

ANALYSIS OF CASH FLOW STATEMENTS TO ASSESS FINANCIAL PERFORMANCE IN TELECOMMUNICATIONS COMPANIES ON THE INDONESIA STOCK EXCHANGE

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Abstract

Companies must observe and analyze company performance in order to survive, one of which is by analyzing financial performance from the financial side of the financial statements. One way to measure a company's performance level is to use a cash flow statement. Research on the performance of a company can be done by analyzing two aspects, namely financial performance and non-financial performance. Financial performance can be seen through financial report data. This study aims to determine the financial performance of telecommunications companies using cash flow statements. The analytical method used in this research is descriptive qualitative. The results of this study state that the average with the highest turnover rate from the results of the calculation of all cash flow statement ratios is PT. Telekomunikasi Indonesia Tbk (TLKM), where this can be seen from all the results of the calculation of the ratio of cash flow statements which are shown through the turnover results and percentages from PT. Telekomunikasi Indonesia Tbk (TLKM). Improving the company improves company performance by reducing the amount of debt and increasing operating cash flow.

Keyword : *Cooperative cash flow, Financial Performance, Indonesian Stock Exchange*

1. INTRODUCTION

Financial statements are the object of analysis of financial statements. Therefore, understanding background of the preparation and review of financial statements is a very important rarity before analyzing the financial statements themselves. Analyzing the financial statements themselves. As we know that the financial field is a very important field in a company. Very important in a company. Both in companies that are large or small in scale, or both profit motive and non-profit motive will have enormous attention in the financial sector, especially in the development of more efficient operations so as to continuously improve ability to compete for the survival of the company. The cash flow statement in a company is presented to provide information about cash such as management, creditors, and investors, especially about the company's cash in a certain period. Cash flow statement as an inseparable part of the company's financial statements presents data on the company's cash position from operating, investing, and investing activities. company's cash from its operating, investing, and financing activities. Some previous research states that the cash flow statement has information content that is useful for investors. Cash flow statement is useful internally for company management and externally for investors, government, and society. For internal companies by analyzing the cash flow statement, management will know whether the policies carried out are going well in the company's management. Management will know whether the policies carried out are going well in terms of obtaining and using cash in a certain period in a certain period. As for the company's external

parties, the information in this cash flow statement will help investors, creditors, and the public. Will help investors, creditors, and other parties in assessing various aspects of the company's financial position. financial position of the company.

The phenomenon that occurs at this time, investors are more likely to see the company's performance from the level of net profit generated. The level of net profit generated. As we know, other investors can be used by investors to assess the company's performance in generating cash. To assess the company's performance in generating cash received, whether more is generated by the company's main operating activities or more supported by the company's financial position. Main operating activities or more supported by the company's investment and funding activities. Difficulty the company to generate cash can cause the company to doubt the sustainability of the company's business. The company may experience bankruptcy. This can be an indicator of how management evaluation related to the company's efforts in achieving the previously set goals. For investors by see the company's ability to generate cash for operating activities, it can be a consideration regarding related to choosing which company will be the place they invest in and for owners with an interest in the provability of the capital investment. with the provitability of the capital investment invested.

2. LITERATURE REVIEW

2.1. Cash and Cash Equivalents

Prastowo (2015: 30), defines cash as the most useful fund concept, because the decisions of investors, creditors, and other parties are focused on assessing future cash flows. investors, creditors, and other parties are focused on assessing future cash flows. The company will. The company will utilize idle cash by investing it in short-term investments that are highly liquid. This notion of cash also includes the notion of cash equivalents. Cash consists of cash balances (cash on hand) and cash in the bank in the form of bank accounts. in the bank in the form of a checking account or current account (cash in bank). Cash equivalents are investments that are that are highly liquid, short-term and that can quickly be turned into a certain amount of cash without facing risks that are quickly without facing the risk that can quickly be used as cash in a certain amount without facing the risk of significant changes in value. significant change in value. Meanwhile, cash flow is the inflow and outflow of cash and cash equivalents (outflow) of cash and cash equivalents. Cash flow does not include *mutasi* between items included in cash and cash equivalents. cash equivalents. Cash equivalents are usually held for the purpose of meeting short-term commitments and not for investment or other purposes. Investment or other purposes. An investment may only qualify as a cash equivalent if it has an immediate maturity of three months or less. maturity within three months or less from the date of acquisition.

2.2. Financial Report

Financial statements are a report (financial statement) will be more useful for decision making, if with the information of the financial statements can be predicted what will happen. Will be more useful for decision making, if with the information of the financial statements can be predicted what will happen in the future. Occur in the future. The Indonesian Institute of Accountants (IAI) (2015: 2) defines financial statements as a structured presentation of the financial position and financial performance of an entity. Financial statements are a structured presentation of the financial position and financial performance of an entity. This report displays the history of the entity which is quantified in monetary values. Kieso, Weygant, and Warfield (2014: 5), define financial statements as a set of accounting reports prepared to meet user needs. Financial statements are accounting reports that are prepared to meet the needs of users (users of financial statements), both internal and external, of accounting / financial information.

Users, both internal and external, of the company's accounting/financial information.

Financial statements consist of an income statement income statement, statement of changes in capital, balancesheet, cash flow statement for parties who have an interest in a company is very necessary to know the financial condition of the company. For parties with an interest in a company, it is very necessaryto know the company's financial condition. The financial condition of a company will be known from the accounting information presented in the form of financial statements of the company concerned.The company concerned.

2.3.Cash Flow Statement

The cash report shows a process of mobilizing cash funds in and out of a company. Which is preparedto show changes in cash during one period. The cash flow statement estimates the need for cash and possible sources available to the company in planning and forecasting future cash needs. and forecasting future cash needs (cashflow). Martani (2015: 396), defines the cash flow statement as a cash flow report is a report that can help users of financial statements to analyze cash flows. Can help users of financial statements to analyze the durability and sustainability of the company. In addition, the cash flow statement can show the ideal condition of cash that the company should have, based on the company's development stage. stage of the company's development. The cash flow statement shows changes in the position of the value of cash derived from operating, investing, and financing activities as a result of transactions carried out by the company during a certain period andthe cash flow statement shows the changes in the position of cash values derived from operating, investing, and financing activities. transactions carried out by the company during a certain period and the cash flow statement provides information about cash inflows and outflows of the company. And cash outflows of the company. Martani (2015: 383), defines the purpose of the cash flow statement as "the cash flow statement aims to provide information about changes in cash flows froman operating activity, investment, and financing. Provide information about changes in cash flow from an entity during a direct period ". In detail, this cash flow statement helps users of financial statements

2.4.Previous Research

Astuti (2010) on the Analysis of Financial Performance Assessment Using a Ratio Approach (Case at PT. Unilever Indonesia Tbk). The method used is descriptive qualitative. The results can be known as follows, seen from the overall financial ratio (liquidity ratio, solvency, profitability, activity) the assessment of the financial performance of PT Unilever Indonesia Tbk is still not good. While seen from the comparison of financial ratios with the industry average financial performance of PT. Unilever Indonesia Tbk. from 2006-2008 can be said to be good. Kertahadi and Yaningwati (2015) regarding Analysis of Company Financial Performance (Comparison of the Use of Financial Ratio Analysis and Du Pont System Analysis). Use of Financial Ratio Analysis and Du Pont System) (Study on Pt. Unilever Indonesia, Tbk And Subsidiaries Companies Listed on the Indonesia Stock Exchange for the Period 2007-2013). The method used is descriptive qualitative. The results of the company's financial performance which tends to increase and is above the industry average are in the results of profitability ratios and Du Pont system. The results of the company's financial performance which tends to increase and is above the industry average are in the results of the profitability ratio and activity ratio, while the liquidity and leverage ratios show results that are not yet optimal. Based on the results of the du point system, the development of the level of performanceof financial companies is seen from the achievement of ROE which increases every year.

Seen from the achievement of ROE which increases every year which is largely influenced by the level of ROI (the result of from the calculation of npm and tattoo) and the existence of leverage elements, it can be concluded that the company's financial performance conditions are in good condition.financial performance condition of the company in good condition. Kimasari (2010) on the Effect of Cash Flow on the Liquidity of the Consumer Goods

Industry Which Listed on the Indonesia Stock Exchange for the Period 2009-2011. The method used is descriptive qualitative. The results showed that cash flow affects liquidity and investment has a negative impact on the liquidity of the consumer goods industry. Negative impact on the liquidity of the consumer goods industry.

3. RESEARCH METHODS

3.1. Descriptive Qualitative

The type of research used in this research is descriptive qualitative research. Research descriptive research, namely by collecting data, compiling, interpreting and analyzing so as to provide clear and objective conclusions about the existing problems. Clear and objective conclusions on existing problems. (Sugiyono, 2012: 220)

3.2. Literatur Riview

Literature review is a systematic, explicit and reproducible method for identifying, evaluating and synthesizing research works and thoughts that have been produced by researchers and practitioners.

4. RESULTS AND DISCUSSION

4.1. Data Source

The data source used in this research is secondary data. Secondary data is obtained from data and information relevant to the research, namely in the form of data on the financial statements of Telecommunication companies posted on the official website of the Indonesia Stock Exchange. Which is posted on the official website of the Indonesia Stock Exchange. Secondary data is a data source that is obtained not directly from the object of research but from intermediaries providing data to data collectors (Sugiyono, 2012: 225).

4.2. Research Procedure

The research procedure is the application of the system using the research stages related to the problem under study. Related to the problem under study, these stages are:

1. Identifying significant problems to be solved through descriptive analysis methods.
2. Formulate clear problems, determine the objectives and benefits of research
1. Collect data and information regarding the Financial Statements of telecommunications companies listed on the official IDX website from 2015 to 2018. On the IDX official website from 2015 to 2018.
2. Analyzing financial statements based on ratio analysis
3. Making conclusions
4. Providing advice for the telecommunications companies under study

4.3. Data Analysis Technique

In analyzing the authors use the type of research using descriptive research, namely collecting data is compiled, interpreted and analyzed so as to provide clear and objective conclusions to the existing problems, namely regarding the cash flow statement to assess Indonesia's financial performance. Objective to the existing problem, namely regarding the cash flow statement to assess Indonesia's overall financial performance from 2015 to 2018. As a whole from 2015 to 2018. In analyzing researchers using a formula that will be described as follows.

Table 1. Ratio Analysis Table

No	Ratio	Fomula
1	Operating Current Ratio	$\frac{\text{Operating Cash Flow}}{\text{Current Liabilities}}$
2	Ratio of Operating Cash Flow to Interest	$= \frac{\text{Operating Cash Flow} + \text{Interest} + \text{Tax}}{\text{Interest payment}}$
3	Capital Expenditure Ratio	$\frac{\text{Operating Cash Flow}}{\text{Capital Expenditure}}$
4	Total Debt Ratio	$= \frac{\text{Operating Cash Flow}}{\text{Total Amount of debt}}$
5	Ratio of Cash Flow to Net Income	$\frac{\text{Operating Cash Flow}}{\text{Net profit}}$

Source: Basic Theory, 2019

Table 1 is a ratio analysis formula used in analyzing financial statements in this study. This study, namely the Operating Cash Flow Ratio, the Operating Cash Flow to Interest Ratio, the Capital Expenditure Ratio, the Total Debt Ratio, the Cash Flow to Net Income Ratio, and the Cash Flow to Net Income Ratio. Capital Expenditure Ratio, Total Debt Ratio, Cash Flow to Net Income Ratio.

Ratio Table 2. Ratio Analysis Results

No	Company	Ratio	Rotation	Year
1	Axiata Tbk (EXCL)	Operating Cash Flow Ratio	5.67	2017
		Cash coverage ratio to interest	62	2018
		Capital expenditure ratio	38.12	2017
		Total Debt Ratio	2.48	2017
		Cash flow to net income ratio	25.29	2016
2	artfren Telecom Tbk (FREN)	Operating cash flow ratio	2.54	2017
		Cash Coverage Ratio to Interest	32.60	2017
		Capital Expenditure Ratio	0.58	2017
		Total Debt Ratio	1.09	2017
		Cash flow to net income ratio	25.29	2016
3	Indosat Tbk (ISAT)	Operating cash flow ratio	1.67	2017
		Cash Coverage Ratio to Interest	14.31	2017
		Capital Expenditure Ratio	13.60	2017
		Total Debt Ratio	0.75	2017
		Cash flow to net income ratio	20.89	2017
4	Telekomunikasi Indonesia Tbk (TLKM)	Operating cash flow ratio	4.07	2015
		Cash Coverage Ratio to Interest	6.59	2018
		Capital Expenditure Ratio	8.80	2017
		Total Debt Ratio	2.16	2016
		Cash flow to net income ratio	7.14	2018

Source: Processed Data 2017

4.4.DISCUSSION

Operating Cash Flow Ratio

The operating cash flow ratio calculates the ability of operating cash flow to pay current liabilities. This ratio is obtained by dividing operating cash flow by current liabilities, and based on the results of the study, the operating cash flow ratio is obtained by dividing operating cash flow by current

liabilities. Telecommunications companies in particular. In the calculation of the current ratio during 2015 - 2018. At Companies engaged in Telecommunications, it can be seen that there is an increase in cash flow in terms of paying current liabilities. Turnover in terms of paying current liabilities using operating cash, here it can be seen that even though there is a small increase in paying its current liabilities every year, the Telecommunications companies in this study, namely PT. This research is PT XL Axiata Tbk (EXCL), PT Smartfren Telecom Tbk (FREN), PT Indosat Tbk (ISAT), and PT Telekomunikasi Indonesia Tbk (TLKM). Where is the turnover resulting from the calculation of the company's operating cash flow ratio in paying the company's liabilities? operating cash flow ratio in paying the company's obligations shows a good turnover for each company in this study, and PT. companies in this study, and the company PT Telekomunikasi Indonesia Tbk (TLKM) is the one that shows a very good increase in the ratio of operating cash flow shows a very good increase in operating cash flow ratio. As well as for the lowest turnover rate is PT. The lowest turnover rate is PT Smartfren Telecom Tbk (FREN)

Cash to Interest Coverage Ratio

This ratio is used to fulfill the company's ability to pay interest or existing debt. Already exists. This ratio is obtained by cash flow from operations in addition to interest payments, and tax payments divided by interest. Divided by interest. From table 2, it states that there is a turnover that is not so significant and stable in its increase, but it shows that the companies are not so stable. Increase but it shows that the Telecommunication companies in the table are not so significant and stable. penelitian ini yaitu PT. XL Axiata Tbk (EXCL), PT. Smartfren Telecom Tbk (FREN), PT. Indosat Tbk (ISAT), dan PT. Telekomunikasi Indonesia Tbk (TLKM) menunjukkan perputaran yang di hasilkan dari perhitungan rasio cakupan kas terhadap bunga perusahaan dalam membayar kewajiban perusahaan menunjukkan perputaran yang baik setiap tahunnya bagi perusahaan-perusahaan dalam penelitian ini, dan untuk PT. Telekomunikasi Indonesia Tbk (TLKM) merupakan yang menunjukkan peningkatan yang sangat baik dan stabil dalam rasio cakupan kas terhadap bunga dan yang paling rendah adalah PT. Smartfren Telecom Tbk (FREN)

Capital Expenditure Ratio

This ratio is used to measure capital available for investment and repayment of existing debt. This ratio is obtained by operating cash flow divided by capital expenditure. Can be seen in table 2 The table states that where the turnover generated by the calculation of the ratio of telecommunications companies shows a significant increase every year, although it is small. Telecommunication companies show a significant increase every year, although small the company is still able to pay existing debt. And the company that shows Telekomunikasi Indonesia Tbk (TLKM) where every year the company shows an increase in turnover. the company shows an increase in turnover which is quite good so that the company is still able to pay its existing liabilities or debts. Able to pay existing obligations or debts. As well as for the lowest turnover in the calculation of the capital expenditure ratio is PT Smartfren Telecom Tbk (FREN) where every year the turnover generated through the capital expenditure ratio is quite good. The turnover generated through the capital expenditure ratio always decreases and is unstable.

Total Debt Ratio

This ratio shows the period of debt repayment by the company assuming all operating cash flow is used to pay debt. This ratio is obtained from operating cash flow divided by total debt. Table 2 shows that the Telecommunication companies examined in this study, namely PT. XL Axiata Tbk (EXCL), PT. Smartfren Telecom Tbk (FREN), PT. Indosat Tbk (ISAT), and PT. Telekomunikasi Indonesia Tbk (TLKM) Shows a fairly good average percentage level in increasing every year. This is indicated by the annual percentage value of these telecommunication

companies which shows a good increase even though it is not as good as the annual percentage value. Companies that show a good increase even though it is not too high every year and the company that shows the best turnover rate. Show the best turnover rate is. PT Telekomunikasi Indonesia Tbk (TLKM) and the lowest is PT Smartfrenze. Smartfren Telecom Tbk (FREN). Cash Flow to Net Income Ratio This ratio shows how far actual accounting adjustments and assumptions affect the calculation of net income. This ratio is calculated as the result between operating cash flow net income. Can be seen in table 2 which states that the percentage of net income received by telecommunications companies in this study, namely PT. Telecommunications companies in this study, namely PT. XL Axiata Tbk (EXCL), PT. Smartfren Telecom Tbk (FREN), PT. Indosat Tbk (ISAT), and PT Telekomunikasi Indonesia Tbk (TLKM).

Based on the calculation of the cash flow ratio to net income shows that there is an increase in the percentage of net income every year, this is stated by the average value of the percentage obtained through the ratio of cash flow to net income. With the average percentage value obtained through the calculation of the ratio of cash flow to net income, and the company that shows the percentage level in the calculation of cash flow to net income. Companies that show the percentage level in the calculation of the ratio of cash flow to net income are Telekomunikasi Indonesia Tbk (TLKM) and the lowest is PT Smartfren Telecom Tbk (FREN).

5. CONCLUSION AND SUGGESTION

5.1. CONCLUSION

From the results of the analysis of the cash flow statement ratio that has been carried out, the following is the conclusion of the performance results of Telecommunications Companies for a period of 4 years, namely from 2015 - 2018. In calculating the cash flow statement ratio in Telecommunications Companies, namely PT. XL Axiata Tbk (EXCL), PT. Smartfren Telecom Tbk (FREN), PT. Indosat Tbk (ISAT), and PT. Telekomunikasi Indonesia Tbk (TLKM), found that:

1. The average turnover rate from the results of calculating all cash flow ratios with the highest is PT. Telekomunikasi Indonesia Tbk (TLKM), where this can be seen from all the results of calculating the ratio of cash flow statements which are shown through the turnover results and percentages from PT. Telekomunikasi Indonesia Tbk (TLKM).
2. Then the one with the lowest turnover from the calculation results of all cash flow statement ratios is PT. Smartfren Telecom Tbk (FREN), where from the calculation of the cash flow ratio, the average turnover generated by PT. Smartfren Telecom Tbk (FREN) is the lowest among other telecommunications companies examined in this study

5.2. SUGGESTIONS

Telecommunication companies should further improve company performance by reducing the amount of debt and increasing operating cash flow debt and increasing operating cash flow. If the company further improves this and tries to fix these problems, then surely in the next year the company's performance will be much better.

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