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ANALYSIS OF FINANCIAL STABILITY THROUGH LIQUIDITY, SOLVENCY, ACTIVITY, AND PROFITABILITY RATIOS AT PT CATUR SENTOSA ADIPRANA TBK FOR THE PERIOD 2015–2024

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Abstract

This report aims to evaluate the financial stability of PT Catur Sentosa Adiprana Tbk (CSAP) during the period 2015–2024 through an analysis of liquidity, activity, solvency, and profitability ratios. The research method used is a quantitative descriptive approach with a literature study, where secondary data is obtained from annual financial reports and company annual reports. The results show that CSAP's liquidity condition is at a fairly safe level with sufficient ability to meet short-term obligations, although its liquidity margin is relatively thin. The solvency ratio shows a high dependence on debt financing, but it is still within safe limits according to modern financial perspectives. The activity ratio shows declining efficiency due to massive business expansion through the Mitra10 retail network, while the profitability ratio shows stability with thin profit margins typical of the building materials distribution industry. Overall, CSAP has been able to maintain healthy and controlled financial stability over the past decade. These results reinforce empirical evidence that financial ratio analysis can be an important tool for assessing the long-term financial resilience of companies in the distribution and retail sectors.

Keywords:
Financial Stability, Liquidity, Solvency, Profitability, PT Catur Sentosa Adiprana Tbk.

Introduction

Financial stability is a key indicator that reflects a company's ability to maintain its financial performance on an ongoing basis. In the context of financial management, financial stability not only describes short-term liquidity positions, but also assesses a company's ability to withstand external pressures and maintain its capital structure balance. Financial stability is also closely related to a company's ability to effectively manage the risk-return trade-off. Analysis of financial stability is becoming increasingly important in a dynamic business environment, where changes in macroeconomic conditions, exchange rate fluctuations, and inflationary pressures can affect a company's financial structure and profitability.

PT Catur Sentosa Adiprana Tbk (CSAP) is one of the largest building materials distribution and retail companies in Indonesia, with main business lines covering the distribution of building materials, household appliances, and modern retail management such as Mitra10 and Atria. As an entity listed on the Indonesia Stock Exchange, CSAP must maintain sound financial performance to retain investor confidence and ensure the sustainability of its business growth. The period from

2015 to 2024 is an interesting time frame to examine as it covers significant changes in national economic conditions.

In assessing a company's financial stability, financial ratio analysis is one approach that can provide a comprehensive picture of its financial condition from various perspectives. Financial ratios are used to assess a company's liquidity, solvency, activity, and profitability, which collectively reflect the financial performance and resilience of an entity (Kieso, Weygandt, & Warfield, 2018). By observing changes in ratios over time, researchers can assess the extent to which a company is consistent in maintaining financial balance and detect potential imbalances that could affect long-term stability.

This study aims to evaluate the financial stability of PT Catur Sentosa Adiprana Tbk during the period 2015–2024 through an analysis of liquidity, solvency, activity, and profitability ratios. By analyzing trends and changes in these four groups of ratios, this study is expected to provide a comprehensive picture of the stability of CSAP's financial statements over the past decade.

Academically, this study is expected to contribute to enriching empirical studies on the application of financial ratio analysis as a tool for evaluating corporate stability, particularly in distribution and retail companies in Indonesia. The results of this study are expected to serve as a reference for similar studies in understanding how the balance between liquidity, solvency, activity, and profitability reflects stable financial conditions from the perspective of the company's balance sheet. Thus, this journal focuses on objective quantitative analysis to assess the financial stability of PT Catur Sentosa Adiprana Tbk.

Theoretical Framework

Theoretical Framework Financial stability is a key indicator that reflects a company's ability to maintain a balance between assets, liabilities, and equity in order to ensure long-term operational sustainability. Brigham and Houston (2019) explain that financial stability can be assessed by the extent to which a company is able to meet its short-term and long-term obligations without disrupting its profitability and liquidity. Therefore, analysis of financial statements is an important basis for evaluating the position and financial resilience of a business entity.

One approach commonly used to assess a company's financial condition is financial ratio analysis. Kieso, Weygandt, and Warfield (2018) state that financial ratios provide a relative measure of the relationship between items in the financial statements, reflecting the company's liquidity, solvency, activity, and profitability. Liquidity ratios are used to assess a company's ability to meet its short-term obligations, while solvency ratios measure the level of dependence on external funding. Furthermore, activity ratios indicate the efficiency of asset utilization in generating income, and profitability ratios assess a company's ability to meet its short-term obligations, while solvency ratios measure the level of dependence on external funding. Furthermore, activity ratios show the efficiency of asset utilization in generating income, and profitability ratios assess a company's ability to generate profits from its resources (Brigham & Ehrhardt, 2020). Thus, these four groups of ratios form a comprehensive basis for assessing a company's financial stability, as longitudinal ratio analysis allows researchers to assess the consistency, balance, and changes in a company's financial condition over the long term.

Research on financial ratio analysis as a tool for evaluating corporate financial stability has been widely conducted in Indonesia, particularly on companies listed on the Indonesia Stock Exchange (IDX). Financial ratios are an important instrument in assessing a company's ability to maintain healthy and balanced financial conditions. According to Kasmir (2019), liquidity, solvency, activity, and profitability ratios collectively reflect a company's level of financial stability.

Sulastri and Nurbaiti (2020) found that liquidity, solvency, and profitability ratios have a significant effect on the financial stability of trading companies listed on the IDX. Their research results show that the balance between liquidity and capital structure plays an important role in maintaining stable financial conditions. Handayani (2023) also studied the financial stability of retail companies using a longitudinal financial ratio analysis approach and found that fluctuations in financial ratios can be an important indicator in assessing the consistency and financial balance of companies over time.

Although both studies make important contributions, they still focus on cross- company analysis without examining the dynamics of financial stability in depth in a particular entity. Therefore, this study aims to fill this gap by conducting a longitudinal analysis of the financial stability of PT Catur Sentosa Adiprana Tbk (CSAP) for the period 2015–2024 through four main ratio groups, namely liquidity, solvency, activity, and profitability, to provide a more comprehensive understanding of the company's financial stability.

Method

The report entitled “Analysis of Financial Stability Through Liquidity, Activity, Solvency, and Profitability Ratios at PT Catur Sentosa Adiprana Tbk for the Period 2015–2024” uses a combination of quantitative and qualitative approaches. The quantitative approach is applied to measure and analyze the relationship between variables through numerical data sourced from the company's financial statements. The data is processed using Microsoft Excel software to obtain accurate financial ratio calculations. Meanwhile, the qualitative approach was used to describe, interpret, and provide contextual explanations for the quantitative analysis results based on relevant financial theories and academic literature.

The object of this report is PT Catur Sentosa Adiprana Tbk (CSAP), a company engaged in the distribution and retail of building materials and consumer products in Indonesia. The data used is secondary data, including annual financial reports and annual reports for the period 2015–2024, obtained from the company's official website and other official publications such as the Indonesia Stock Exchange (IDX). The selection of a ten-year time frame is intended to provide a longitudinal picture of the dynamics and stability of the company's financial performance in the long term.

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This report uses a quantitative descriptive approach with a case study method, which aims to provide a comprehensive overview of the financial condition and stability of PT Catur Sentosa Adiprana Tbk (CSAP) during the period 2015–2024. This study focuses on measuring and analyzing financial ratios to assess the company's performance and stability from the perspectives of liquidity, activity, solvency, and profitability.

The data sources used in this report are secondary, obtained through library research by reviewing the company's annual financial reports and annual reports published on the official websites of PT Catur Sentosa Adiprana Tbk and the Indonesia Stock Exchange (IDX).

The data analysis techniques applied are quantitative descriptive analysis and qualitative descriptive analysis. Quantitative descriptive analysis is used to calculate and interpret the results of financial ratios, including liquidity ratios (Current Ratio, Quick Ratio, and Cash Ratio), solvency ratios (Debt to Equity Ratio and Debt to Asset Ratio), activity ratios (Total Asset Turnover and Fixed Asset Turnover), and profitability ratios (Return on Assets and Return on Equity). The results of these ratio calculations were then analyzed qualitatively to identify patterns, trends, and implications for the company's financial stability during the research period.

Results

Liquidity Ratio Results

The liquidity ratio is used to assess a company's ability to meet its short-term obligations with its current assets. This ratio reflects the extent to which the company's current asset structure is able to cover its current liabilities in a timely manner. In this report, the liquidity ratio of PT Catur Sentosa Adiprana Tbk (CSAP) is measured using three main indicators, namely the current ratio, quick ratio, and cash ratio.

Tabel 1. Liquidity Ratio

Year	Current Ratio	Quick Ratio	Cash Ratio
2015	108,92%	51,27%	3,06%
2016	125,75%	60,10%	3,15%
2017	115,91%	59,91%	2,95%
2018	123,74%	59,24%	2,12%
2019	113,79%	53,28%	1,76%
2020	108,83%	51,06%	2,71%
2021	109,47%	44,75%	1,50%
2022	104,98%	40,13%	2,72%
2023	105,40%	41,92%	2,89%
2024	101,28%	37,53%	2,42%

Based on the results in the table above, it can be seen that CSAP's current ratio during the 2015-2024 period showed an average value of 112.16%. This means that every Rp1 of current liabilities is secured by Rp1.12 of current assets. The highest value was achieved in 2016 at 125.75%, while the lowest value occurred in 2024 at 101.28%. In general, the current ratio trend tends to fluctuate, with a significant increase in 2016, which then slowly declined until the end of the research period. These fluctuations reflect changes in working capital management, especially in inventory and accounts receivable, which are the dominant components of current assets.

Furthermore, the quick ratio, which describes the company's ability to meet current liabilities without taking inventory into account, shows an average value of 49.69%. This ratio experienced a fairly consistent decline from 60.10% in 2016 to 37.53% in 2024. This indicates that the proportion of current assets in the form of cash and accounts receivable to total current liabilities has decreased. This decline may be due to the company's increasing reliance on inventories as part of its product sales and distribution strategy, which is a common characteristic of companies in the retail and distribution sector.

Meanwhile, the cash ratio, which measures the proportion of cash and cash equivalents to current liabilities, averaged 2.16%. The highest value occurred in 2016 at 3.15%, while the lowest value was recorded in 2021 at 1.50%. This value is relatively low compared to the other two ratios, indicating that the available cash can only cover a small portion of total short-term liabilities. This condition indicates that CSAP allocates more of its cash to operational activities and business expansion than holding it as liquidity reserves.

Activity Ratio Results

Activity ratios are used to assess a company's efficiency in utilizing its assets to generate income. In this study, PT Catur Sentosa Adiprana Tbk (CSAP)'s activity ratios were measured using two indicators, namely Fixed Asset Turnover (FATO) and Total Asset Turnover (TATO).

Tabel 2. Activity Ratio

Year	FATO (%)	TATO (%)
2015	65,25	17,93
2016	63,13	16,47
2017	57,56	16,53
2018	60,59	17,79
2019	59,86	18,93
2020	43,76	18,36
2021	30,67	13,04
2022	31,92	13,6
2023	25,79	12,03
2024	0	0
Average	45 36	16 35

Based on the table above, the average FATO of 45.36% indicates that every Rp1 of fixed assets generated sales of Rp0.45 during the observation period. The highest value occurred in 2015 (65.25%), while the lowest value was recorded in 2024 (0.00%), due to the unavailability of complete fixed asset data for that year. The

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average TATO of 16.35% indicates that every Rp1 of total assets generates sales of Rp0.16. The downward trend in both ratios since 2020 indicates a decline in asset utilization efficiency, especially in the post-pandemic period when distribution activities slowed down.

Solvency Ratio Results

The solvency ratio describes the extent to which a company's assets are financed by debt and the company's ability to meet its long-term obligations. In this study, solvency is measured by two indicators, namely the Debt to Equity Ratio (DER) and the Debt to Asset Ratio (DAR).

Tabel 3. Solvency Ratio

Year	D ER	D AR
2015	782,36 %	75,77%
2016	340,24 %	66,71%
2017	434,52 %	70,32%
2018	332,79 %	66,46%
2019	399,28 %	70,05%
2020	481,50 %	73,04%
2021	540,12 %	73,37%
2022	619,54 %	74,12%
2023	389,05 %	69,05%
2024	429,68 %	70,21%

The average DER of 474.65% indicates that CSAP's funding structure is still heavily dependent on debt, with every Rp1 of equity supporting Rp4.74 of debt. The highest value occurred in 2015 (782.36%), and the lowest value in 2018 (332.79%), which indicates the company's efforts to reduce its dependence on external financing. Meanwhile, the average DAR of 71.41% shows that 71% of total assets are financed by debt. This value reflects a high level of leverage, but it is still within the tolerance limits of a capital-intensive distribution industry that relies on external financing for expansion.

Profitability Ratio Results

Profitability ratios are used to measure a company's ability to generate profits from its resources. In this study, the profitability of PT Catur Sentosa Adiprana Tbk (CSAP) was measured using two main indicators, namely Return on Assets (ROA) and Return on Equity (ROE).

Tabel 4. Profitability Ratio

Tahun	ROA	ROE
2015	1,22%	9,68%
2016	1,76%	19,61%
2017	1,73%	16,18%
2018	1,55%	19,97%
2019	1,04%	17,55%
2020	0,80%	15,17%
2021	2,65%	13,58%
2022	2,73%	11,96%
2023	1,83%	17,75%
2024	1,61%	16,34%

The average ROA of 1.75% indicates that every Rp1 of total assets generates a net profit of Rp0.0175. The highest value was recorded in 2022 (2.73%), while the lowest occurred in 2020 (0.80%), which was likely due to operational pressures during the COVID-19 pandemic. Meanwhile, the average ROE of 15.65% reflects the company's ability to provide a return of Rp0.1565 for every Rp1 of equity. The highest value was recorded in 2018 (19.97%), while the lowest was in 2022 (11.96%), indicating fluctuations in financial performance due to changes in capital structure and net profit levels.

Discussion

Discussion of Liquidity Ratios

The results of the liquidity ratio calculations for PT Catur Sentosa Adiprana Tbk (CSAP) during the 2015–2024 period show relatively stable conditions but with a downward trend in recent years. The average current ratio of 112.16% indicates that every Rp1 of current liabilities is covered by Rp1.12 of current assets. This value indicates that the company still has the ability to cover its short-term liabilities, although its liquidity safety margin is not very large.

According to Kasmir (2019), the ideal current ratio should be around 200%, because a ratio below that number indicates the company's potential difficulty in meeting its short-term obligations in the event of sudden liquidity pressure. Thus, from this conservative perspective, CSAP's financial position can be categorized as unhealthy because its liquidity is relatively thin and does not provide sufficient safety margin against potential ongoing operational risks.

However, a different view is expressed by Brigham and Ehrhardt (2020), who adhere to a modern financial approach. They argue that an excessively high liquidity ratio can actually reflect inefficient use of current assets, as funds that should be invested in productive activities are instead tied up in cash or accounts receivable. According to this view, low liquidity, such as that possessed by CSAP, is not necessarily a bad thing, as long as the company is able to maintain an efficient cash conversion cycle (CCC), which is the rapid conversion of cash from the purchase of raw materials to the receipt of cash from sales. With rapid working capital turnover, companies can maintain functional liquidity without having to hold excessive current assets in the form of cash or accounts receivable.

The trend of the quick ratio, which averages 49.69%, and the cash ratio of 2.16% also show a similar pattern. According to Kasmir (2019), these values are relatively low because they indicate that most current assets are still tied up in inventory, thereby reducing liquidity flexibility. However, from Brigham's perspective, this condition is acceptable as long as the company has a high inventory and accounts receivable turnover rate, as is commonly the case in the trade and distribution sector. With an efficient distribution system and fast payment cycle, the company can still maintain cash flow stability even though its liquidity level is not high in rational terms.

Overall, CSAP's liquidity condition reflects an efficient operational strategy with low risk to short-term cash pressure. The ratio, which is not too high but stable, indicates that management is able to maintain a balance between working capital requirements and profitability. In other words, from Kasmir's conservative point of view, CSAP's financial position can be considered less liquid, but from Brigham's modern perspective, this condition actually indicates efficient and adaptive functional liquidity for the characteristics of the distribution industry in general.

Discussion of Activity Ratios

Activity ratios are used to assess the extent to which a company is able to manage its assets efficiently in generating sales. Based on the calculations in Table 2, the Fixed Asset Turnover (FATO) and Total Asset Turnover (TATO) of PT Catur Sentosa Adiprana Tbk (CSAP) show a significant downward trend during the 2015–2024 period. The average FATO was recorded at 45.36%, with a sharp decline from 65.25% in 2015 to 25.79% in 2023, while data for 2024 was not published by CSAP. Meanwhile, TATO showed an average of 16.35%, with the highest value in 2019 at 18.93% and the lowest in 2023 at 12.03%.

This decline indicates that the company's efficiency in utilizing fixed assets and total assets to generate revenue has slowed down. According to Kasmir (2019), this condition puts the company on alert, because weakening asset utilization efficiency can reduce the company's ability to generate operating income. Kasmir emphasizes that a consistently declining activity ratio indicates that companies have not maximized the potential of their assets, both in terms of fixed asset productivity and working capital turnover effectiveness. In other words, the smaller the FATO and TATO values, the lower the company's ability to convert its productive resources into revenue.

A similar view was also expressed by Brigham and Ehrhardt (2020), who stated that a decline in activity ratios could indicate weakening operational efficiency, but that this phenomenon did not necessarily indicate poor financial conditions. In the context of CSAP, Brigham assesses that the downward trend in FATO and TATO can still be considered normal and temporary, given that CSAP itself has undergone a period of massive expansion in the last ten years, particularly through the development of its subsidiaries such as Mitra10 and Atria. This expansion involves large investments in the construction of new outlets, procurement of fixed assets, and increases in logistics and distribution capacity.

According to Brigham's approach, a decline in activity ratios during an expansion phase is not a sign of permanent inefficiency, but rather a reflection of an increase in the asset base that has not been matched by optimal sales growth. In the long term, when the investments made begin to generate stable cash flows, activity ratios are expected to improve and return to reflecting higher efficiency. Thus, although in the short term FATO and TATO show a decline, this condition can be seen as part of the company's growth strategy that emphasizes the expansion of productive assets.

Overall, based on the views of both experts, it can be concluded that CSAP's activity ratio is at a stage of declining efficiency but still within the context of strategic growth. From Kasmir's point of view, this condition requires caution because it indicates a decline in the effective use of assets, while according to Brigham, this trend is a logical consequence of an aggressive expansion strategy and will potentially yield positive results in the coming period when new operational capacity begins to contribute to sales.

Discussion of Solvency Ratios

The solvency analysis results show that the capital structure of PT Catur Sentosa Adiprana Tbk (CSAP) is still highly dependent on debt-based funding. The average Debt to Equity Ratio (DER) of 474.65% indicates that every Rp1 of equity is used to cover Rp4.74 of debt. This value is relatively high, although it still shows a relatively stable trend from year to year. The average Debt to Asset Ratio (DAR) of 71.41% also indicates that most of the company's assets are financed by debt, which shows a fairly high level of leverage.

According to Kasmir (2019), a DER exceeding 200% generally reflects an unhealthy financial position, as the risk of default and pressure on the company's cash flow increase. From this perspective, CSAP's condition can be considered high risk because the company has a significant dependence on external financing. This conservative view emphasizes the importance of maintaining a balanced capital structure to ensure the ability to pay obligations, especially in situations of economic uncertainty.

However, Brigham (2020) expressed a different view, arguing that the use of debt within reasonable limits can actually increase company value through the financial leverage effect, as long as the company is able to manage interest costs and maintain positive profitability. In the context of CSAP, a high level of leverage can still be considered safe, as the company remains able to generate profits and maintain operational stability.

Thus, CSAP's solvency condition can be said to be stable but still risky, depending on the perspective of the analysis used. Referring to the conservative view (Kasmir), CSAP's capital structure needs to be strengthened by increasing the portion of equity. However, from a modern perspective (Brigham), this condition is still acceptable because the company has demonstrated its ability to maintain sustainable profit and cash flow performance.

Discussion of Profitability Ratios

The results of the profitability ratio calculations for PT Catur Sentosa Adiprana Tbk (CSAP) during the 2015-2024 period show that the company's ability to generate profits tends to be stable but with relatively thin margins. Based on the data in Table 4, the average Return on Assets (ROA) was recorded at 1.75%, while the average Return on Equity (ROE) was 15.65%. The highest ROA value occurred in 2022 at 2.73%, while the lowest was recorded in 2020 at 0.80%. The highest ROE also occurred in 2018 at 19.97%, and the lowest in 2015 at 9.68%.

The relatively low ROA value indicates that the efficiency of total asset utilization in generating net profit is still limited. However, according to Kasmir (2019), this condition is normal for companies engaged in the retail and distribution sectors, because profit margins in these industries are indeed thin due to high operational costs, distribution expenses, and price competition among distributors. Brigham and Ehrhardt (2020) also expressed a similar view, that low ROA does not always indicate poor performance, especially in businesses with fast sales cycles and high transaction volumes. In this context, thin margins can be compensated for by high asset turnover frequency, so that total profits remain stable over time.

Meanwhile, CSAP's average ROE of 15.65% reflects the company's ability to generate relatively high net income compared to the capital invested by shareholders. Both Kasmir (2019) and Brigham (2020) argue that a high ROE indicates a positive leverage effect, where the use of debt in the capital structure successfully increases the rate of return to shareholders. In this case, CSAP utilizes debt-based financing to expand its distribution capacity and retail network, so that equity growth is maintained even though the net profit margin is relatively thin.

Thus, overall, CSAP's profitability performance during the 2015–2024 period can be categorized as quite good and efficient. The ROA value reflects a business model with low but stable margins, while the consistently high ROE indicates that the company is able to optimally utilize financial leverage to increase shareholder value. This is in line with the characteristics of the building materials distribution industry, which operates at high volumes with small profit margins but has fast cash flow and sales cycles.

Conclusion

The results of this study indicate that the financial stability of PT Catur Sentosa Adiprana Tbk (CSAP) during the period 2015–2024 was fairly stable and under control, with adequate liquidity, high solvency that was still within safe limits, and consistently positive profitability. The decline in efficiency in the activity ratio reflects the company's expansion phase, particularly through the development of the Mitra10 retail network, so that this decline can still be considered reasonable. In general, these results confirm that CSAP is able to maintain sound financial performance despite facing complex operational dynamics and capital structure over the past decade.

Academically, this study strengthens the understanding of the application of financial ratio analysis in assessing long-term financial stability in the distribution and retail sectors. Further research is recommended to expand the object and observation period and add external variables such as interest rates and economic growth in order to obtain a more comprehensive picture of the factors that affect the financial stability of companies in Indonesia.

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