



LIQUIDITY RATIO AND PROFITABILITY RATIO ANALYSIS IN ASSESSING FINANCIAL PERFORMANCE

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Abstract

The research conducted by the author aims to find out the causes of the decline in liquidity ratios, to find out the causes of the decline in profitability ratios, and to find out and analyze financial performance as measured by liquidity ratios and profitability ratios in PT companies. Garuda Indonesia, Tbk. The research approach uses a descriptive approach, with the object of research seen from the financial statements of PT. Garuda Indonesia in 2013-2018. Where in this study it was carried out by analyzing financial performance carried out with liquidity ratios and profitability ratios. The results showed that the cause of the decrease in the liquidity ratio in PT. Garuda Indonesia occurs due to the low number of company assets and the amount of debt that must be paid immediately, even the company's debt exceeds the amount of company assets, the cause of the decrease in the profitability ratio of PT. Garuda Indonesia occurred due to losses incurred in the company due to the company's inability to manage both revenue, total assets and total company equity. The financial performance of PT. Garuda Indonesia during the period 2013 to 2018 was judged from the liquidity ratio said to be liquid or not good, the financial performance of PT. Garuda Indonesia during the period 2013 to 2018 was judged by the profitability ratio in poor manner.

Keywords: *Liquidity Ratio, Profitability Ratio, Financial Performance*

1. INTRODUCTION

Liquidity ratios and profitability ratios are important in measuring the company's financial performance, because liquidity ratios are carried out to measure the level of the company's ability to meet its short-term debt, while the profitability ratio is carried out to measure the level of the company's ability to make a profit on the management of assets owned by the company.

This research has been conducted by previous researchers, where previous researchers discussed financial performance analysis based on financial ratios. Researchers (Hafiz & Wahyuni, 2018) with the results of this study show that the liquidity ratio, activity ratio and profitability ratio can be said to be less good because the gammu ratio decreases while the company's leverage ratio can be said to be good because it has decreased.

2. RESEARCH METHODS

The descriptive approach is to hold data collection and data analysis activities aimed at making descriptive, describing and explaining and the relationship between the phenomena investigated. Descriptive research in this study was conducted to find out the financial ratio assessed from the financial statements of PT. Garuda Indonesia and measured in terms of liquidity and profitability of the company.

3. RESULTS AND DISCUSSION

The cause of the decrease in the liquidity ratio in PT. Garuda Indonesia occurs due to the low number of company assets and the amount of debt that must be paid immediately, even the company's debt exceeds the amount of company assets. The cause of the decline in the profitability ratio in PT. Garuda Indonesia occurred due to losses incurred in the company due to the company's inability to manage both revenue, total assets and total company equity.

The financial performance of PT. Garuda Indonesia during the period 2013 to 2018 was judged from the liquidity ratio, namely the current ratio is said to be illiquid or not good. This means that the company has not been able to fulfill or pay its term obligations with its current assets. As for the quick ratio, it



is said to be illiquid or not good. This means that the company has not been able to fulfill or pay its short-term obligations with the smoothest assets owned. And the cash ratio is categorized as illiquid or not good.

This means that the company has not been able to fulfill or pay its short-term obligations with its cash. And the financial performance of PT. Garuda Indonesia during the period 2013 to the period 2018 was judged from the profitability ratio, namely the net profit margin ratio in not good, this happened because the company in the state of loss and the company is less able to manage operating income in order to increase company profits, return on investment is not good, this happens because the company is in a state of loss and the company is not able to manage total assets in order to increase company profits and return on equity is not good, this happens because the company is in a state of loss and the company is not able to manage total assets in order to increase company profits and return on equity is not good, this happens because the company is in a state of loss losses and the company is less able to manage capital in order to increase company advantages.

4. CONCLUSION

The cause of the decrease in the liquidity ratio in PT. Garuda Indonesia occurs due to the low number of company assets and the amount of debt. The cause of the decline in the profitability ratio in PT. Garuda Indonesia occurred due to losses incurred in the company due to the company's inability. The financial performance of PT. Garuda Indonesia during the period 2013 to 2018 was judged from the liquidity ratio, namely the current ratio is said to be illiquid or not good.

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