

**ANALYSIS OF CASH FLOW STATEMENT TO ASSESS THE
COMPANY'S FINANCIAL PERFORMANCE
AT PT ASTRA INTERNATIONAL TBK.**

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Abstract

Companies must keep track of their financial health and performance in order to meet their objectives. Financial statements are used to examine a company's financial performance. Analyzing cash flow figures can be used to evaluate a company's financial performance. This is a descriptive study that employs quantitative approaches. The data used is secondary data from PT Astra International Tbk's annual report in the form of cash flow reports. Cash flow ratio analysis was utilized as an analytical approach. The operating cash flow ratio, capital expenditure ratio, cash coverage ratio to current liabilities, cash coverage ratio to net income, and total debt ratio were all considered in this study. The findings of the cash flow ratio calculation indicate that PT Astra International Tbk. has a poor financial performance.

Keywords: Financial Statements, Cash Flow Statements, Cash Flow Ratio, Financial Performance

1. INTRODUCTION

Companies must be able to compete in developing and maintaining their businesses due to the rapidly changing economy and increasingly fierce competition in the business world. To achieve the company's goals, the company must determine the best policies and strategies. Every company's goal is generally the same: to maximize profit or profit. As a result, companies must monitor their own condition and performance in order to achieve their objectives (Muardi et al., 2022). An analysis is required to determine the company's condition and financial performance. Financial statements are one of the tools available for analyzing the company's condition and performance.

Financial reports are a means of obtaining information about a company's financial position and results of operations. The company's financial statements must be presented fairly, accurately, transparently, and easily understood by users of the information. A company's financial statements typically include a balance sheet, income statement, cash flow statement, statement of changes in equity, and notes to financial statements. Managers can use the financial statements produced by the company to determine the company's development over time and to measure the results of the company's operations by analyzing the financial statements.

Aside from the balance sheet and income statement, the cash flow statement is an important financial statement used to evaluate the company's performance. The purpose of presenting a statement of cash flows is to provide useful information for financial statement users to assess the impact of operating activities, investing activities, and financing activities on the company's financial position and cash and cash equivalents. According to Safitri et

al. (2017), cash flow is a financial statement that includes the effect of cash from operating, investing, and financing activities, as well as a net increase or decrease in a company's cash in one period. Cash flow statement analysis can evaluate a company's ability to generate cash in the future as well as its ability to pay short-term or long-term obligations.

Cash flow statements are extremely useful for both internal and external stakeholders in a business. The cash flow statement, according to Sanger (2015), provides information about changes in the company's net assets, financial structure, and ability to influence the amount of cash. Furthermore, cash flow provides information about the company's ability to obtain cash and cash equivalents. According to Murtianingsih & Hastuti (2020), cash flow statement analysis is useful for evaluating the company's position and operations by comparing previous years so that it can be determined whether or not the company's performance in carrying out company operations is good. The cash flow statement ratio is a tool used to evaluate financial performance using the cash flow statement.

PT. Astra International Tbk. is a multinational corporation that was established in 1957. PT. Astra International Tbk. is a publicly traded company that publishes financial statements for each fiscal period. PT. Astra International Tbk. operates in six sectors: automotive, financial services, heavy equipment, mining, construction, and energy, agribusiness, infrastructure and logistics, and information technology. Cash is a critical component for the company in carrying out its operational activities. Furthermore, cash is the most liquid asset, providing liquidity and financial flexibility. As a result of analyzing the cash flow statement, it is possible to see how PT. Astra International Tbk. manages its cash and the company's ability to meet its obligations. Based on the foregoing, this study aims to analyze the financial performance of PT. Astra International Tbk. in 2018 – 2021 using cash flow statement analysis.

2. LITERATURE REVIEW

2.1. Financial statements

Financial statements, according to the Indonesian Accounting Association (IAI, 2015), are a structured presentation of an entity's financial position and performance. Financial reports are the primary medium for communicating information about a company's financial condition to parties outside the company over a specific time period. The purpose of financial statements is to provide information about a company's financial position, financial performance, changes in financial position, and cash flows that can be used by users of financial statements to make economic decisions. According to Polii et al. (2019), financial statements will be more useful to users if the information obtained from these financial statements can predict what will happen in the future so that decisions can be made. In general, the company's financial statements include a balance sheet, income statement, statement of changes in equity, cash flow statement, and notes to financial statements. The company's financial statements are intended to meet the information needs of interested parties. Financial statements are used by users to meet various information needs based on their objectives. The financial statements of a company are read by the company's owners, management, investors, creditors, the government, and the general public.

2.2. Cash Flow Statement

The cash flow statement is inseparable from the financial statements since it gives information about cash inflows and cash outflows that occur within a firm during a specific period. Cash inflows raise the amount of cash available, but cash outflows decrease the amount of cash available for firm operations and investments. The cash flow statement, according to Weygandt et al. (2018), provides cash receipts, cash disbursements, and net cash balances resulting from operating, investing, and financing activities for a given time. The cash flow statement's goal is to offer information about the company's cash receipts and payments during a given time. Management uses the cash flow statement to evaluate ongoing operational activities and plan future investment and financing actions. Furthermore, the data supplied by the cash flow statement can assist investors, creditors, and other parties in evaluating the following (Kieso et al., 2018):

1. The ability of the organization to create future cash flows
2. The entity's ability to pay dividends and repay its debts.
3. There is a distinction between net income and net cash flows from operations.
4. Cash and non-cash transactions for investing and financing during a specified time period.

2.3. Cash Flow Statement Classification

According to Subramayan (2010), businesses divide cash collections and disbursements during a given period into three categories:

1. **Business Operations.** Profitable firm activities are referred to as operating activities. Cash inflows and net cash outflows from associated operating operations such as extending credit to consumers, investing in inventories, and receiving credit from suppliers are examples of operating activities. The most essential activities are operating activities because cash from operating activities indicates the availability of cash from the company's operating activities. To calculate the company's net income, operating activities comprise the influence of cash from transactions that create revenues and expenses.
2. **Investing Activity** Investing is a method of acquiring and depreciating non-cash assets in the intention of creating money for the organization. Buying and selling property, plant, and equipment, acquiring and disposing of investments, lending money, and collecting receivables are all examples of operating activities.
3. **Activities for Funding operations** are those that involve obtaining funds from investors and creditors in order to meet their obligations. Furthermore, financing activities include shareholder cash, share repurchases, and dividend payments.

2.4. Cash Flow Statement Preparation Method

According to Subramayan (2010), there are two approaches for creating cash flow statements: direct and indirect. The direct approach involves reporting gross cash receipts and gross cash disbursements related to activities, which effectively converts each income statement item from accrual to cash basis. So that it can generate a more accurate format for calculating the amount of cash inflows and cash outflows from activities. The indirect approach involves adjusting net income for non-cash income (expenses) and accruing it to generate cash flows from operations.

According to Weygandt et al. (2018), corporations prefer the indirect method because it is easier to prepare and focuses on the difference between net income and net cash from operating activities.

2.5. Cash Flow Statement Analysis

Financial statement analysis is a method of determining a company's financial position as well as its strengths and shortcomings. The cash flow statement is one of the financial statements utilized. A cash flow statement analysis is critical for financial management to perform in a company. Financial managers can accomplish one of their functions, namely planning, by examining cash flow statements. Cash ratio analysis, balance sheet components, and profit/loss reporting are examples of financial statement analyses that use cash flow statement information. The cash flow ratios employed are as follows:

1. Ratio of Operating Cash Flows (OCF)

The operating cash flow ratio is a ratio used to measure a company's capacity to meet its current liabilities using its operating cash flow. The operating cash flow ratio is derived using the following formula:

$$\text{Ratio of Operating Cash Flows} = \frac{\text{Operating Cash Flows}}{\text{current liabilities}}$$

2. Capital Expenditure Ratio (CapEx)

The capital expenditure ratio is a ratio used to calculate the amount of capital available for investment and debt repayment. A high capital expenditure ratio shows that the corporation can fund capital expenditures with cash flows. In contrast, if the capital expenditures ratio is low, the company's ability to finance capital expenditures is poor. The following formula is used to compute this ratio:

$$\text{Capital Expenditure Ratio} = \frac{\text{Operating Cash Flows}}{\text{Capital Expenditure}}$$

3. Cash Flow to Net Income Ratio (CFNI)

The cash coverage to net income ratio is used to demonstrate how much the adjustment of actual accounting assumptions influences net income calculation. The following formula is used to compute this ratio:

$$\text{Cash Flow to Net Income Ratio} = \frac{\text{Operating Cash Flows}}{\text{Net Profit}}$$

4. Cash Coverage to Current Debt Ratio (CCCD)

The cash coverage to current liabilities ratio is used to assess a company's capacity to meet its current liabilities based on net operational cash flow. The following formula is used to compute this ratio:

$$\text{Cash Coverage to Current Debt Ratio} = \frac{\text{Operating Cash Flows} + \text{cash dividend}}{\text{Current Debt}}$$

5. Total Debt Ratio (TD)

The total debt ratio is a ratio used to represent the length of debt payback by the company, assuming that all operating cash flows are used to pay debts. If the overall debt ratio is low, the company's ability to service all debt derived from cash flows is low. This ratio is determined using the following formula:

$$\text{Total Debt Ratio} = \frac{\text{Operating Cash Flows}}{\text{Total Debt}}$$

2.6. Financial performance

According to Murtianingsih & Hastuti (2020), financial performance is the achievement of the company in carrying out functions and managing corporate finances effectively and efficiently over a specific period. According to Jumingan (2006), financial performance is a description of a company's financial state during a specific time period, including features of raising and distributing funds as evaluated by measures of capital adequacy, liquidity, and profitability. Financial performance measurement is critical for a firm to perform in order to determine the amount of success of the organization based on prior activities. Furthermore, performance measurement can be utilized to determine methods that will be used to attain future goals.

2.7. Previous Research

Analysis of Cash Flow Statements to Assess Financial Performance at PT Indofood Sukses Makmur Tbk has been performed by Putriani et al. (2022). These company listed on the Indonesia Stock Exchange for the 2016-2020 term, shows that the firm has not been able to manage the existing cash flow to obtain good cash flow to satisfy its current obligations, according to the results of the cash flow statement ratio calculation.

Furthermore, Analysis of Information on Cash Flow Statements as a Measuring Tool for the Effectiveness of Financial Performance at PT. Gudang Garam Tbk. by Sanger (2015). As one of the cigarette industry companies listed on the Indonesia Stock Exchange, the results of financial statement ratio calculations suggest that PT Gudang Garam's financial performance was poor from 2011 to 2013.

According to research conducted by Rosmawati & Hasibuan (2020), Analysis of Cash Flow Statements in Assessing Financial Performance at PT Unilever Indonesia Tbk from 2014 to 2018, the company has good financial performance in general. This is demonstrated by the examination of the capital expenditures ratio and the overall debt ratio, both of which have results that are greater than the standard ratio or greater than number 1.

3. RESEARCH METHOD

3.1. Types of research

This is a descriptive analysis study that employs quantitative approaches. This study is studied by gathering data, compiling it, and analyzing the status of financial performance using the cash flow statement.

3.2. Types and Sources of Data

The type of data used in this study is quantitative data. Secondary data in the form of cash flow reports contained in the company's audited annual financial report at PT. Astra International Tbk for the period 2018 – 2021 was used in this research. The cash flow statement for PT. Astra International Tbk for the period 2018 – 2021 was collected from the Indonesia Stock Exchange's official website (www.idx.co.id) and PT. Astra International Tbk's official website (www.astra.co.id).

3.3. Data Collection Method

A documentation study was employed to obtain data for this investigation. The documentation study is conducted by gathering secondary data in the form of cash flow statements contained in the audited yearly financial statements via the official websites of the Indonesia Stock Exchange (www.idx.co.id) and PT Astra International Tbk (www.astra.co.en).

3.4. Data Analysis Techniques

The cash flow ratio analysis was utilized to analyze the data in this study. The following ratios were utilized in the study:

1. Ratio of Operating Cash Flows (OCF)

$$\text{OCF} = \frac{\text{Operating Cash Flows}}{\text{current liabilities}}$$

Information:

If OCF > 1 = Good

If OCF < 1 = Poor

2. Capital Expenditure Ratio (CapEx)

$$\text{CapEx} = \frac{\text{Operating Cash Flows}}{\text{Capital Expenditure}}$$

Information:

If CapEx > 1 = Good

If CapEx < 1 = Poor

3. Cash Flow to Net Income Ratio (CFNI)

$$\text{CFNI} = \frac{\text{Operating Cash Flows}}{\text{Net Income}}$$

If CFNI > 1 = Good

If CFNI < 1 = Poor

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4. Cash Coverage to Current Debt Ratio (CCCD)

$$\text{CCNP} = \frac{\text{Operating Cash Flows} + \text{cash dividend}}{\text{Current Debt}}$$

If CCNP > 1 = Good

If CCNP < 1 = Poor

5. Total Debt Ratio (TD)

$$\text{TD} = \frac{\text{Operating Cash Flows}}{\text{Total Debt}}$$

If TD > 1 = Good

If TD < 1 = Poor

4. RESULT AND DISCUSSION

4.1. Research Result

4.1.1. Ratio of Operating Cash Flows

Table 1 Calculation of the Cash Flow Ratio of PT Astra International Tbk. 2018-2021 period

Period	Operating Cash Flow (Rp)	Current Liability (Rp)	Result
2018	27.692.000.000	116.467.000.000	0,23
2019	19.175.000.000	99.962.000.000	0,19
2020	37.683.000.000	85.736.000.000	0,43
2021	38.252.000.000	103.778.000.000	0,36

Source: Data Processed (2022)

4.1.2 Capital Expenditure Ratio

Tabel 2 Calculation of the Capital Expenditure Ratio of PT Astra International Tbk. 2018-2021 period

Period	Operating Cash Flow (Rp)	Capital Expenditure (Rp)	Result
2018	27.692.000.000	41.763.000.000	0,66
2019	19.175.000.000	25.293.000.000	0,75
2020	37.683.000.000	14.974.000.000	2,51
2021	38.252.000.000	16.406.000.000	2,33

Source: Data Processed (2022)

4.1.3. Cash Flow to Net Income Ratio

Tabel 3 Calculation of the Ratio of Cash Flow to Net Income of PT Astra International Tbk. Period 2018 - 2020

Period	Operating Cash Flow (Rp)	Net profit (Rp)	Result
2018	27.692.000.000	27.372.000.000	1,01
2019	19.175.000.000	26.621.000.000	0,72
2020	37.683.000.000	18.571.000.000	2,02
2021	38.252.000.000	25.586.000.000	1,49

Source: Data Processed (2022)

4.1.4. Cash Coverage to Current Debt Ratio

Tabel 4 Calculation of the Ratio of Cash Coverage to Current Debt PT Astra International Tbk. Period 2018 - 2021

Period	Operating Cash Flow (Rp)	Cash Dividend (Rp)	Current liabilities (Rp)	Result
2018	27.692.000.000	7.021.000.000	116.467.000.000	0,29
2019	19.175.000.000	5.705.000.000	99.962.000.000	0,24
2020	37.683.000.000	3.727.000.000	85.736.000.000	0,48
2021	38.252.000.000	4.575.000.000	103.778.000.000	0,41

Source: Data Processed (2022)

4.1.5. Total Debt Ratio

Tabel 5 Calculation of the Total Debt Ratio of PT Astra International Tbk. Period 2018 - 2021

Period	Operating Cash Flow (Rp)	Total Debt (Rp)	Result
2018	27.692.000.000	170.348.000.000	0,16
2019	19.175.000.000	165.195.000.000	0,11
2020	37.683.000.000	142.749.000.000	0,26
2021	38.252.000.000	151.696.000.000	0,25

Source: Data Processed (2022)

4.2. Discussion

4.2.1. Ratio of Operating Cash Flows

Based on the computation of the operational cash flow ratio for the 2018-2021 period in the table above, it is clear that PT Astra International Tbk. financial's performance over the period 2018-2021 is poor. This occurs because the corporation has more current liabilities than cash flow from operating activities, resulting in a ratio less than one. Whereas in 2018, the operational cash flow ratio calculation result was 0.23, which means that every Rp. 1 current liability is backed by Rp. 0.23 operating cash flow. In 2019, the operational cash flow ratio calculation result reduced by 0.19, implying that every Rp. 1 current liability is guaranteed by Rp. 0.23 operating cash flow. In 2020, the operational cash flow ratio

calculation result increased by 0.43, implying that for every Rp. 1 current liabilities, Rp. 0.43 operating cash flow is guaranteed. The operational cash flow ratio then fell by 0.36 in 2021, implying that for every Rp. 1 current liability, Rp. 0.36 operating cash flow is guaranteed.

4.2.2. Capital Expenditure Ratio

Based on the capital expenditure ratio calculation in the table above, it is clear that PT Astra International Tbk. financials performance from 2018 to 2021 has improved and is fairly strong. The findings of the 2018 ratio calculation suggest that the corporation has a cash flow to capital expenditures capability of 0.66 times. In 2019, the results of the capital expenditure ratio computation reduced, indicating that the corporation can cash flow to capital expenditures 0.75 times. Then, in 2020, the results of the capital expenditure ratio computation increased, indicating that the corporation can cash flow to capital expenditures 2.51 times. The findings of the capital expenditure ratio calculation reveal that the corporation can cash flow to capital expenditures 2.33 times in 2021. These findings indicate that the company has a good cash flow capability for capital expenditures, and the ratio results have attained the standard ratio, which is greater than one.

4.2.3. Cash Flow to Net Income Ratio

Based on the findings of the computation of the cash coverage to net income ratio, PT Astra International Tbk. financials' performance throughout the 2018-2021 period was good because the ratio results were more than one. This signifies that the company has the potential to supply operating funds that are used to generate net profit; however, the results of the ratio computation dropped by 0.72 in 2019.

4.2.4. Cash Coverage to Current Debt Ratio

Based on the computation of the cash coverage to current liabilities ratio, it can be shown that PT Astra International Tbk. financials' performance for the 2018-2021 timeframe is poor. In 2018, the CKHL Ratio was calculated to be 0.29, indicating that the company has a cash flow ability to pay current debts of 0.29 times. In 2019, the ratio calculation findings reduced by 0.24, indicating that the company has a cash flow ability to service current debts of 0.24 times. The CKHL ratio then grew by 0.48 in 2020, indicating that the company's cash flow ability to cover its existing debt is 0.48 times. In 2021, the CKHL ratio fell by 0.41, indicating that the corporation has the cash flow ability to cover its present obligations 0.41 times. Based on the findings of the calculation of the cash coverage to current liabilities ratio, it is possible to conclude that the company has bad financial performance and that the ratio has not reached the standard ratio or is still below number 1.

4.2.5. Total Debt Ratio

Based on the findings of the total debt ratio calculation in the table above, it can be observed that PT Astra International Tbk financials' performance during the 2018-2021 period was poor because the ratio number was less than one. This occurred because the company's operating cash flow revenues were less than its total debt. In 2018, the total debt ratio was calculated to be 0.16, indicating that the company's total debt is guaranteed by a 16 percent operating cash flow. In 2019, the total debt ratio was calculated to be 0.11, indicating that the company's entire debt is guaranteed by an operating cash flow of 11%.

The overall debt ratio was 0.26 in 2020, indicating that the company's total debt is guaranteed by a 26 percent operating cash flow. In 2021, the total debt ratio will be 0.25, indicating that the company's total debt is guaranteed with a 25% operating cash flow. Based on the ratio findings, it is possible to assume that PT Astra International Tbk. had poor financial performance between 2018 and 2021.

5. CONCLUSION

Based on the results of the cash flow ratio study used to evaluate PT Astra International Tbk financial performance, the following conclusions can be drawn:

1. Based on the results of the operating cash flow ratio study, PT Astra International Tbk. has typically bad financial performance from 2018 to 2021 because the operating cash flow ratio calculation results are lower than number 1. This signifies that the company's existing commitments have not been met utilizing cash flows.
2. Based on the results of the capital expenditure ratio study, PT Astra International Tbk. has good financial performance because the ratio value has improved during the 2018-2021 period and is greater than number one. This signifies that the organization has adequate cash flow to cover capital expenditures such as extra assets and investments.
3. Based on the results of the cash coverage to net income ratio study, PT Astra International Tbk. has good financial performance for the period 2018-2021 since the ratio value is more than one. This signifies that the corporation may give operating money in order to generate a net profit.
4. Based on the results of the cash coverage to current liabilities ratio analysis, PT Astra International Tbk. has poor financial performance throughout the 2018-2021 period since the ratio value is less than one.
5. According to the total debt ratio study results, PT Astra International Tbk. has bad financial performance throughout the 2018-2021 timeframe since the ratio value is less than one.

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