method of analysis to find out the comparison between one particular account and another account in a company's financial statements and the relationship between those accounts (Rudianto, 2013:191). To assess the company's financial performance, a financial investigation should be "inspected" on different parts of the company's performance wellbeing. A device regularly utilized during these checks is the financial proportion (Van Horne and Wachowicz, 2012:163).

2) Financial Ratio Analysis Comparative Methods

Financial ratio analysis methods include Cross Sectional Analysis, Time Series Analysis, and Combined Analysis (Sjahrial, 2006:37).

3) Company Performance Assessment Ratios

Four types of ratios can be used to assess the company's financial performance, namely liquidity ratio (current ratio, quick ratio, and cash ratio), leverage ratio (debt ratio and debt to capital ratio), activity ratio (inventory turnover, fixed asset turnover, total asset turnover, receivables turnover, and average billing period), and profitability ratio (gross profit margin, net profit margin, ROA, and ROE) (Rudianto, 2013:191-194).

3. Research Methods

A. Research Type

The type of this research is a contextual analysis approach. "Distinct exploration is research that looks to resolve ebb and flow critical thinking dependent on information, so it additionally presents information, examines, and deciphers" (Narbuko and Achmadi, 2007:44).

B. Research Focus

The focus of this study is the assessment of financial performance based on the analysis of financial ratios; the financial ratios used are:

1) Liquidity Ratio (Current Ratio, Quick Ratio, and Cash Ratio)
2) Leverage Ratio (Debt Ratio and Debt to Capital Ratio)
3) Activity Ratio (Inventory Turnover, Fixed Asset Turnover, Total Asset Turnover, Receivables Turnover, and Average Billing Period)
4) Profitability Ratio (Gross Profit Margin, Net Profit Margin, ROA, and ROE.

C. Research Location

The research location selected in this study is UKM Ramayana Agro Mandiri which is located at Mbah Joyo Street, Bumiaji Subdistrict, Batu City.

D. Data Source

The data used in this study are primary data and secondary data. Primary data was obtained directly in the form of interviews about the history and profile of the company by the leadership of Ramayana Agro Mandiri. Secondary data is obtained through various literature and written information, such as reading books, company records or documentation, government publicity, industry analysis by the media, and sources of written information, journals, and other books.

E. Collecting Data Techniques

The data collection techniques used in this study are:

1) Interview, conducted through direct Q&A with the leadership and manager of Ramayana Agro Mandiri.
2) Observation techniques, conducted directly in Ramayana Agro Mandiri operations.
3) Documentation techniques, conducted by viewing and using Ramayana Agro Mandiri financial statements for four periods.

F. Research Instruments

Based on the data collection techniques conducted, the research instrument used in this study is an interview technique to know the development of the company and documentation guidelines, namely collecting various documents or data in the research site containing information or supporting data.

G. Data Analysis

The stages in analyzing the data related to this study are as follows:

1) Analyze the financial ratio to IRT Ramayana Agro Mandiri financial report using time series analysis comparison.

2) Provide an assessment of the financial performance that has been achieved by the company during 2016 - 2019 with a comparison of time series analysis.

4. Result and Discussion

A. Financial Ratio Analysis of IRT Ramayana Agro Mandiri (2016-2019)

The calculation of financial ratio based on data from financial statements in the form of balance sheet and profit and loss statement in 2016-2019 includes liquidity ratio, leverage ratio, activity ratio, and profitability ratio. The calculation of each financial ratio of Ramayana Agro Mandiri in 2016-2019 presented as follows:

1) Liquidity Ratio

a. Current Ratio

Table 1 Current Ratio of Ramayana Agro Mandiri (2016-2019) in Rupiah

Year	Current Assets (Rp)	Current Liabilities (Rp)	Current Ratio
	a	b	$\frac{a}{b} x100\%$
2016	1,019,881.08	95,270	1070.52%
2017	1,299,291.24	100,380	1294.38%
2018	2,230,662.84	65,240	3419.16%
2019	2,603,738.22	79,380	3280.10%
Average			2266.04%

Source: Primary data processed 2021

Based on the calculation in Table 1 can be known in 2016 to 2019 that the condition of Ramayana Agro Mandiri Current Ratio fluctuates. The lowest current ratio value was shown in 2016 at 1070.52% and the highest current ratio in 2018 at 3419.16%.

The calculation in table 1 indicates that the current ratio number is too large. Too large the current ratio figure indicates that the company is experiencing over liquidity. Although the company is very capable of paying off its current debt, the overly high current ratio indicates that the company's management is less efficient in managing its current assets because it shows that there are idle funds.

b. Quick Ratio

Table 2 Quick Ratio of Ramayana Agro Mandiri (2016-2019) in Rupiah

Year	Current Assets (Rp)	Inventory (Rp)	Current Liabilities (Rp)	Quick Ratio
	a	b	c	$\frac{(a-b)}{c} x100\%$
2016	1,019,881.08	211,900	95,270	848.10%
2017	1,299,291.24	318,500	100,380	977.08%
2018	2,230,662.84	422,500	65,240	2771.55%
2019	2,603,738.22	728,000	79,380	2362.99%
Average				1739.93%

Source: Primary data processed 2021

Based on the calculation of the Quick Ratio of Ramayana Agro Mandiri from 2016 to 2019 it can be known that the condition of Ramayana Agro Mandiri Quick Ratio fluctuates. The lowest quick ratio value was shown in 2016 at 848.10% and the highest quick ratio in 2018 reached 2771.55%.

The calculation in Table 2 shows that the value of the company's fast ratio is very large. The large quick ratio figure indicates that the company can pay off its current debt without using existing inventory, but the overly high quick ratio figures show that the company is less effective in managing the most liquid current assets.

c. Cash Ratio

Table 3 Cash Ratio of Ramayana Agro Mandiri (2016-2019) in Rupiah

Year	Cash (Rp)	Current Liabilities (Rp)	Cash Ratio
	a	b	$\frac{a}{b} x100\%$
2016	587,961.72	95,270	617.15%
2017	746,811.24	100,380	743.98%
2018	1,519,266.84	65,240	2328.73%
2019	1,664,138.22	79,380	2096.42%
Average			1446.57%

Source: Primary data processed 2021

Based on the calculation of Ramayana Agro Mandiri Cash Ratio from 2016 to 2019, it can be known that the condition of Ramayana Agro Mandiri Rapid Ratio fluctuates. The lowest fast ratio value was shown in 2016 at 617.15% and the highest fast ratio in 2018 at 2328.73%. From the calculation in Table 3 above, it can be seen that the company's cash figures are very large when compared to its current debt. In terms of current debt guarantees, it can be said that a high cash ratio is good, but it is reviewed from profitability not necessarily. This is said because more and more companies keep cash on hand, meaning more and more funds are unemployed.

2) Leverage Ratio

a. Debt Ratio

Table 4 Debt Ratio of Ramayana Agro Mandiri (2016-2019) in Rupiah

Year	Total Debt (Rp)	Total Assets(Rp)	Debt Ratio
	a	b	$\frac{a}{b}$ x100%
2016	95,020	1,312,905.72	7.24%
2017	100,380	1,930,299.24	5.20%
2018	65,240	2,903,334.84	2.25%
2019	79,380	4,002,146.22	1.98%
Average			4.17%

Source: Primary data processed 2021

Based on the calculation of Ramayana Agro Mandiri Debt Ratio from 2016 to 2019, it can be known that the condition of Ramayana Agro Mandiri Debt Ratio decreases every year. The highest debt ratio was shown in 2016 at 7.24% and the lowest debt ratio in 2019 at 1.98%.

The decrease in the debt ratio that occurs every year indicates that the smaller the amount of loan capital used by the company in generating profits for the company or it can be said that the smaller the assets financed by creditors. The small debt ratio indicates that the company is very good at managing its debt management.

b. Debt to Equity Ratio

Table 5 Debt to Equity Ratio of Ramayana Agro Mandiri (2016-2019) in Rupiah

Year	Total Debt (Rp)	Total Equity (Rp)	Debt to Equity Ratio
	a	b	$\frac{a}{b} x100\%$
2016	95,020	1,217,885.72	7.80%
2017	100,380	1,829,919.24	5.48%
2018	65,240	2,838,094.84	2.30%
2019	79,380	3,922,766.22	2.02%
Average			4,4%

Source: Primary data processed 2021

Based on the calculation of the Debt to Equity Ratio of Ramayana Agro Mandiri from 2016 to 2019, it can be known that the condition of Ramayana Agro Mandiri Debt Ratio decreases every year. The highest debt ratio was shown in 2016 at 6.63%, and the lowest debt ratio in 2019 at 1.73%.

The decline that occurs annually indicates that the company does not emphasize outside financing or it can be said that the company uses its capital in conducting the company's operations. This shows the smaller the risk that the company is taking.

3) Activity Ratio

a. Inventory Turnover

Table 6 Inventory Turnover of Ramayana Agro Mandiri (2016-2019) in Rupiah

Year	COGS (Rp)	Inventory (Rp)	Inventory Averages	Inventory Turnover
	a	b	c	$\frac{a}{c}$ x1times
2016	1,380,704.64	211,900	-	-
2017	1,819,843.68	318,500	265,200	6.86 times
2018	2,774,040	422,500	370,500	7.49 times
2019	3,064,765.02	728,000	575,250	5.33 times
Average				6.56 times

Source: Primary data processed 2021

Based on the calculation of Ramayana Agro Mandiri Inventory Turnover from 2016 to 2019, it can be known that the condition of Ramayana Agro Mandiri Inventory Turnover fluctuates. The lowest inventory turnover rate was shown in 2019 at 5.33 times and the highest inventory turnover rate was in 2018 which reached 7.49 times.

Looking at the average turnover of inventory of 7.49 times, it can be said that the company takes 48 days to convert inventory into receivables through sales. Relatively slow inventory turnover is often a sign of an oversupply, infrequent use, or unused inventory. The low turnover of inventories also indicates that the company is holding off on a large stockpile of inventory.

b. Fixed Assets Turnover

Table 7 Fixed Assets Turnover of Ramayana Agro Mandiri (2016-2019) in Rupiah

Year	Sells (Rp)	Fixed Assets (Rp)	Fixed Assets Turnover
	a	b	$\frac{a}{b}$ x1kali
2016	1,792,630.8	293,024.64	6.12 times
2017	2,816,449.2	631,008	4.46 times
2018	4,069,995.6	672,672	6.05 times
2019	4,514,336.4	1,398,408	3.23 times
Average			4.96 times

Source: Primary data processed 2021

Based on the calculation of Ramayana Agro Mandiri Fixed Asset Turnover from 2016 to 2019, it can be known that the condition of Ramayana Agro Mandiri Fixed Asset Turnover fluctuates. The lowest fixed asset turnover rate was shown in 2019 at 3.23 times and the highest fixed asset turnover rate was in 2016 which reached 6.12 times.

The calculation of Table 7 shows that the increase in the company's fixed assets is not offset by the increase in sales of the company, thus causing a decrease in the turnover of fixed assets over the past year.

c. Total Assets Turnover

Table 8 Total Assets Turnover of Ramayana Agro Mandiri (2016-2019) in Rupiah

Year	Sells (Rp)	Total Assets (Rp)	Total Assets Turnover
	a	b	$\frac{a}{b}$ x1kali
2016	1,792,630.8	1,312,905.72	1.36 times
2017	2,816,449.2	1,930,299.24	1.46 times
2018	4,069,995.6	2,903,334.84	1.40 times
2019	4,514,336.4	4,002,146.22	1.13 times
Average			1.34 times

Source: Primary data processed 2021

Based on the calculation of Total Turnover of Ramayana Agro Mandiri Assets from 2016 to 2019, it can be known that the condition of Ramayana Agro Mandiri Total Asset Turnover fluctuates. The lowest total asset turnover figure was shown in 2019 at 1.13 times and the highest total turnover rate in 2018 was 1.40 times.

Calculations in Table 8 show that the company continues to increase its assets derived from current and fixed assets but the increase in sales is still not optimal. The decline also indicates that the company is less effective in using all of its assets in generating sales so that the turnover of the company's total assets decreased over the past year.

d. Account Receivables Turnover

Table 9 Account Receivables Turnover of Ramayana Agro Mandiri (2016-2019) in Rupiah

Year	Sells (Rp)	Account Receivables (Rp)	Receivables Average	Account Receivables Turnover
	a	b	c	$\frac{a}{c}$ x1times
2016	1,075,578.48	237,900	-	-
2017	1,689,869.52	280,020	258,960	6.53 times
2018	2,442,997.36	348,179	314,099.5	7.78 times
2019	2,708,601.84	289,900	319,039.5	8.49 times
Average				7.6 times

Source: Primary data processed 2021

Based on the calculation of Ramayana Agro Mandiri Receivables Turnover from 2016 to 2019, it can be known that the condition of Ramayana Agro Mandiri Receivable Turnover has increased every year. The lowest receivable turnover rate was shown in 2017 at 6.53 times and the highest turnover rate was in 2019 which reached 8.49 times.

The calculation in Table 9 shows an increase that occurs every year. The increase was due to the increase in the company's sales which was offset by the increase in the company's receivables. In addition, the small value of the company's receivables also affects the turnover rate of the company's receivables. This increase indicates that the company continues to make efforts to improve the company's performance in collecting its receivables.

e. Average Billing Period

Table 10 Average Billing Period of Ramayana Agro Mandiri (2016-2019) in Rupiah

Year	Receivables Turnover	Average Billing Period	Bill Period Changes
	a	$\frac{360}{a}$ x1days	
2016	-	-	-
2017	6.53 times	55.13 days	-
2018	7.78 times	46.27 days	- 8.86 days
2019	8.49 times	42.40 days	- 3.87 days
Average		47.93 days	

Source: Primary data processed 2021

Based on the calculation of the Average Billing Period of Ramayana Agro Mandiri from 2017 to 2019, it can be known that the average condition of The Ramayana Agro Mandiri Bill Period decreases every year. The lowest average billing period was shown in 2019 at 42.40 days and the highest average bill period in 2017 was 55.13 days.

If the company sets a maximum credit policy of 60 days, then the average billing period generated by the company of 55 days is still within the reasonableness limit. However, if the company's credit policy is a maximum of 30 days then it can be said that the company is still not successful in billing even though the billing achieved by the company continues to decline every year.

4) Profitability Ratio

a. Gross Profit Margin

Based on the calculation of Ramayana Agro Mandiri Gross Profit Margin from 2016 to 2019, it can be known that the condition of Ramayana Agro Mandiri Gross Profit Margin fluctuates. The lowest gross profit margin figure was shown in 2016 at 22.98% and the highest gross profit margin in 2017 at 35.39%.

The calculation in Table 11 shows an increase in gross profit margin in 2019 indicating that the company is trying to maximize its sales in generating gross profit for the company.

Table 11 Gross profit Margin of Ramayana Agro Mandiri (2016-2019) in Rupiah

Year	Gross Profit (Rp)	Sells (Rp)	Gross Profit Margin
	a	b	$\frac{a}{b}$ x100%
2016	411,926.16	1,792,630.8	22.98%
2017	996,605.52	2,816,449.2	35.39%
2018	1,295,955.6	4,069,995.6	31.84%
2019	1,449,571.38	4,514,336.4	32.11%
Average			30.58%

Source: Primary data processed 2021

b. Net Profit Margin

Table 12 Net Profit Margin of Ramayana Agro Mandiri (2016-2019) in Rupiah

Year	Net Profit (Rp)	Sells (Rp)	Net Profit Margin
	a	b	$\frac{a}{b}$ x100%
2016	265,124.65	1,792,630.8	14.79%
2017	763,649.03	2,816,449.2	27.11%
2018	1,011,619.64	4,069,995.6	24.86%
2019	1,092,224.02	4,514,336.4	24.19%
Average			22.74%

Source: Primary data processed 2021

Based on the calculation of Ramayana Agro Mandiri Net Profit Margin from 2016 to 2019, it can be known that the condition of Ramayana Agro Mandiri Net Profit Margin fluctuates. The lowest net profit margin figure was shown in 2016 at 14.79% and the highest net profit margin in 2017 at 27.11%.

Calculations in Table 12 show a decline over the past two years. The decline indicates that sales cannot generate a large net profit after tax due to the relatively high expenses incurred by the company, in addition to the tax burden incurred also increases.

c. ROA

Table 13 Return on assets of Ramayana Agro Mandiri (2016-2019) in Rupiah

Year	Net Profit (Rp)	Total Assets (Rp)	ROA
	a	b	$\frac{a}{b}$ x100%
2016	265,124.65	1,312,905.72	20.19%
2017	763,649.03	1,930,299.24	39.56%
2018	1,011,619.64	2,903,334.84	34.84%
2019	1,092,224.02	4,002,146.22	27.29%
Average			30.47%

Source: Primary Data Processed 2021

Based on the calculation of ROA Ramayana Agro Mandiri from 2016 to 2019, it can be known that the condition of ROA Ramayana Agro Mandiri fluctuates. The lowest ROA figure was shown in 2016 at 20.19% and the highest ROA rate in 2017 reached 39.56%.

The calculations in Table 13 show a decline over the past two years. The decrease was caused by the increase in the company's assets which was not offset by the increase in net profit obtained by the company. The decline also indicates that the company is less effective in managing its assets in generating sales.

d. ROE

Table 14 Return on equity of Ramayana Agro Mandiri (2016-2019) in Rupiah

Year	Net Profit (Rp)	Total Equity (Rp)	ROE
	a	b	$\frac{a}{b}$ x100%
2016	265,124.65	1,217,885.72	21.77%
2017	763,649.03	1,829,919.24	41.73%
2018	1,011,619.64	2,838,094.84	35.64%
2019	1,092,224.02	3,922,766.22	27.84%
Average			31.74%

Source: Primary data processed 2021

Based on the calculation of ROE Ramayana Agro Mandiri from 2016 to 2019, it can be known that the condition of ROE Ramayana Agro Mandiri fluctuates. The lowest ROE rate was shown in 2016 at 21.77% and the highest ROE in 2017 at 41.73%.

Calculations in table 14 show a decline over the past two years. The decrease was due to the increase in the company's capital derived from the previous year's profit is not comparable to the increase in net profit obtained by the company. This decrease indicates that the company's performance decreased because the company did not maximize its capital to generate a maximum net profit.

Conclusion

Based on the results of the calculation analysis and discussion of financial statements that have been presented, it can be drawn some conclusions as follows:

1) Liquidity Ratio

Ramayana Agro Mandiri's liquidity ratio fluctuates. When viewed from the current ratio figures and very large fast ratios, it can be said that the company is less effective in regulating current assets or in other words too many current assets such as idle cash.

2) Leverage Ratio

Ramayana Agro Mandiri's leverage ratio decreases every year. This indicates that the company is in good condition because the company is able to finance debts with assets and capital that means the company's risk is also lower.

3) Activity Ratio

Ramayana Agro Mandiri activity ratio shows the bad condition. For inventory turnover, fixed asset turnover, and total asset turnover showed a decline over the last two years, which indicates that the company's performance is down and the company has not been able to optimize inventory, fixed assets, as well as total assets in generating maximum sales. The turnover of receivables and the average period of charge show a decrease so that this indicates that the company is able to manage its trade receivables.

4) Profitability Ratio

Overall, the ability of Ramayana Agro Mandiri company to generate revenue is less good. The results of the calculation of gross profit margin, net profit margin, ROA, and ROE showed a decrease over the last two years. This indicates that the company is still not able to optimize its total sales, assets, and equity to obtain maximum net profit.

B. Suggestion

Suggestions that can be given as input in maintaining the company's financial performance are as follows:

1) The Company is expected to optimize the management of current assets that are over liquidity. A lot of idle cash indicates that the company is still unable to manage its current assets. This can be overcome by expanding the plant, adding product varieties, buying new machines, or investing in other assets, so that the idle cash can be generated.

2) The Company is expected to maintain the leverage ratio that has been generated because it indicates that the company can finance debts with assets and capital owned by it which means that the company's risk is also lower.

3) The Company is expected to increase sales through inventory management, fixed assets, and total assets of the company optimally so that the profit obtained by the company can be further increased. The Company is also expected to continue to maintain the performance of receivables collection that continues to improve every year.

4) The Company is expected to increase the level of profitability of the company through the sale and management of inventory to the maximum and also reduce operational costs to a minimum so that the company can obtain a high profit.

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