

Ratio Analysis of the Financial Report of the Republic of Indonesia Employee Cooperative Ihsan Office of the Ministry of Religion Banjarmasin City

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Abstract

The Republic of Indonesia Ihsan Employee Cooperative at the Banjarmasin City Ministry of Religion Office is an economic entity that plays an important role in providing financial and social services to its members. Performance evaluation has significant benefits for the Republic of Indonesia Ihsan Employee Cooperative. The main objective is to assess the level of success of this bank. Quantitative data research using a descriptive approach. Data and data sources come from the annual financial report of the Republic of Indonesia Ihsan Employee Cooperative for 2018-2022. Data collection used in research is documentation. The data analysis techniques used are liquidity ratios, solvency ratios, profitability ratios and activity ratios. The profit and loss report as of December 31 for 2018-2022 experienced fluctuations in the financial statements. The liquidity ratio, solvency ratio, and activity ratio of the Republic of Indonesia Ihsan Employee Cooperative for the Ministry of Religion of Banjarmasin City for five years can be said to be good according to industry standards, while the profitability ratio is not yet efficient because the return on assets and return on equity produced are low.

Keywords -Ratio Analysis, Financial Reports, Financial Performance

INTRODUCTION

The Republic of Indonesia Ihsan Employee Cooperative at the Banjarmasin City Ministry of Religion Office is an economic entity that plays an important role in providing financial and social services to its members (Muhaimin dkk., 2023). This cooperative operates in the savings and loan services sector. In its operations, the Ihsan Republic of Indonesia Employee Cooperative offers two main types of services: cash bailout and waserda business. Waserda's business includes providing consumption/basic necessities, credit for electronic goods and convection, Cooperative Savings (Takop), STNK and vehicle tax processing services, telephone bill payment services, PLN and PDAM, travel agency, and consignment (Hidayat dkk., 2023; Hidayatullah dkk., 2024). The Ihsan Republic of Indonesia Servants Cooperative has around 700 members, including active and retired Civil Servants (PNS). Cooperative members must meet certain requirements before they can take withdrawals of their money. Three main pillars support Indonesia's economic structure: cooperatives, state-owned companies (BUMN), and private-owned companies (BUMS) (Saragih, 2014, p. 1).

Cooperatives have a significant role in encouraging growth economy. The savings and loan cooperative model is a meaningful option for the community to obtain funds to improve the quality of life, meet needs daily, and develop the business. In fact, the savings and loan approach is deep. Cooperatives can also be an attractive alternative for allocating funds or invest (Nurhakim, 2020, hlm. 1; Purnomo & Maulida, 2023).

The profit and loss report as of December 31 for 2018-2022 experienced fluctuations in the annual financial report, including income, operating expenses and remaining operating results. In 2020, revenues increased, but operational expenses fluctuated in the profit and loss report, so it is important to evaluate financial performance so that financial trends continue to provide satisfactory results in the coming year.

Year	Income Statement		
	Income	Operational Expenses	SHU
2018	1.131.176.143,16	727.052.315,43	404.123.827,73
2019	1.260.893.653,16	756.326.559,88	504.567.093,28

Year	Income Statement		
	Income	Operational Expenses	SHU
2020	1.446.472.934,10	814.310.902,90	632.167.031,20
2021	1.173.787.495,17	733.469.617,77	440.317.877,40
2022	1.174.436.542,45	751.599.759,91	422.836.782,51

Table 1. Profit and Loss Report as of 31 December 2018-2022

Performance evaluation has significant benefits for the Republic of Indonesia Ihsan Employee Cooperative. The main objective is to assess the level of success of this financial institution. The results of this evaluation are also used as a basis for further development of the cooperative. In addition, this evaluation becomes an important reference for decision making and assessment of financial activities by the management during a certain period, with the aim of making necessary improvements for the future (Faridah dkk., 2023; Syaugi & Rahmah, 2021).

The fluctuating profit and loss report of the Republic of Indonesia Ihsan Employees' Cooperative made the author interested in researching financial ratio analysis. Therefore, this research is intended to find out how the financial performance of the Republic of Indonesia Ihsan Employee Cooperative is by using financial ratio analysis.

RESEARCH METHODS

This research is quantitative data research using a descriptive approach (Mubarak dkk., 2023). Data and data sources come from the annual financial report of the Republic of Indonesia Ihsan Employee Cooperative for 2018-2022. Data collection used in research is documentation (Sujarweni, 2022, p. 187). The data analysis techniques used are liquidity ratios, solvency ratios, profitability ratios and activity ratios. The formulas for this ratio are as follows:

1. Liquidity ratio

a. Current ratio

$$\text{current ratio} = \frac{\text{current assets}}{\text{current liabilities}}$$

b. Quick ratio

$$\text{quick ratio} = \frac{\text{current assets} - \text{inventory}}{\text{current liabilities}}$$

2. Solvency ratio

a. Debt to assets ratio

$$\text{debt to assets ratio} = \frac{\text{total debt}}{\text{total assets}}$$

b. Debt to equity ratio

$$\text{current ratio} = \frac{\text{total debt}}{\text{equity}}$$

3. Profitability ratio

a. Return on assets

$$\text{return on assets} = \frac{\text{net profit}}{\text{total assets}}$$

b. Return on equity

$$\text{return on equity} = \frac{\text{earning after interest and tax}}{\text{equity}}$$

4. Activity ratio

a. fixed assets turnover

$$\text{fixed assets turn over} = \frac{\text{sales}}{\text{total fixed assets}}$$

b. Total assets turnover

$$\text{total assets turn over} = \frac{\text{sales}}{\text{total assets}}$$

RESULTS

In this research, only financial ratio analysis is used to assess the financial performance of cooperatives. The selected ratios include liquidity, solvency, profitability and activity. The liquidity ratio evaluates the cooperative's ability to meet short-term obligations, while the solvency ratio measures the ability to meet long-term obligations. The profitability ratio

assesses the cooperative's ability to generate profits, while the activity ratio is used to evaluate the effectiveness of resource use and the level of financing through debt. These four ratios are considered the most effective in measuring cooperative financial performance.

The following is a summary of the financial report data needed to calculate liquidity ratios, solvency ratios, profitability ratios and activity ratios. Sourced from the balance sheet, profit and loss report, and cash flow report.

Balance Sheet	Year				
	2018	2019	2020	2021	2022
Fixed assets	7.617.231.198,24	8.893.542.867,42	9.867.677.811,99	10.311.848.254,77	10.609.607.883,19
Total assets	7.617.231.198,24	8.893.542.867,42	9.867.677.811,99	10.311.848.254,77	10.609.607.883,19
Equity Amount	5.709.054.036,88	6.545.286.264,98	7.306.859.623,56	7.562.881.050,00	7.990.995.031,61
Amount of Liabilities	1.908.177.161,36	2.348.256.602,44	2.560.818.188,43	2.748.967.204,77	2.618.612.851,58
Net Profit	404.123.827,73	504.567.093,28	632.162.031,20	440.317.877,40	422.836.782,54
Sale	697.483.300,00	646.129.148,00	582.544.710,00	414.592.675,00	478.859.400,00
Supply	40.771.378,00	40.278.177,00	30.040.248,00	30.620.678,00	38.496.926,00
Current Debt	1.908.177.161,36	2.348.256.602,44	2.560.818.188,43	2.748.967.204,77	2.618.612.851,58

Table 2. Balance sheet of the Republic of Indonesia Ihsan Employee Cooperative

Liquidity ratios measure a company's ability to pay short-term obligations and unexpected cash needs. The ratios used to assess this capability include the current ratio, quick ratio, current cash debt coverage ratio, collection turnover, and inventory turnover (Weygandt dkk., 1998, p. 829).

Liquidity ratios are important in assessing a company's ability to meet maturing short-term obligations as well as sudden cash needs. This ratio shows how well a company can meet its financial obligations without having to sell fixed assets or rely on external financing. Several ratios commonly used to measure liquidity capabilities include the current ratio, quick ratio, current cash debt coverage ratio, receivables turnover, and inventory turnover. The current ratio is a comparison between the company's current assets and current liabilities, It is a measure not only of the company's liquidity but also of the margin of safety that management maintains in order to allow for the inevitable unevenness in the flow of funds through the current asset and current liability accounts. If this flow were absolutely smooth and uniform (so that, for example, money coming in from customers each day

exactly equaled that day's maturing obligations), the requirements for such a safety margin would be small. Since a company rarely can count on such an even flow, it needs a supply of liquid funds to be assured of being able to pay its bills when they come due (Anthony dkk., 2004, p. 131–132).

The quick ratio measures a company's ability to meet its short-term obligations with its most liquid assets, such as cash and receivables, without having to rely on selling inventory. This ratio is more conservative than the current ratio because it does not include inventory in the calculation, considering that inventory may take longer to convert into cash. Acid test ratio one measure of a merchandiser's ability to pay its current liabilities (its liquidity) (Larson dkk., 2005, p. 193).

The solvency ratio (leverage ratio) is a ratio used to assess a company's ability to fulfill its long-term obligations. In other words, this ratio measures the extent of the company's liabilities compared to the assets it owns (Anshary dkk., 2023; Suartini & Sulistiyo, 2017). So in the solvency ratio, researchers use two ratios which are used in the analysis, including the debt to asset ratio measuring the proportion of cooperative assets financed by debt and the debt to equity ratio measuring the proportion of debt to equity owned by the cooperative.

Profitability ratios measure the company's income or successful performance during a certain period (Weygandt dkk., 1998, p. 833). So the profitability ratios in this research include return on assets and return on equity which gives an idea of how efficient cooperative management is in managing resources to generate profits, the return on equity helps in analysing the ability of a firm to realise an adequate return on capital invested by the equity shareholders. In order to compute this ratio, the net income after taxes is divided by total equity (Sharan, 2008, p. 351). Overall, profitability ratios play a role in assessing the financial health and operational performance of cooperatives.

Activity ratio measurement is carried out by comparing the level of sales with trade receivables, merchandise inventory, working capital (current assets), fixed assets, and total assets. Finding out management's ability to use and optimize owned assets is the main objective of the activity ratio (Hery, 2015, p. 210).

DISCUSSION

The relationship between liquidity ratios and company financial performance is very close. A high liquidity ratio indicates that the company has a good ability to meet its short-term obligations, which in turn reflects sound financial management. Conversely, a low liquidity ratio can signal higher financial risk, where the company may face difficulties in meeting its short-term obligations, which could lead to liquidity problems or even bankruptcy.

All ratios in this research each have a role that is easy to understand in research and these ratios can illustrate the calculation results in the table below. In fact, the results of the calculations for the last five years of the cooperative's financial reports will be answered from the explanation below this table.

Ratio	Year	2018	2019	2020	2021	2022	Explanation
Liquidity Ratio	CR	3.99	3.79	3.85	3.75	4.05	Good
	QR	3.97	3.77	3.84	3.74	4.04	Good
Solvency Ratio	DAR	0.25	0.26	0.26	0.27	0.25	Good
	DER	0.33	0.36	0.35	0.36	0.33	Good
Profitability Ratio	ROA	0.05	0.06	0.06	0.04	0.04	Not Good
	ROE	0.07	0.08	0.09	0.06	0.05	Not Good
Activity Ratio	FATO	5.68	5.67	5.27	3.71	4.89	Good
	TATTOO	0.09	0.07	0.06	0.04	0.05	Good

Table 3. Results of all ratio calculations

Based on the analysis of liquidity ratios in calculating the current ratio and quick ratio, it can be seen that in the last five years the financial performance of the Ihsan Republic of Indonesia Employees Cooperative has experienced fluctuations that are above industry standards. The higher the current ratio, the higher the profit movement. If the cooperative's current ratio is compared with the industry standard of 200% (2:1), it shows satisfactory performance for the company (Kasmir, 2018). If the quick ratio is higher. This increase indicates that the cooperative has better liquidity than before.

Based on the analysis of the solvency ratio in calculating the debt to assets ratio and debt to equity ratio, it can be seen that in the last five years the financial performance of the Ihsan Republic of Indonesia Employee Cooperative can be considered good because its debt to asset ratio is below 0.5. The higher the debt to asset ratio, the greater the possibility

that the company will experience difficulty paying its debts. Generally, companies should have a debt ratio of less than 0.5 (Hery, 2016, p. 166) and the Debt to Equity Ratio (DER) of the Ihsan Republic of Indonesia Employee Cooperative, Banjarmasin City Ministry of Religion Office, is always less than 0.5 during this period. The higher the DER, the smaller the owner's capital that can be used as collateral for debt. Generally, companies should have a DER of less than 0.5 (Thian, 2022, p. 82).

Based on the analysis of profitability ratios in calculating return on assets and return on equity, it can be seen that in the last five years the financial performance of the Ihsan Republic of Indonesia Employees Cooperative has not been efficient because a higher return on assets indicates a higher net profit from each unit of funds invested in total. asset. Conversely, a low return on assets indicates a lower net profit from each unit of funds invested in total assets (Thian, 2022, p. 111) and a high return on equity indicates a high net profit from each rupiah of funds invested in equity, while a low return on equity indicates a low net profit from each rupiah of funds invested in equity (Hery, 2016, p. 194).

Based on the analysis of activity ratios in calculating fixed assets turnover and total assets turnover, it can be seen that in the last five years the financial performance of the Ihsan Republic of Indonesia Employees Cooperative has utilized its assets optimally and made a large contribution to the capacity of all assets. Low fixed asset turnover means the company has excess fixed asset capacity, meaning fixed assets have not been utilized optimally to create sales (Hery, 2016, p. 186) and a larger total assets turnover ratio indicates more efficient use of all assets in generating sales, which are total asset sales assessed by sales volume (Harahap, 2018, p. 309).

From the results of the financial performance analysis using the financial ratio technique above, it can be said to be in accordance with sharia because the financial reports of the Ihsan Republic of Indonesia Employee Cooperative are in accordance with the Statement of Financial Accounting Standards. In the Islamic economy, everyone is required to work as optimally as possible with a high level of productivity and benefit the people (Thian, 2021, hlm. 4; Yuliani dkk., 2023). The financial reporting of the Republic of Indonesia Ihsan Employee Cooperative is also presented when distributing SHU every year, therefore transparency in sharia economics is not only an obligation, but also a priority that supports basic sharia principles such as justice, honesty and responsibility. By implementing

transparency, cooperatives not only fulfill sharia obligations but also create a healthier and more trustworthy business environment.

CONCLUSION

Based on the liquidity ratio, solvency ratio, and activity ratio of the Republic of Indonesia Ihsan Employee Cooperative Office of the Ministry of Religion Banjarmasin City in 2018, 2019, 2020, 2021, and 2022, it can be said to be good in accordance with industry standards, while the profitability ratio is not yet efficient because return on assets and return on the resulting equity is low.

For the Republic of Indonesia Ihsan Employee Cooperative at the Banjarmasin City Ministry of Religion Office, in financial analysis and operational evaluation, you can take action by reviewing financial reports to identify trends and variables that may cause a decrease in profitability, analyzing financial ratios such as net profit, financial ratios, and others to understand financial performance in more detail, reviewing operations and identifying whether there are operational inefficiencies or problems that could affect profitability, examining operational costs that can be optimized or reduced. For future researchers, they can discuss the financial system of the Republic of Indonesia Ihsan Employee Cooperative because the research results above only discuss financial performance.

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