



Analysis of financial statements to assess financial performance in savings and loan cooperatives CV. Maju Bersama Perdagangan in Simalungun Regency

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ABSTRACT

This study aims to describe the financial performance of cooperative savings and loans CV. Maju Bersama Perdagangan in Simalungun Regency for the 2011–2018 period, find out the dominant factors that have caused the decline in the financial performance of the savings and loan cooperative CV. Maju Bersama. This research was conducted using qualitative descriptive analysis methods and inductive descriptive analysis. The object of research is the Savings and Loans Cooperative CV. Maju Bersama. Moving Forward Together with Perdagangan in Simalungun Regency The results of this study show that the value of the cash ratio, debt to asset ratio, and total asset turnover tend to increase and are in good condition. The profitability value of own capital tends to decrease and is not in good condition. To increase the value of liquidity, cooperative management should increase collection on receivables. To increase the value of solvency, cooperative management should maintain its financial condition by paying debts while maximizing the use of assets. To increase the value of activities, cooperative management should provide and increase sales of assets owned, namely cash and cash equivalents, in order to optimize effectiveness and produce residual business results. To increase the profitability of own capital, cooperative management should increase sales ability, followed by cost management to generate profits, in order to increase profitability for the coming period.

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INTRODUCTION

One of the factors that affect financial performance is liquidity. Liquidity is a ratio that provides an overview of a company's ability to meet its short-term obligations. In this study, liquidity is measured using the *Cash Ratio* (CR). This ratio is used to measure how much cash or cash equivalents are available to pay short-term debt. In addition to liquidity, financial performance is affected by solvency. Solvency is a ratio used to measure how much a company's ability to bear all of its obligations, both short-term and long-term liabilities. In this study, solvency was measured using

the *Debt Asset Ratio* (DAR) parameter. This ratio is used to find out the comparison between the total debt and the company's equity.

Furthermore, apart from liquidity and solvency, financial performance is affected by activity. Activity is the ratio used to measure the effectiveness and efficiency in managing the company's assets. In this study, activity is measured using *Total Asset Turn Over* (TATO). This ratio is used to measure the turnover of all assets owned by the company and measure how much sales are obtained from each rupiah of assets. This research was conducted at the Savings and Loan Cooperative CV. Maju Bersama Perdagangan in Simalungun Regency. This cooperative is engaged in savings and loans which is located at Jalan Sudirman Trading, Simalungun Regency.

Based on the background of the previous problems, the researchers formulated the problems in this study, namely what is the description of the financial performance of the savings and loan cooperative CV. Maju Bersama in Simalungun Regency for the 2011-2018 period. What are the dominant factors causing the decline in the financial performance of CV. Maju Bersama in Simalungun Regency for the 2011-2018 period.

Based on the formulation of the problem above, the objectives of this study are to find out the description of financial performance in savings and loan cooperatives CV. Maju Bersama in Simalungun Regency for the 2011-2018 period. To find out the dominant factors that cause the decline in the financial performance of savings and loan cooperatives CV. Maju Bersama in Simalungun Regency for the 2011-2018 period

The benefits of this research are as follows for companies, this research is expected to be a positive and constructive consideration and input for savings and loan cooperatives in making decisions related to financial statement analysis to measure cooperative performance. For academics, this research can be a reference material for further research related to financial statement analysis and financial performance. For researchers, this research will add insight and knowledge by linking existing theories with phenomena and empirical experience, as well as applying the knowledge gained in the accounting study program to practice and theory. For future researchers, this research is useful as information and comparison for future researchers.

According to HBS Online (2020), "financial ratio is a calculation of ratios using financial statements that serve as a measuring tool in assessing the financial condition and performance of the company". Meanwhile, according to Ojeaburu (2022), "financial ratios are performance evaluations achieved by company management in the past and as material for consideration in preparing company plans in the future."

From the above understanding it can be concluded that financial ratios are a means of evaluating performance which is carried out based on a comparison of the figures contained in the financial statements. Financial ratios are measured based on the types of ratios that can be used to assess management's financial performance. According to HBS Online (2020), "there are five types of financial ratios that are often used to assess financial condition and financial performance. The five ratios are liquidity ratios, solvency ratios, activity ratios, profitability ratios and market ratios.

Financial performance can be interpreted as a description of the results achieved by the entity's management relating to its ability to continue its operations within a certain period. According to Financial Reporting (2019), "financial performance is a measurement of the contribution that can be made by a section (division) to achieving company goals".

Furthermore, according to Hamid (2022), "financial performance is the result or achievement that has been achieved by management carrying out its function of managing company assets effectively for a certain period". Furthermore, in the opinion of Nikiforova et al (2023), "financial performance is one of the basic assessments of the company's financial condition which is carried out based on an analysis of financial ratios".

From the above understanding, it can be interpreted that financial performance is a description of the results obtained by an entity for the achievement of management to improve the condition and ability of the company to analyze financial statements through financial ratios to maintain the continuity of the entity for a certain period.

RESEARCH METHOD

Research Approach

This research is qualitative research that is used to examine the condition of natural objects, where the researcher is the key instrument. Research with a qualitative approach begins with the development of basic assumptions. Then associated with the principles of thought used in research. The data collected in the survey is then interpreted

Data collection technique

The data collection technique used in this study was observation and documentation through books and journals and financial reports of the CV. Maju Bersama Simalungun Regency.

Data analysis technique

In this study, the author employed two data analysis techniques: qualitative descriptive analysis and inductive analysis. The qualitative descriptive analysis aimed to provide a comprehensive understanding of the CV Savings and Loans Cooperative and its role in promoting trade in Simalungun Regency. This technique involved gathering and analyzing qualitative data to generate a general description of the cooperative's operations and its impact on the local economy. The focus was on capturing the overall essence and characteristics of the cooperative.

Additionally, the author conducted inductive analysis to compare existing theories with the results obtained from the financial statement analysis. By examining the financial data, the researchers aimed to identify patterns, relationships, and trends, and to draw inferences from the data to formulate suggestions and recommendations for the Savings and Loans Cooperative CV. Maju Bersama in Simalungun Regency. This analytical approach aimed to bridge the gap between theory and practical findings, providing insights for improving the cooperative's strategies and overall performance.

RESULTS AND DISCUSSIONS

Liquidity Ratio in Savings and Loans Cooperative CV. Maju Bersama Perdagangan in Simalungun Regency

The *cash ratio* obtained at the savings and loan cooperative CV. Maju Bersama Perdagangan in Simalungun Regency for the 2011-2018 period fluctuated and tended to increase. The minimum *cash ratio* for the 2011-2018 period was 0.404 in 2012. This means that every Rp. 1 of current debt can be guaranteed by cash and cash equivalents of Rp. 0.404. This is due to an increase in current liabilities contained in members' voluntary savings accounts payable. Cooperative management should increase the amount of cash and cash equivalents by increasing the number of cooperative members.

Solvency Ratio in Savings and Loans Cooperative CV. Maju Bersama Perdagangan in Simalungun Regency

Based on the results of the analysis of the value of solvency with the *Debt to Asset Ratio parameter* in the savings and loan cooperative CV. Maju Bersama in Simalungun Regency for the 2011-2018 period fluctuated and tended to increase. The minimum value of the *Debt to Asset Ratio* in the 2011-2018 period was 0.050 in 2014. This means that every Rp. 1 total debt can be guaranteed by capital of Rp. 0.050. This is caused by the debt contained in the debt of social funds increased. Cooperative management should maintain its financial condition in paying debts while maximizing the use of capital in cooperatives.

Activity Ratio in Savings and Loans Cooperative CV. Maju Bersama in Simalungun Regency

Based on the results of the activity ratio analysis, it can be seen that the value of the activity ratio with the parameter of *total asset turnover* in CV. Maju Bersama in Simalungun Regency for the 2011-2018 period fluctuated and tended to increase. The minimum value of *total asset turnover* in the 2011-2018 period was 0.129 in 2012. This means that every Rp. 1 in total assets can generate sales of Rp. 0.129. This was due to an increase in interest on receivables. Cooperative management should pay attention to the effectiveness of asset turnover to increase the number of sales in the next period.

Own Capital Profitability Ratio in Savings and Loans Cooperative CV. Maju Bersama in Simalungun Regency

Based on the results of the analysis of the value of own capital profitability in savings and loan cooperatives CV. Maju Bersama in Simalungun Regency, the 2011-2018 period fluctuated and tended to decline. The minimum value of own capital profitability is 0.005 in 2018. This means that every Rp. 1 profit can be generated by own capital of Rp. 0.005. This is due to an increase in the cost of employee salaries and office rent, so that the remaining balance of operating results (SHU) decreases at the end of the study period. Cooperative management should improve the ability of sales to generate profits in order to increase profitability for the coming period.

Evaluation of Liquidity with Profitability of Own Capital in Savings and Loan Cooperatives CV. Maju Bersama in Simalungun Regency

Based on the results of the analysis of liquidity with the profitability of its own capital in the savings and loan cooperative CV. Maju Bersama Perdagangan in Simalungun Regency for the 2011-2018 period the value of liquidity with the *cash ratio parameter* has fluctuated and tends to increase while the profitability of own capital has fluctuated and tends to decrease.

Thus, it can be concluded that the value of liquidity as measured by the cash ratio is in line with the opinion of Nikiforova (2023), which states that a low ratio indicates high liquidity risk, while a high current ratio indicates excess assets, which will have an impact not good for company profitability.

The value of liquidity in 2014 and 2018 increased while the profitability of own capital decreased. This is not in line with the research results of Garsia et al (2021) which states that liquidity has a positive effect on financial performance, and is in line with the research of Cont (2020) which states that liquidity has a negative effect on financial performance, which is further inconsistent with Ngampo et al (2021) state that liquidity has no effect on profitability of own capital. Cooperative management should maintain the stability of cash and cash equivalents through gathering members so that the amount of cash and cash equivalents remains stable.

Evaluation of Solvency with Profitability of Own Capital in Savings and Loan Cooperatives CV. Maju Bersama in Simalungun Regency

Based on the results of the analysis of the ratio of Solvency to the profitability of own capital in the savings and loan cooperative CV. Maju Bersama Perdagangan in Simalungun Regency for the 2011-2018 period, it can be seen that the solvency value with the DAR parameter has fluctuated and tends to increase while the profitability of own capital has fluctuated and tends to decrease.

Solvability as measured by DAR is in line with the opinion of Riyanto (2009: 32) which states that a solvable company means that the company has enough assets to pay all its debts, by itself a liquid company. On the other hand, a company that is insolvable (not solvable) does not automatically mean that the company is liquid.

The solvency value in 2013 decreased while the profitability of own capital increased and the solvency in 2018 decreased while the value of profitability of own capital increased. This is not in line with the research results of Cont (2020) stating that solvency has a positive and significant effect on financial performance, and in line with research results according to Anggadini (2022) stating that solvency has no significant effect on financial performance and is not in line with Ngampo et al's research (2021) states that solvency affects the profitability of own capital. We recommend that the management of savings and loan cooperatives CV. Maju Bersama Perdagangan Simalungun Regency pays attention to debt by maintaining the stability of cash and cash equivalents in cooperatives in paying debts.

Evaluation of Activities with Profitability of Own Capital in Savings and Loan Cooperatives CV. Maju Bersama in Simalungun Regency

Based on the results of the analysis of activity ratios with profitability of own capital in savings and loan cooperatives CV. Maju Bersama Perdagangan in Simalungun Regency for the 2011-2018 period, it can be seen that the activity value of the total asset turnover parameter has fluctuated and tends to increase while the profitability of own capital has fluctuated and tends to decrease.

The activity value in 2014, 2016 and 2018 increased while the profitability of own capital decreased. and in 2015 activity decreased while profitability of own capital increased. This shows that in 2014, 2016 and 2018 there were very high cooperative assets (there were accumulating current assets) so that profitability decreased.

Thus, it can be concluded that the value of activity as measured by TATO is in line with the opinion of Коршунова (2019) which states that if a company has too many assets, the cost of capital is too high, and profits will be depressed. On the other hand, if assets are too low, profitable sales will be lost. This is in line with the results of research by Garcia et al (2019) which state that the value of the activity ratio affects financial performance and is not in line with the results of research by Lastu (2020) which state that activity does not affect financial performance. We recommend that the management of savings and loan cooperatives CV. Maju Bersama Perdagangan Simalungun Regency increases sales by providing loans effectively to members so that the total assets of the cooperative do not accumulate and are not too high.

Evaluation of Liquidity, Solvency and Activities to Assess Financial Performance in Savings and Loan Cooperatives CV. Maju Bersama in Simalungun Regency

Based on the results of the previous explanation, it can be seen that the results of liquidity (cash *ratio*) and solvency (debt to asset *ratio*) in 2015 have the lowest value, then the value of activity (total asset *turnover*) in 2012 has the lowest value and profitability of own capital has the lowest value found in 2018. The value of the *cash ratio*, *debt to asset ratio*, *total asset turnover* with an increasing graph while the profitability of own capital with a decreasing graph. The value of the liquidity ratio (cash *ratio*) shows that financial performance can be said to be liquid because cash and cash equivalents are able to guarantee the cooperative's current debt.

The value of the solvency ratio (debt to asset *ratio*) increases indicating good financial performance because the cooperative's assets are able to guarantee the total debt of the cooperative. Furthermore, the value of the activity ratio shows an increasing graph. and showing assets that are too high with sales that are not proportional to the amount of assets. This shows the effectiveness of assets that are not optimal.

Furthermore, the profitability ratio shows a decreasing graph. This shows poor financial performance. The decreasing profitability of own capital indicates that performance efficiency in optimizing and managing own capital to generate net profit (SHU) is decreasing. The decrease in the profitability of own capital was due to the increase in the amount of own capital during the year of study which was not followed by an increase in cooperative profits (SHU).

CONCLUSION

From the results of the analysis of financial statements by using analysis of liquidity ratios, solvency and activity to assess the financial performance of cash in savings and loan cooperatives CV. Forward with Trade in Simalungun Regency for the 2011-2018 period, the authors draw the following conclusions the value of liquidity with the *cash ratio parameter* from 2011-2018 has fluctuated and tends to increase. This was due to an increase in total cash and equivalents. The solvency value with the parameter *debt to asset ratio* (DAR) in 2011-2018 has fluctuated and tends to increase. This was due to an increase in total capital. The value of the activity ratio with the TATO parameter from 2011-2018 has fluctuated and tends to increase. This was due to an increase in total sales followed by total assets. The profitability value of own capital in 2011-2018 fluctuated and tended to decrease. This is caused by an increase in the amount of own capital not followed by an increase in the remaining operating results (SHU). Suggestions for further researchers to conduct more in-depth research on the implementation of financial reports to assess financial performance have an impact on more productive performance results

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