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ANALYSIS OF THE EFFECT OF CAPITAL AND RECEIVABLES ON THE COMPANY'S FINANCIAL PERFORMANCE

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ABSTRACT

The purpose of writing this journal is to determine the existence of working capital, receivables that are focused on the results of financial performance produced based on financial ratios as a calculation tool in cash turnover, accounts receivable turnover, and inventory turnover which determines how much affects the results of financial performance to obtain company profitability so that the company has the finances to obtain company assets with Asset turnover (ROA). This journal research method is carried out using quantitative methods using descriptive research. The population in this analysis is a financial statement to determine the feasibility of financial performance in a company. The research sample is the entire population or what is often referred to as a saturated sample. The method used in collecting this data is to use literature study research and related research results. The results of previous research show that capital and receivables have a significant effect on the financial performance of how a company can manage capital and receivables as a source of company income in carrying out company activities, and financial statements are carried out using financial ratio calculation tools as a form of improvement and if the output in the financial statements can meet the company's obligations to pay the passiva of the company's assets that determine the size and The company's small profitability so that it can be a transparent decision making on the feasibility of financial performance in a company.
Keywords: Working Capital, Receivables Turnover, Financial Performance

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INTRODUCTION

One of the national economic growth is reflected in the increasingly complex economic activity in the business sector in an effort to maintain its business. In terms of efforts to improve it, it is necessary to carry out various development strategies in order to be able to survive along with open competition competing – a competition to make new breakthroughs to maintain the company that is being run. The existence of companies, both state companies and private companies increasingly play an important role in economic development, the company carrying out its activities will always be directed at achieving these goals, the company needs an appropriate strategy which will then become an achievement for the management if the goal can be achieved, and the achievement is shown by the company's performance. Financial analysis relies heavily on the information provided by the company's financial statements. The company's financial statements are important information in addition to other information by measuring financial performance. Performance appraisal is a necessity and a must for an organization or company. Such performance measurements are used to assess the success of the company and also to evaluate its weaknesses.

The financial management process carried out in a company is the main thing that supports the running of the company's activities. sufficient capital to finance all activities will support an orderly, smooth, effective and efficient scope of work. Financial management is carried out by recording, planning, implementing, which must be accounted for in every reporting of expenses and income used for the company's operational needs. Because capital as a means of achieving the company's source of income.

Capital is included in the company's main source of income based on the purpose of increasing sales in increasing sales included in financial flows. Where in financial flows are divided assets and passiva. In this case, receivables are included in assets as company credit in the form of bills that are due as a source of company income that helps financial flows in supporting the company's financial activities.

The role of receivables is needed for the company's activities in facilitating health between producers, consumers, and workers. Receivables are carried out between the debtor and the creditor. Related parties are responsible for the repayment of these receivables in the short and long term, receivables can be a positive impact and a negative impact on the company, a positive impact on the company if it can be repaid does not exceed the maturity time and can reduce the expenditure of money for debtors and increase the company's cash to creditors to be able to pay part of the company's obligations, while the negative impact on the company, If it is not collected in full, it will have an impact on the loss of receivables for the company. To determine the advancement of the business is faced with financial management in the efficient and effective use of receivables.

Based on the background in the research above, the main formulation of the problem is:

1. How does capital affect the Company's Financial Performance?
2. How much influence do Receivables have on the Company's Financial Performance?
3. How does Capital and Receivables affect the Company's Financial Performance?

The following are the purposes of writing this journal, namely:

1. To determine the effect of capital on the Company's Financial Performance.
2. To find out how much influence receivables have on the company's financial performance.
3. To find out the effect of capital and receivables on the company's financial performance.

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LITERATURE REVIEW

Financial Report

Financial statements describe the financial condition and results of business of a company at a certain time or a certain period of time. Financial statements are the final result of an accounting record and are also a summary of financial transactions that occurred during an accounting period.

According to Statement of Financial Accounting Standards (PSAK) No. 1 (Revised January 1, 2015) "Financial statements are a structured presentation of the financial position and financial performance of an entity". According to Munawir (2010:5): Financial statements are two lists compiled by accountants at the end of the period for a company. The two lists are a list of balance sheets and a list of financial positions and a list of income or a list of gains – losses. In recent times it has become customary for companies to add a third list, namely a surplus list or a list of unshared profits (retained earnings).

According to Kasmir (2012:7), "Financial statements that show the company's financial condition at the moment or in a certain period" Based on the above understandings, it can be concluded that financial statements are a summary list of financial transactions that occur during the financial year that can be used as a means of communication with interested parties and to account for the tasks assigned to the management by the owners company

Purpose of Financial Statements

Initially, financial statements for a company only functioned as a testing tool for the work of the bookkeeping function, but henceforth along with the times the function of financial statements as a basis for determining or assessing the company's financial position. The purpose of financial statements is to provide information regarding the financial position, financial performance and cash flow of entities that are beneficial to most users of financial statements in making economic decisions. The financial statements also show the results of management's responsibility for the use of the resources entrusted to them. In order to achieve these goals. Laopran Financial presents information regarding entities which includes assets, liabilities, equity, income and expenses including profits and losses, contributions from and distributions to the owner in his capacity as owner and cash flow

Financial Statement Analysis

Analysis of financial statements is an analysis of two lists compiled by accountants at the end of the period for an enterprise. The two lists are a list of balance sheets or statements of financial position and a list of income or income lists (Mayer, 2010). Financial statements are one of the important information for users of financial statements in the context of making economic decisions. The results of the analysis of financial statements will be able to interpret various relationships and trends that can give consideration to the success of the company in the future. According to Prastowo and Rifka (2010) as follows "Financial statement analysis is a process to dissect financial statements into its components. An in-depth review of each of these components will result in a thorough understanding of the financial statements themselves.

Working Capital

The definition of capital cost is "the real cost that must be incurred by a company to obtain funds either derived from debt, ordinary shares or retained earnings to fund an investment or operation of a company". (Martono, 2004:155). "The costs that must be used to finance the company's overall cash flow, consisting of the cost of own capital and the cost of borrowed capital" (yusgiantoro, 2004:155)

Based on the above opinion, basically the cost of capital is a real cost that must be used to finance the company's overall cash flow consisting of the cost of own capital and the cost of borrowed capital and this is done with the intention of satisfying investors with comparable risks as well." There are four factors that determine the cost of capital, namely: the general state of the economy, the state of the company's stock market (market conditions). Operating decisions, and financing within the company and in the amount of costs required in new investments" (Martin, 1993:299).

Jaja Suteja (2013:30) In general, capital is grouped into two, namely:

1. Working Capital is a company's investment in short-term assets or current assets which generally consists of components: cash, securities that are easy to market, accounts receivable that generate current income, and inventory.
2. Non Working Capital is a company's investment in fixed assets, but does not generate current income.

Munawir (2014:115) working capital is the value of excess current assets and obtained by the company from all accounts receivable.

To facilitate the elements of working capital, known as the concept of working capital, namely:

1. Net Working Capital Concept

As explained in the previous section, net working capital is the difference between current assets and current liabilities, where this difference can be positive or negative.

2. Gross Working Capital Concept

This concept hints at the company's overall investment in current assets generally consisting of cash, equivalentt cast, securities, accounts receivable, and inventory.

From the explanation above, it can be concluded that working capital is current assets that can be used for company activities/activities in paying company obligations.

Receivables

Jaja Suteja (2013: 206) Receivables are bills to other parties in the future due to past transactions. Although basically all trading / industrial companies want cash sales, but because of limited purchasing power of the public, or other reasons for selling on credit. Sales on credit will be able to increase sales turnover, but have the risk of delayed cash receipts, so it requires greater investment. Accounts receivable is a claim to other parties for the sale of goods, services, money and non-cash assets that are billed in accordance with the date of the billing agreement (Syakur, 2015).

Uncollectible receivables are the right owned by companies to collect a certain amount of debt to customers or consumers who have not made payments for sales transactions on credit that have passed the due deadline or credit sales transactions that are not biased to be paid on time (Wahyuni, 2012).

In addition, it is concluded that receivables are one of the company's business activities in making payments on an interim basis, which can have a positive impact and a negative impact on the company's financial cash, which underlies the results of the company's activities/activities for disbursement of receivables funds resulting in turnover and inventory of goods and services.

In managing accounts receivable, there are two things that must be analyzed, namely:

a. Credit policy and collection of receivables.

b. Analyst for the customers.

Financial Performance

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In terms of determining Financial Performance, it is carried out with several parts of calculations for the results of financial statements, Financial Performance as a comparison material to measure the financial capabilities of a company, where the main key company financials that strongly support the company's activities in the financial operations section that aims to make a profit, to efforts to keep the company afloat and the calculation of financial ratio analysis as a means of measuring decision making from financial flows that are managed in terms of financial expenditures to sources of financial income that determine the percentage of ups and downs of financial performance in a company.

Performance can be expressed as "Achievements achieved by a company in a certain period that reflect the level of health of the company" (Winarni and Sugiyarso, 2005:111) "Company performance is generally measured differently from net income (profit) or as a basis for other measures such as return on investment or earnings pershare" (Harmono, 20011: 23).

Financial performance is a measure of the success rate of company management in managing financial resources. Financial performance is "The ability of a company to use its capital effectively and efficiently to get maximum results (Munawir, 2002: 50). So basically that the company's financial performance is the result of many decisions made continuously to achieve certain goals.

Cashmere (2014:104) financial ratio analysis is an activity to compare the figures contained in the financial statements. Irham Fahmi (2012: 107) financial ratio analysis, which is a means of indicators obtained to determine the company's financial condition.

Fahmi (2011: 2) explained financial performance, which is an analysis so that the next can measure good and correct financial implementation in the company's financial performance.

Francis Hutabarat (2020:03) Analyze financial performance by evaluating past performance, then predicting the company's future prospects, then re-evaluating what has happened in the past in order to improve the company's financial performance in the future.

The objectives in the company's financial performance measurement activities are:'

1. Knowing the level of liquidity.

Liquidity is a company's ability to meet its short-term obligations, meaning how capable the company is to pay its obligations or debts that are already due. If the company is able to fulfill its obligations, then it is valued as a liquid company.

Liquidity can determine a company's strength in fulfilling company obligations based on the company's income and company expenses which are often referred to as assets and passivas. Where will liquidity form the results of company activities that determine the company's resilience in determining production turnover in a company in order to provide health and facilities within the scope of the company internally.

2. Knowing the degree of solvency.

The level of solvency refers to the company's ability to manage and use company funds, whether it is deposit funds or operational funds for company activities sourced from borrowed funds. In this case, the company must pay attention to financial management in terms of the company's ability to take into account the turnover of funds for the return of loan funds that have been agreed upon from various related parties and if the company's activities refer to financial activities that provide receivables to debtors with certain conditions as valuable collateral or agreements to maintain the financial value of a company.

Darmawan (2020:73) Solvency ratio (leverage) is a ratio used to measure the extent to which a company's assets are financed from debt. This means how much debt burden the company bears compared to its assets.

3. Knowing the level of rentability.

The financial ratio of rentability is included in the measuring instrument of the financial capabilities of a company, as the final result of decision making. Where is the company's financial ability to determine how much profit is generated by the company within a certain period from capital funds as well as interest profit from debtor receivables to creditors. The company's ability to get financial benefits so that the greater the development of a company is evidenced by the greater the profit generated from the company's activities.

4. Knowing the degree of stability.

Stability ratio is the ability of a company to show a stable report on the company's financial activities, to be further measured using consideration of the company's ability to obtain from the results of the financial statements, from the size of the debt included in the expense but the company is able to pay the expense paid in a timely manner.

Financial Performance determines success in a company, the smaller the company pays its debts, the higher the level of company activities aimed at making a profit in a company.

Where this is the case, a short-term investor is generally more focused on the short-term financial condition and the company's ability to pay adequate dividends. This information is obtained from the results of financial ratio analysis as a measuring tool for determining the results of financial statements in financial performance in a company.

Based on the explanation above, financial performance is the result of an assessment in measuring the ability to find sources of income, the ability to return business capital and whether or not the company is able to pay its debts that have been used as operational expenses in the activities of a company.

Financial statements as a determinant of decisions start from the company's operations, employee welfare, guarantees, company facilities, the scope of the company in terms of internal and external. So in this case, it is needed to assess the company's financial performance and assess the company's financial performance which is used as a benchmark using an analysis based on financial ratios. Financial ratios have a relevant and significant relationship in making financial statements as a comparison of one period and / or several other periods to facilitate the evaluation of a financial statement in the form of an overview of the situation or financial condition of a company in the form of financial work reports in a certain period.

From the explanation above, there are results concluded by the author of financial ratios as comparisons that unite one variable with another into one unit in the form of financial statements, some of these variables are used to compare figures in one period to the next.

RESEARCH METHODS

Research in this journal uses quantitative and descriptive approach methods. Descriptive research is a simple research in examining and analyzing symptoms in examining an event with the matching of data that has been collected as needed. Quantitative research methods, as stated by Sugiyono (2012: 8) namely: "Research methods based on the philosophy of positivism, are used to research certain popupations or samples, data collection using research instruments, data analysis is quantitative with the aim of testing the established hypotheses.

According to Sugiono (2012: 13) descriptive research is research conducted to determine the value of independent variables, either one or more variables (independent) without making comparisons, or linking with other variables. Based on this theory, quantitative descriptive research is data obtained from a sample of statistical methods used.

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Several things support research to achieve results that are expected to provide solutions. Descriptive research focuses on actual problems as several sources and is used as several factors to be studied and conducted research based on several supporting theories. Descriptive research is research that seeks to describe the current problem solving based on data. (Juliansyah, 2011:34).

The research method used in this study is a descriptive, quantitative research method where this research is carried out to determine the Analysis of the Effect of Capital and Receivables on Financial Performance in the Company in managing, using working capital and controlling Receivables efficiently and effectively.

RESULTS AND DISCUSSION

The results of the analysis of Capital and Receivables on Financial Performance in the Company can be Analyzed Financial capital refers to the main economic resources that make the source of determination to start financing the company's needs as a way of company activity.

The company's financial capital is a source of company income where capital can be sourced from debt capital, and share capital. In the capital calculation to carry out company activities, working capital turnover is needed, which of course is based on sales, calculations between assets and debts, an increase in sales from sales results is seen based on financial statements to determine the turnover of money from income sooner or later in the return of capital. If sales decrease, the company's return on capital will decrease. If sales decline to maintain the value of capital, it can be maintained based on expenses in the company's assets and debt.

Starting a company that starts with working capital which is also used for company receivables which in the company's activities as a fulfillment of the company's needs for the production of goods and services. Financial to determine stable and surviving market conditions. Although the income earned with flat or volatile results, the income derived from some payments made on a receivable basis is made with credit payments. credit gradually as the company's income and investments in receivables. consideration of the company's financial profit/loss. Determining the profit/loss of the company's receivables is determined by the credit analysis policy provided to related parties between the debtor and the credit down to minimize the level of risk of receivables turnover in the company's finances, the shorter the period of receivables that are resolved with a certain time consistently, the better the state of the company's financial cash turnover as a company investment.

The process used to measure the achievement of the level of achievement and tangible results in the field of finance whose elements relate to income, expenses, the overall state of operations, as well as the structure of debt and investment returns. In this study, it was obtained that the assessment of financial performance is very different from the assessment of goods, both tangible and intangible. To conduct an assessment analysis, it is enough to check the object physically, economically, and functionally which is static. In the assessment of the company's financial performance, it is carried out mainly for several purposes, which include several activities such as taking over the company, providing credit, expanding the business and so on.

Conclusions and Suggestions

The conclusions in this study are obtained based on the results between the analysis and the discussion that has been carried out are as follows:

1. This is caused by an increase or decrease in sales which affects current assets and debt. So as to determine the traffic of financial flows that aim to maintain the company's investment in capital to support the company's activities.
2. Knowing that receivables affect the resilience of the company's financial flows due to the income obtained from the company's activities in managing receivables as the company's income and financial sources.
3. Financial performance is determined by financial flows in the calculation of the ratio of financial statements can be analyzed financial projections so as to determine financial performance in the short and long term.

Acknowledgement

The suggestions in this study are obtained based on the results between the analysis and the discussion that has been carried out are as follows:

1.For company owners and management to further increase current assets, one of which is by selling business or selling bonds. Where it plays a role to be able to reduce current liabilities.

2.Company management should further increase the effectiveness of using assets by increasing sales so that the company will be more productive.

3.The company needs to make a turnover on inventory, assets, and capital to get greater profit income

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