

Cash Flow Ratio Analysis as a Measuring Tool for The Company's Financial Performance at PT. Astra International Tbk

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Abstract. The research question concerns the cash flow ratio as a measure of the company's financial success at PT. Astra Indonesia Tbk during 2018 - 2021. This research aims to examine PT. Astra International Tbk's cash flow ratio as a measure of the company's financial performance for the period 2018-2021. The research methodology employed in this method is descriptive quantitative research, or research techniques that describe data as numerical values. This research provided use of secondary data, mainly information gathered from the official website of the Indonesia Stock Exchange's records or archives. In 2018-2021, a ratio of operating cash flow to current obligations less than one indicates that the situation is not favorable. In 2018-2019, a ratio of operating cash flow to interest payments that is more than 1 is favorable. In 2018-2020, a ratio of operational cash flow to capital expenditure below one indicates that the situation is not good. In 2018-2021, if the ratio of operating cash flow to total debt is less than 1, the situation is not good. In the period between 2018 and 2021, the ratio of operating cash flow to net profit is good since it can exceed 1. The conclusion that can be drawn from the findings of this research is that the results of the five cash flow ratios listed above must still be examined, as values that are above the standard ratio are only 2 ratios and those that are below the standard ratio are 3 ratios. It indicates that PT. Astra International Tbk's financial performance is categorized as poor because it is unable to effectively manage its cash flow, resulting in an insufficient turnover between cash in and cash out so that in the long term PT. Astra will experience losses.

Keywords: Cash, Cash Flow Ratio, Cash Flow Statement, and Financial Performance.

INTRODUCTION

Financial performance "is an examination performed to determine the extent to which a company has followed financial implementation rules properly and correctly; consequently, it is extremely acceptable to utilize the information shown in the cash flow statement to examine a company's performance" (Fahmi, 2018). "The statement of cash flows can also be used to forecast future cash flows. With the cash flow statement,

businesspeople may determine whether or not their company is profitable. The cash flow statement typically includes cash inflows and cash outflows for a given period.

The selection of cash flow ratios for measuring a company's financial performance is crucial due to the significance of the cash flow statement's impact on a business's health. "Analysis of cash flow statements is used to analyze the company's position and operations and to make comparisons with prior years in order to determine if the company's operational performance is excellent or not." By analyzing cash flow ratios, a company's financial success in operating, investing, and funding activities can be determined.

Operating cash flow ratios to current liabilities, operating cash flow ratios to interest, capital expenditure ratios (PM), operating cash flow ratios to total debt, and cash flow to net income ratios are the cash flow ratios used to evaluate financial performance.

PT. Astra International Tbk was founded in 1957 in Jakarta under the name Astra International Inc. as a general trade company. The company changed its name to PT Astra International Tbk in 1990 with the intention of offering its initial shares to the public, followed by listing its shares on the Indonesia Stock Exchange under the ASII ticker.

The writers are interested in performing study under the title Cash Flow Ratio Analysis as a Measuring Tool for Company Financial Performance at PT. Astra International Tbk based on the preceding context.

Definition of Cash

According to (Maruta, 2017), cash "is a measurement tool for every financing activity in the exchange of goods and services for every business activity that requires settlement using a medium of exchange." Considering that cash is the standard means of exchange, nearly all firm activities involve currency, either directly or indirectly.

Definition of Cash Flow Statement

According to the Indonesian Accounting Standards, the cash flow statement "is inseparable from other financial statements since it is an intrinsic part of the financial statements. The cash flow statement also gives information to parties with an interest in future events" (Meisari, 2019).

Definition of Cash Flow Ratio

Cash flow ratio or *cash flow ratio* "is a mathematical equation used to determine the financial condition of a business, cash flow ratios are very helpful when attempting

to comprehend the company's profits and losses, one of the financial analyses using cash flow statement information is cash flow ratio analysis and balance sheet components, and profit and loss as information in ratio analysis" (Herry, 2015).

Financial Performance

Financial performance "is one of the means by which management can meet its duties to investors and achieve the company's goals" (Ratningsih, 20117). Financial performance has the aim of knowing the company's financial success, especially the liquidity conditions, capital adequacy, and profitabilitas achieved in the year (Jumingan, 2014).

RESEARCH METHODS

The research methodology employed in this method is descriptive quantitative research. This research aims to examine PT. Astra International Tbk's cash flow ratio as a measure of the company's financial performance for the period 2018-2021. This research provided use of secondary data, mainly information gathered from the official website of the Indonesia Stock Exchange's records or archives.

The participants of this research is PT. Astra International Tbk.

RESULTS AND DISCUSSION

Result

- a. Ratio of Operating Cash Flow To Current Liabilities

Table 4.2

The ratio of operating cash flow to current liabilities

Year	Operating Cash Flow	Current Obligations	Ratio
2018	Rp27.692.000.000	Rp116.467.000.000	0,24
2019	Rp19.175.000.000	Rp99.962.000.000	0,2
2020	Rp37.683.000.000	Rp83.768.000.000	0,45
2021	Rp38.252.000.000	Rp103.778.000.000	0,37

Current Obligations

PT. Astra International Tbk's current liability ratio has been poor, as the company has not been able to pay off its current obligations using operating cash flow alone, as demonstrated by the fact that the current liability ratio for the years 2018 to 2021 is less than the standard ratio of 1, which is an early indicator of the company's insolvency. Low operating cash flow receipts and large current obligations led to this decline.

b. Operating Cash Flow To Interest Ratio

Table 4.3

The ratio of operating cash flow to interest

Year	Operating Cash Flow	Cash Flower	Tax	Ratio
2018	Rp27.692.000.000	Rp105.000.000.000	Rp7.623.000.000	1,35
2019	Rp19.175.000.000	Rp130.000.000.000	Rp7.433.000.000	1,20
2020	Rp37.683.000.000	Rp135.000.000.000	Rp3.170.000.000	1,30
2021	Rp38.252.000.000	Rp139.000.000.000	Rp6.764.000.000	1,32

Source : processed data (2022)

From the calculations above, it can be concluded that the ratio of cash flow to interest at PT. Astra International Tbk from 2018 to 2021 is over 1, meaning that interest expenses may be paid without waiting for the collection of receivables because operational cash is readily available.

c. Ratio of Operating Cash Flow To Capital Expenditure

Table 4.4

Ratio of operating cash flow to capital expenditures

Year	Operating Cash Flow	Cash Capital Production	Ratio
2018	Rp3.523.000.000	R57.733.000.000	0,1
2019	Rp62.337.000.000	Rp62.337.000.000	0,31
2020	Rp37.683.000.000	Rp59.230.000.000	0,63
2021	Rp38.252.000.000	Rp55.349.000.000	0,7

Source: processed data (2022).

The calculation above demonstrates that PT. Astra International Tbk's capital expenditure ratio is still unfavorable, since the total debt ratio for 2018-2021 is less than

1, showing that the company lacks the financial resources to pay for its capital expenditures. Therefore, the corporation must seek out activities outside of its typical operations, such as investing for the expansion of the business or the company's continued existence.

d. Ratio of Operating Cash Flow to Total Debt

Table 4.5

The ratio of operating cash flow to total debt

Year	Operating Cash Flow	Total Debt	Ratio
2018	Rp27.692.000.000	Rp170.348.000.000	0,16
2019	Rp19.175.000.000	Rp165.195.000.000	0,013
2020	Rp37.683.000.000	Rp142.749.000.000	0,27
2021	Rp38.252.000.000	Rp151.696.000.000	0,03

Source : processed data (2022)

The preceding calculation demonstrates that PT. Astra International Tbk's ratio of total debt is still unfavorable, since the ratio of total debt in 2018-2021 is less than 1, with the highest value in 2020. Consequently, it may be concluded that PT. Astra International Tbk has not been able to pay off all of its debts using cash flows generated by its normal operational activities; therefore, the firm has at least one source of cash flow sufficient to settle its debts. This decline was caused by a decline in operating cash flow collections, followed by significant capital expenditures.

e. Ratio of Operating Cash Flow To Net Profit

Table 4.6

The ratio of operating cash flow to net profit

Year	Operating Cash Flow	Net Profit	Ratio
2018	Rp27.692.000.000	Rp27.372.000.000	1,01
2019	Rp19.175.000.000	Rp26.621.000.000	0,72
2020	Rp37.683.000.000	Rp18.571.000.000	2,03
2021	Rp38.252.000.000	Rp25.586.000.000	1,5

Source : processed data (2022)

The calculation above demonstrates that PT's net profit ratio is above average. The performance of Astra International Tbk in 2018-2021 is deemed to be fairly strong, since there are three years with a ratio more than one. As a result, the company can effectively manage its operations and generate a small profit. This decline was caused by the high selling price and distribution costs.

Therefore, the results of the research of the five cash flow ratios listed above are deemed unfavorable, as the values that are above the standard ratio of 1 are only 2 ratios and those that are below it are 3 ratios. It indicates that PT. Astra International Tbk's financial performance is categorized as poor because it is unable to effectively manage its cash flow, resulting in an insufficient turnover between cash in and cash out.

CONCLUSION

The following conclusions are drawn from the cash flow ratio analysis conducted on PT. Astra International Tbk between 2018 and 2021.

1. PT. Astra International Tbk has a poor ratio of current liabilities to operating cash flow; as a result, it has been unable to meet its current obligations using only operating cash flow.
2. The ratio of operating cash flow to interest at PT. Astra International Tbk demonstrates a high ratio figure, which is above 1, demonstrating that it is not necessary to be, and therefore, it can pay straight without waiting for the collection of receivables, to meet interest costs.
3. The ratio of PT. Astra International Tbk's operating cash flow to capital expenditure indicates that the company lacks the ability to pay for its capital expenditures.
4. The operating cash flow to total debt ratio at PT. Astra International Tbk is still unfavorable because the total debt ratio for the years 2018 to 2021 is below 1, which means the firm hasn't been able to cover all of its debts with cash flows from ongoing operations.
5. Even if its profits are modest, PT. Astra International Tbk can manage its business effectively, as seen by the operating cash flow to net income ratio.

SUGGESTIONS

1. PT. Astra International Tbk to further increase the company's cash, especially in operations which is the company's main activity and reduce the amount of debt so that in the future the company's cash flow will increase.
2. PT. Astra International Tbk needs to increase the search for additional funds which can come from marketing and investment activities that can provide additional cash balances in the company.

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