PLANNING ANALYSIS OF RECEIVABLES AND INVENTORY SUPPLIES IN IMPROVING PROFITABILITY IN PT. SOCFIN INDONESIA

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Abstract

Research conducted by the author aims to know the turnover of receivables, inventory turnover in increasing profitability and to determine the cause of profitability ratios are measured by using ROE and ROI at PT. Socfin Indonesia has decreased. The type of research is descriptive, with the object of research seen from the financial statements of PT. Socfin Indonesia in the form of balance sheet and income statement, by using data collection technique of documentation with secondary data type, where data analysis technique is done by using descriptive. The results showed that for receivable turnover and inventory turnover at PT. Socfin Indonesia as a whole from 2013 to year 2016 has not been able to improve the profitability of the company, which with the increase of receivables turnover and inventory turnover shows the number of productive funds processed companies are not able to improve profitability companies and profitability ratios have decreased due to company profits that decreased due to low asset management and corporate equity

Keywords: Receivable Turnover, Inventory Turnover, ROE and ROI.

Preliminary

In the company in measuring the level of corporate profits on the management of its assets can be measured with profitability ratios. According to Munawir (2010: 147) states that "Profitability ratio shows the company's ability to generate profits, and can be measured the success of the company and the ability to use its assets productively. The higher the level of profitability of the company, the greater the level of profits owned by the company, on the contrary if the profitability of the company decreased, then the company's objectives are not achieved ".

Profitability of the company can be increased through the efficiency of the use of corporate resources. The efficiency of the use of company resources can be evaluated through turnover and inventory turnover. These resources are evaluated to measure suitability. There are several measuring tools used to measure the level of profitability, among others: Gross Profit Margin (GPM), Net Profit Margin (NPM), Return On Investment (ROI) and Return On Equity (ROE). In this research profitability will be measured using Return On Equity (ROE), Return On Investment (ROI).

According to Sudana (2011: 22) states that: ROI indicates the ability of the company by using all assets owned to generate profit after tax. This ratio is important for the management to evaluate the effectiveness and efficiency of the company's management in managing all the assets of the company. According to Syafri (2015: 305) states that Return on Equity (ROE) is a measurement made from the income available to the owners of the company (both ordinary and preferred shareholders) for the capital they invest in the company.

According to Sugiyarso and Winarni (2006: 39): "The ratio of inventory turnover measures how many times the company's inventory has been sold for a certain period." If the cost of goods sold is not known then the inventory turnover can be calculated from net sales. According to Warren et al (2009: 356) "The term receivable includes all claims in the form of
money against another party including any individual, company or organization". To achieve high inventory turnover is not as easy as one might imagine, one of which is to sell its products on credit to customers. In the financial statements of PT. Socfin Indonesia still has weaknesses that can be seen in the table below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Rotation Receivables</th>
<th>Rotation Stock</th>
<th>Rasio Profitabilitas</th>
<th>ROE</th>
<th>ROI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>26 Kali</td>
<td>4 Kali</td>
<td>107,4%</td>
<td>56,3%</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>24 Kali</td>
<td>4,9 Kali</td>
<td>98,1%</td>
<td>54,6%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>20,7 Kali</td>
<td>5,9 Kali</td>
<td>79,9%</td>
<td>43,7%</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>35,4 Kali</td>
<td>6,6 Kali</td>
<td>91,5%</td>
<td>47,1%</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>54,7 Kali</td>
<td>6,7 Kali</td>
<td>68,4%</td>
<td>35,8%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Financial Report, processed

Based on the above data note that the turnover of receivables increased for the year 2016 which is not followed by the profitability of the company as measured by using ROE and ROI that decreased, this contrary to the theorized by Riyanto (2008: 85) states that with the greater the amount of receivables turnover companies means the greater the risk that occurs in the company, but at the same time will increase the profitability

While for inventory turnover for 2013, 2014 and 2016 have an unadjusted increase in firm profitability measured using ROE and ROI, this is contrary to the theory stated by Horngren et al (2007: 250), "Inventory turnover measures the average speed of inventory moves out of the firm. The faster the inventory is converted into merchandise which will be sold by the company, the higher the level of profitability produced by the company will be better for the survival of the company ". For the decreasing ROE indicates that the company is less capable in managing the company's capital to be able to maximize corporate profits. While the ROI is also experiencing a decline occurs due to the company is less able to manage the assets of the company, which resulted in corporate profits that are less than the maximum.

**Theoretical Basis**

1. **Profitability**

Profitability According to Harahap (2015: 304) is: "Describing the ability of the company to earn profits through all the capabilities and resources that exist such as sales activities, cash, capital, the number of employees, the number of branches of the company, and so forth ". Measurement of profitability is done to measure the company's ability to generate profit. According to Brigham and Houston (2010: 107) states that the ratio of profitability is a group of ratios that show the combined effects of liquidity, asset management, and debt on operating results. This ratio includes the profit margin on sales, the base ability ratio to generate profit, the return on total assets, and the return on equity of the common stock. According to Kashmir (2012: 197) the purpose of profitability ratios for the company, as well as for outside parties is:

1. To measure or calculate the profit earned by the company in a certain period.
2. To determine the company's profit position the previous year by now.
3. To assess the progress of profits from time to time.
4. To assess the amount of net profit after tax with own capital.
5. To measure the productivity of all corporate funds used for both loan capital and own capital.

As for the benefits of profitability ratios are obtained are:

1. Knowing the level of profit earned in the company in one period.
2. Knowing the company's profit position the previous year with the current year.
3. Knowing the development of profit over time.
4. Knowing the amount of net profit after tax with own capital.
5. Knowing the productivity of all corporate funds used both loan capital and own capital.

According to Kashmir (2012: 198) states that this type of profitability ratio consists

1. Gross Profit Margin (GPM)

The ratio of gross profit margin is the ratio used to measure gross profit margin of the company. How to measure this ratio by comparing gross profit with sales.

2. Net Performing Margin (NPM)

The profit margin or profit margin on sales ratio is one of the ratios which is used to measure the profit margin on sales. How to measure this ratio by comparing net after tax income with net sales.

3. Return on Investment (ROI)

According to Fahmi (2012: 98) Return on asset is often also referred to as return on investment, because this ROA to see the extent to which investments have been invested can provide returns on profits as expected and the investment is actually the same as the assets of the company implanted or placed.

4. Return on Equity (Return on Equity)

ROE is the ratio to measure net income after tax with owner's equity. This ratio shows the efficiency of capital use. The higher this ratio the better. ROE (Return On Equity) compares net income after tax with equity invested by company shareholders (Van Horne and Wachowicz, 2009: 225). This ratio shows the power to generate profits or return on investment based on the shareholder value of books, and is often used in comparing two or more companies for good investment opportunities and cost-effective management.

2. Receivables

According to Accounts receivable indicates the occurrence of credit sales made the company as one of the company's efforts in attracting consumer buying to win the competition. According to Martono and Harjito (2007: 95) argues that: accounts receivable is a "company bill to customers or buyers or others who buy company products".

Receivables consist of trade receivables, and other receivables. According to Soemarso (2008: 338) which states the grouping of accounts into two namely:

a. Trade receivables, represent receivables arising from the sale of goods and services which are the normal business activities of the company or also called trade receivables
b. Other receivables (non-trade), represents receivables not originating from major business areas such as employees’ receivables, receivables from affiliated companies, interest receivables, dividends receivable, shareholder receivables and others.

According to Warren (2009: 442) explained that receivables can be classified into three types, namely:

1. Account Receivable (Account Receivable)
2. Notes receivable
3. Other receivables (other receivable)

The classification of receivables is done to facilitate the recording of transactions. According to Kieso (2008: 346), accounts receivable can be classified as follows:

a. Current receivables (short-term receivables)
b. Non-current receivables (long-term receivables)

3. Inventory

According to the Indonesian Institute of Accountants (2009: 14.2): "Inventories are assets: Available for sale in the ordinary course of business, In the course of production or in transit, In the form of materials or supplies for use in the production or service process. " Inventories are divided into three categories as explained by Ristono (2009: 7) that is: Supplies of raw and auxiliary materials Security supplies or often referred to as safety stock is the inventory carried out to anticipate the uncertainty element of demand and supply. If the supply of security is not able to anticipate it, there will be a shortage of inventory (stockout)

1. Supplies of semi-finished materials
   The anticipated inventory is referred to as stabilization stock is the inventory undertaken to deal with fluctuations in demand that could have been previously required

2. Supplies of finished material
   Inventory in shipment called work-in process stock is inventory that still in delivery, that is:
   a. External transit stock is inventory still in transportation.
   b. Internal transit stock is the inventory that is still waiting for the process or wait before moving

There are two methods that can be used in conjunction with the inventory recording of periodic inventory recording systems and perpetual inventory recording systems (Kieso, et al. 2008: 404).

1. Periodic record system
2. The perpetual recording system

According to Zaki Baridwan (2009: 158) states that "in order to calculate the cost of goods sold and the cost of the ending inventory can be used various means of special identification, first first exit (MPKP or FIFO), weighted average, MTKP or LIFO), minimum inventory, standard cost, simple average cost, last purchase price, relative sale value method and variable cost method. "

1. First Entry Method First (FIFO)
2. Last Entry Method First exit (LIFO)
3. Weighted Average Method
4. Accounts Receivable Turnover
According to Kashmir (2012: 176), which states that: Turnover receivables is the ratio used to measure how long the collection of accounts receivable during one period or how many times the funds invested in these receivables rotate in one period. According to Susan Irawati (2006: 54), which states that: Receivable Turnover (RT) Is the ratio used to measure the effectiveness of receivable management.

5. Inventory Turnover

Inventory needed to keep the company operating smoothly in meet consumer demand every time. Since inventory is the largest ingredient in assets and is directly related to the main activities of the company, especially in industrial enterprises if there is not one type of supply then the production process will be disrupted. For trading companies, inventory must be sold quickly, because if not quickly sold will reduce the good profit because the inventory is too high there is also the possibility of goods become damaged, therefore the company must pay attention to its inventory turnover to get the maximum profit.

6. Accounts Receivable Turnover and Inventory Turnover Profitability

According to Bambang Riyanto (2008: 85) states that: The greater the amount of receivable turnover means the greater the risk, but at the same time will also increase profitability. While Inventory is one of the most important working capital post because most of the business capital comes from Inventory inventory is often a part of substantial current assets. Inventories are investments made for the purpose of obtaining returns through sales to customers. To speed up the return of cash through sales it is necessary to have a good inventory turnover. Conversely, poor inventory turnover so that the inventory will accumulate, the company will be faced with the cost of storage, insurance and property taxes are large enough. (Waren, et al., 2009-452).

It also shows high sales volume in the company. It can mean the profit earned by the company is getting bigger by assuming the minimization of the costs incurred. The amount of profits earned by the company will maximize the return on assets acquired by the company. The greater the return on assets obtained by the company is one indication that the profitability of the company shows good condition.

Research Methods

This research used descriptive research approach by collecting and presenting data received from PT. Socfin Indonesia in the form of data the amount of corporate financial statements consisting of income statement and balance sheet report so as to provide a fairly clear picture for the author to analyze and compare with the existing theory. With research place used in this research PT. Socfin Indonesia, with the type of data used is quantitative data ie data in the form of numbers. This research uses secondary data source that is data obtained in the form of company financial report data for 2012 until 2016.

In this research, data collection technique is documentation technique that is report of financial report in the form of income statement and balance sheet during Year 2012 until year 2016. The research use descriptive analysis technique, meaning that data obtained in the field is processed so as to provide systematic data, and accurate on the problem researched. The stages are:

Calculate the turnover of receivables, inventory turnover and profitability as measured by Return On Equity (ROE) and Return On Investment (ROI), the company measured in five years of research from 2011 to 2015 which viewed from the financial statements of PT. Socfin Indonesia.

1. Analyzing receivable turnover, inventory turnover of 2011-2015 compared to theory.
2. Analyzing the decline that occurs in profitability ratios.
3. Analyze and discuss receivable turnover, inventory turnover, in increasing profitability.

Drawing Conclusions.

Research Result And Discussion

1. Turnover Turnover and Inventory Turnover Not Deep

Increase Profitability PT. Socfin Indonesia For receivable turnover at PT. Socfin Indonesia as a whole from in 2012 until 2016 has not been able to improve the profitability of the company, where with increasing turnover of receivables and inventory turnover shows the number of productive funds processed companies are not able to improve the profitability of the company. This is contrary to the theory stated by Riyanto (2010: 85), "The greater the amount of receivable turnover means the greater the risk, but at the same time it will increase profitability". According to Horngren et.al (2007: 170), "Account receivable turnover measures the ability to collect cash from credit customers. The higher the ratio, the faster the cash bill. But the accounts receivable turnover is too high it indicates that credit extension is too tight, resulting in loss of sales to its best customers ". And also the theory of Sudana (2011: 21) which states that with the higher the cash turnover will be better, because this means the higher the efficiency of cash usage and profitability obtained will be greater.

2. The cause of the decreased profitability ratio measured by using ROE and ROI at PT. Socfin Indonesia.

For profitability ratios are measured by using return on investment (ROI), and return on equity (ROE) has decreased, where the decline occurred due to the level of corporate profits that decreased, which can be explained as follows:

1. Return On Investment (ROI)

For the overall return on investment (ROI) ratio at PT. Socfin Indonesia from 2012 to 2016 shows a declining value for each year, only in 2015 ROI increased, where the decline ratio Return On Investment company occurs due to the company's profits decreased, this happens because the amount of funds that are still embedded in asset company of PT. Socfin Indonesia that has not been managed According to Kieso, et.al. (2008: 580) states that higher return on investment indicates that companies have a great opportunity to increase their own capital growth. But on the contrary, if the total assets used by the company do not generate profit then it will inhibit the growth of own capital.

From the above details it can be concluded that the cash ratio for 2012 to 2016 ratio of ROI owned by the company decreased. This happens because of the low ability of PT. Socfin Indonesia in obtaining net income when measured from total assets owned. With the decline in ROI indicates that the total assets used by the company has decreased in generating profits, resulting in a decrease in the growth of capital owned by the company.

2. Return On Equity (ROE)

For overall return on equity (ROE) ratio at PT. Socfin from 2012 to 2016 shows a declining value, only in 2014 ROE has increased. The decline in Return on Equity ratio of companies occurs due to the company's profits decreased, this happens because the number of corporate capital is not used by the company PT. Socfin Indonesia.

According to Harahap (2015: 305) states that the higher return on equity on income earned then the better the position of the company, on the contrary the lower return on equity obtained decreased the level of position of the company. From the above details it can be concluded that the cash ratio for 2012 to 2016 ratio of ROE owned by the company decreased. This is because PT. Socfin Indonesia is unable to earn net profit when measured from the capital
of PT. Socfin Indonesia. With the decline in ROE indicates that the return will be received by investors will decrease so that investors will think again to make investment tehadap company. Because this ratio shows how much percentage of net profit earned in terms of capital owned by the company.

**Conclusion**

From the results of field research and data analysis based on receivable turnover and inventory turnover in improving profitability conducted with research from 2012 until 2016. So it can be concluded as follows: Turnover of receivables owned by PT. Socfin Indonesia tends to increase, while profitability level is measured with Return On Investment (ROI), and Return on Equity (ROE) in the company decreases. As for the inventory turnover owned by PT. Socfin Indonesia tends to increase, which is also not followed by the level of profitability as measured by Return On Investment (ROI), and Return On Equity (ROE) in the company also decreased. For turnover of receivables and inventory turnover at PT. Socfin Indonesia as a whole from 2012 to 2016 has not been able to improve the profitability of the company, which with the increase receivable turnover and inventory turnover indicate the amount of funds productive processed companies are not able to improve the profitability of the company. Profitability ratios of PT. Socfin Indonesia for ROI from 2012 to year 2016 owned by the company is less good because of the decline, this happens because of the low ability of PT. Socfin Indonesia in obtaining net profit when measured from total assets owned. For ROE in 2011 until 2015 owned by the company is also less good because it decreased, this is due to less able in obtaining net profit when measured from the capital owned by the company PT. Socfin Indonesia

**Bibliography**


