MEASURING FINANCIAL PERFORMANCE PT ACE HARDWARE INDONESIA TBK THROUGH RATIO CALCULATION

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ABSTRACT

PT. ACE Hardware Indonesia Tbk is a retail company in the field of industrial and commercial equipment in Indonesia area. As Pioneer and Home & Complete Lifestyle Shop Center through Ace Hardware store outlets throughout the archipelago, Founded in 1995 as a subsidiary to PT Kawan Lama Sejahtera. Tracing the progress and observed the movement of figures on financial reports to object of interest as an analysis by counting the ratio of liquidity through ratio measurement, the ratio of leverage , the ratio of its profitability to show economic relations concerned the company. In this research the data collection was done through observation and the literature study to refer to data on a finance company. Research method in this paper is done quantitatively with ratio analysis approach. Referring to the result of the measurement of ratio in general the financial performance can be saidgood.

KeyWords: Activity, Liquidity, Profitability, Solvency

1. INTRODUCTION

In the implementation of management decision-making process on which the most important consideration derived from information financial data, especially on the results of financial statements. The financial statements provide information on financial data for each user of the report.

Because the value of its utilization is so great for its users it is important to understand the notion of the financial statements themselves. The financial statements as contained in the book Financial Accounting Standards (SAK) As of April 1, 2002 states that the financial statements are part of the financial reporting process. The complete financial statements include the balance sheet, income statement, statement of changes in financial position. Other things that can be presented in various ways eg as a cash flow statement, or a cash flow statement, other records and reports and explanatory materials that are an integral part of the financial statements. In addition to these include schedules and additional information related to the report, such as financial information for industry and geographical segments along with disclosure of influence on price changes. .(Ikatan Akuntan Indonesia, 2002)

The financial statements present the company's revenues, operating expenses and net income during certain accounting periods. Normally the accounting period is January 1 (beginning of the period) until 31 December (end of accounting period).).(Simangunsong, 1996).

The financial statements on the company also has a very important function in the capital market, where the financial statements are an information that can describe the company's performance. In addition, the financial statements are always reporting the company's activities within a certain period. Activities that have been done are poured in the value of the currency, either in rupiah currency or in foreign currency. (Erica, Oktober 2016)

Therefore, it can be understood if in the capital market, financial statements show its role that is very important in providing information that describes the condition and performance of a company comprehensively. Performance of the company's activities are poured in the size of the currency value be it rupiah currency or in foreign currency in a certain period.

PT. ACE Hardware Indonesia, Tbk. is the franchisee / licensee of ACE Hardware brand in Indonesia, designated by ACE Hardware Corporation, USA. The company is the most complete pioneer and home appliances & lifestyle center through Ace Hardware stores throughout the archipelago, established in 1995 (Ace Hardware Indonesia, Tbk, 2014). As one of the big companies that have developed rapidly, the review of the financial data of PT Ace hardware can be used as an object of an attractive ratio of financial statements to find out information that can be useful both for internal company and external parties. For the management of companies by utilizing the results of financial ratio analysis of the report is expected to provide important financial information data that describes the potential strengths and weaknesses that exist. Knowing comprehensively the information about weakness can make management more introspective and immediately evaluate and make correction efforts to correct errors that trigger the weakness. On the other hand the company can also utilize the results of financial ratio analysis to increase the potential strength shown through the data analysis and make the basis of subsequent capital to build the company's management performance and positioned appropriately about the

conditions and situations that aligned with corporate financial management. Denny argues that the ratio analysis is one of the most widely used financial analysis tools, in calculating this ratio using simple arithmetic calculations that can be integrated so that in each calculation the ratio specify is much more useful when compared with the previous ratio calculation results. .(Erica, Oktober 2016)

The purpose of this study is to measure the company's financial performance through liquidity ratio, Leverage ratio, activity ratio and profitability ratio in order to show the economic relationship associated with the company's performance.

2. LITERATURE REVIEW

2.1. Understanding financial Ratio

The Company's annual division of financial division performs the preparation and preparation of financial statements to be submitted to the head of the company in the form of the Income Statement, the Capital Statement, the

Balance Sheet, Cash Flow Statement (Cash Flow Statement).

The ready-to-prepare financial statements are then analyzed through the Financial Statement Analysis process. The benefits of the analysis are used as the basis of financial information for management in making decisions.

Munawir defines the financial ratios as something that describes a relationship or balance (mathematical relationship) between a certain amount to another amount, and by using the analysis tool in this ratio it can explain or provide an overview for the analyzer about the good or bad state and financial position a company especially if the ratio number is compared to the comparison ratio figures used as the standard. (Munawir,2014).

James C Van Horne states the financial ratios as the index that links between two accounting figures obtained by way of dividing that number by another number. Financial ratios are used to evaluate the financial condition as well as company performance. From the results of these financial ratios will be seen the health condition of the company concerned(Kasmir,2011)
Financial Ratio Analysis Activities can be understood as an activity in an attempt to compare the figures data contained in the financial statements and then performed the division between one number with another. Comparison can be done between one component with other components in a financial statement or between components contained among the financial statements. Furthermore, the numbers are computed either in one period or several periods(Kasmir,2011)

The company's management utilizes financial ratio analysis to assess the financial performance in a period in order to know whether or not the target targets have been determined and assess the ability of management effectiveness in optimizing the existing resources in the company.

Company management utilize the results of financial statement analysis to obtain an information about a weakness and deficiency where with the company's management can quickly to take decisions and efforts to overcome these weaknesses. Similarly, the company management utilize the results of financial statement analysis to obtain an information related to the potential and strength owned by the company, as well as prepare efforts to maintain and increase the potential as the next capital.

Information gained related to the knowledge of the weaknesses and strengths of management performance based on the results of the financial statement analysis is considered able to describe the situation and financial condition of company management. Kasmir reveals the reality of the practice there are three categories offinancial ratio analysis of a company (Kasmir, 2011), namely: Balance Ratio (balance sheet Ratio), the analysis is done by comparing the figures sourced only from the balance sheet, Income Statement Ratio, the analysis is done by comparing the figures derived only from the income statement and Ratio between reports, the analysis is done by comparing figures from mixed data either sourced in the balance sheet or in the income statement.

Then the object that can be further analyzed can be understood from the statement there are 2 (two) elements from the financial statements (Financial Statement) i.e. Income Statement and Balance Sheet and 1 (one) other is mixed data element from both.

2.2. Kinds of Financial Ratio

Company management can perform a number of methods and optional options in the calculation of the ratio to the financial statements (Financial Statement) to assess the financial performance (Financial Performance). The management company uses and chooses each financial ratio that have specific purpose, purpose and meaning in accordance with the interests of decision making and determining company policy.

Various forms of financial ratios (Kasmir, 2011) are as follows, among others, the first Liquidity Ratio (Ratio Liquidity Ratio), is a ratio that shows the ability to meet short-term obligations in a company. Types of liquidity ratios: Current Ratio, Quick Ratio, Cash Ratio, Cash Turnover Ratio and Inventory to Net Working Capital Ratios (Inventory to Net Working Capital). Both Leverage Ratio (Leverage Ratio), is a ratio that shows the size of the extent to which debt financing to corporate assets. Types of solvency ratios: Debt to Assets Ratio, Debt to Equity Ratio, Debt Ratio Period Long Term Debt to Equity Ratio, Current Liabilities to Net Worth, Tangible Assets Debt Coverage, Times Interest Earned and Fixed Charge Coverage. Third Activity Ratio (Ratio), is a ratio that shows the size of the extent to which the efficiency of resource utilization of a company. Types of activity ratios: Receivable Turn over, Days of Receivable Days, Inventory Turnover (Inventory Turnover), Days of Inventory, Working Capital Turnover, Fixed Assets Turn over and Assets Turn over. Fourth Profitability Ratio (Ritual Ratio), is a ratio to measure the ability of a company at a certain period in obtaining profit or profit. Types of profitability ratios: Profit Margin on Sales, Return on Investment (ROI), Return on Equity (ROE) and Earning per Share of Common Stock. In addition to the above discussed above actually there are more other ratios, but in general the benefits and the use of the ratios discussed already represent other ratios.

2.3 Objectives and Benefits of Financial Statement Analysis

Basically the main objectives and benefits of Financial Statement Analysis are as follows: (1) Knowing the financial position in a certain period; (2) To know the weaknesses / weaknesses of the company; (3) Knowing the strengths and potentials of the company, (4) Knowing the steps that can be done in the future related to the current financial position, (5) Perform performance management assessment, (6) Making comparison with the company similar to the results achieved (Kasmir, 2011). Using methods and techniques of careful and precise analysis in an effort to process financial statement analysis is expected to produce the correct analysis data so that the interpretation of the data to be more accurate to know the actual financial position. So the goal and benefit analysis of financial statements in accordance with the wishes of the

management company and other parties concerned in taking information from these financial statements to make a decision. In addition to providing benefits for the management of the company, the results of financial ratio analysis and interpretation can also provide information about the condition and financial performance of the company to the creditors and the investor.

3. RESEARCH METHODOLOGY

Research method in this paper is done quantitative with ratio analysis approach using arithmetic calculation in interpreting data into economic relation related to financial performance from PT ACE Hardware Indonesia. In this research conducted a number of methods. Firstly with literature method in the form of literature study done with literature review effort to discussion material related to financial statement analysis. Search and review a number of material references from trusted sources around the discourse, reviews and input

Table 4.1: Balance Sheet
PT.ACE Hardware Indonesia

Balance Sheet (Million Rpexcept ParValue)	**September 2016**
Cash & Cash Equivalents	516,625
Receivables	13,996
Inventories	1,603,358
Current Assets	2,552,000
Fixed Assets	535,335
Other Assets	-
Total Assets	3,501,572
Current Liabilities	401,111
Long Term Liabilities	264,423
Total Liabilities	665,534
Authorized Capital	480,000
Paid up Capital	171,500
Paid up Capital (Shares)	17,150
Par Value	0
Retained Earnings	2,355,612
Total Equity	2,836,038

Source: Results Data Processing (2017)

information from various competent parties. The second is through observation method in the form of observation method to the financial performance data of PT ACE Hardware Indonesia Tbk by utilizing secondary data sources sourced from the company's financial statements obtained from Indonesia Stock Exchange (BEI). Third by way of Comparative Method, in this method is done by comparing facts findings of financial ratio analysis results then adjust to the literature that supports the assessment of the facts of the findings.

4. RESULT AND DISCUSSION

4.1 Financial Report PT. ACE Hardware Indonesia as of September 2016 Referring to Summary Data of Listed Company Performance (PT Bursa Efek Indonesia, 2010).

A. Balance Sheet Years 2016

Balance Report of PT.ACE Hardware Indonesia(Persero)Tbk, from Year 2016,as follows:

B. Income Statements Year 2016

PT.ACE Hardware Indonesia (Persero) Tbk Income Statement, from the Year 2016, as follows:

Table 2: Income Statements
PT.ACE Hardware Indonesia

Income Statements (MillionRp except Par Value)	**September 2016**
Total Revenues	3,550,956
Cost of Revenues	1,862,924
Gross Profit	1,688,032
Expenses (Income)	1,114,099
Operating Profit	573,933
Other Income (Expenses)	-10,590
Income before Tax	563,343
Tax	93,268
Profit for the period	470,075
Period Attributable	476,206
Comprehensive Income	470,075
Comprehensive Attributable	476,206

Source: Results Data Processing (2017)

4.2 Financial Ratio Analysis per month September 2016 At PT Ace Hardware Indonesia Tbk

The average industry standard measurement data in this analysis refers to the Financial Statement Analysis book prepared by cashmere (Kasmir, 2011), Liquidity Ratio shows the measurement Current Ratio = Current Assets: Current Liabilities = 2,552,000: 401.111 = 6,362 (636.23%). This means every Rp. 1,00 the amount of current debt secured or borne by Rp. 6,362 of the current value of assets. The ratio shows the amount of current assets 6,363 times higher than the amount of current liabilities. This indicator shows the increasing assurance of debt payments company to the creditor. From the ratio measurement, the current ratio condition is above the industry standard. Quick Ratio = (Current Assets - Inventory) measurement: Current Liabilities = (2.552.000 - 1.603.358): 401.111 = 2.365 (236.50%). This means every Rp. 1.00 current debt secured by assets other than inventory amounting to Rp. 2,365. The ratio indicates that the quick ratio is above the industry standard. Measurement Cash Ratio = Cash or Cash Equivalents: Current Liabilities = 516.625: 401.111 = 1.287 (128.798%). This means every Rp. 1,00 current liabilities are secured by cash and securities amounting to 1,287 or128,798%. The ratio indicates that the cash ratio is above the industry standard. Measurement Cash Turnover Ratio = Net Sales: (Current Assets - Current Liabilities) = 1.688.032: (2.552.000 - 401.111) = 1.688.032: 2.150.889 = 0.785 (78.5%). This means that the level of working capital required for the company to pay bills (debt) and costs associated with the sale of 78.5%. This means that the level of working capital required for the company to pay bill(debt) and costs associated with the sale of 78.5%. The ratio indicates that the condition is above the industry standard. Measurement of Inventory to Net Working Capital = Inventory: (Current Assets - Current Liabilities) = 1.603.358: 2.150.889 = 0.745. This means that the ratio between inventory and working capital is 74.5%. The ratio indicates that the condition is above the industry standard. Leverage Ratio shows Debt to Asset Ratio = Total Debt: Total Assets = 665,534: 3,501,572 = 0,190 (19%), which means the amount of debt financed assets is 19%. The ratio indicates the amount of funding of assets financed from debt of 19% is still within the safe limits of the industry standard average rate of 35%. Measurement of Debt to Equity Ratio = Total Debt: Equity = 665.534: 2.836.038 = 0.235 (23%), This means that the amount of debt funded capital is 23%. The ratio shows the amount of equity financed from debt of 23% is still within the safe limits of the industry standard average which set 80% limit. Long Term Debt to Equity Ratio = Long Term Debt: Equity = 264.423: 2,836,038 = 0,093, This means that the amount of long-term debt financed is 0.093 times (9.3%). The ratio shows still within safe limits of the industry standard average. Activity Ratio shows measurement Inventory Turnover = Sales: Inventory = 3.550.956: 1.603.358 = 2,215 or 2 times. This means that inventory turnover in one period as much as 2 times. Referring to the result of measurement ratio according to Kasmir (2011), the average industry standard is 20 times. Measurement Days of Inventory = Number of days in 1 year: Inventory Turnover = 365: 2,215 = 164,785 or 165 days. This means the number of days for the average inventory stored in the warehouse as much as 165 days. Referring to the results of measurement ratio according to Cashmere (2011), the average industry standard is 19 days.

Measurement Working Capital Turnover = Net Sales: Current Assets = 1.688.032: 2.552.000 = 0.661. This means that the rotation of working capital in a period of 0.661 times. Referring to the result of measurement ratio according to Cashmere (2011), the average industry standard is 6 times the rotation. Measurement of Fixed Assets Turnover = Sales: Total Fixed Assets = 3.550.956: 535.335 = 6.633 or 6.633 times. This means the rotation of fixed assets in a period of 6.633 times. Referring to the result of measurement ratio according to

Kasmir (2011), the average industry standard is 5 times. Measurement of Total Assets Turnover = Sales: Total Asset 3.550.956: 3.501.572 = 1.014 or 1. This means that Total Asset turnover in one period is 1 time. Referring to the result of measurement ratio according to Cashmere (2011), the average industry standard is 2 times. Profitability Ratio shows Profit Margin on Sales = Gross Profit: Sales = 1.688.032: 3,550,956 = 0,475 (47,54%) which means sales margin of 47,54%. Referring to the result of measurement ratio according to Cashmere (2011), the average industry standard is 30%. Measurement Net Profit Margin = Earning After Interest and Tax: Sales = 470.075: 3,550,956 = 0.1324 (13.24%) This means that the company's net income on sales amounted to 13.24%. Referring to the results of measurement ratio according to Cashmere (2011), the average industry standard is 20%. Measurement Return on Investment (ROI) = Earning After Interest and Tax: Total Assets = 470.075: 3.501.572 = 0.1342 (13.42%) This means that the ratio shows the return on investment of 13.42%. Referring to the result of measurement ratio according to Cashmere (2011), the average industry standard is 30%. Measurement Return on Equity (ROE) = Earning After Interest and Tax: Equity = = 470.075: 2.836.038 = 0.166 (16.6%) This means that the return on equity or own capital rentability is 16.6%. Referring to the results of measurement ratio according to Kasmir (2011), the average industry standard 40%.

5. CONCLUSION

Based on the calculation of each of the Liquidity Ratio, Solvency (Leverage Ratio), Activity (Ratio) and Profitability (Profitability Ratio) in general shows the financial performance can be quite good. On the values of the liquidity and solvency ratios the figures of the ratio measurement results can be maintained. The result of ratio measurement on Activity Ratio and Profitability Ratios are still expected to increase again.

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