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.Analysis of Financial Reports in Measuring Financial Performance at Course and Training Institutions (LKP) in Kampung Inggris Pare District Kediri Regency (Case Study on LKP Nowdays English)

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ABSTRACT

The company's financial report is a reference for the company in one period. With the financial report, you can find out whether the company has experienced a profit or loss, in addition to being a benchmark for the company to determine the company's performance from a financial perspective. One measuring tool that can be used to measure company performance is ratio analysis. In this case, researchers will conduct research related to financial performance at LKP Nowdays English, which is one of the English language course institutions in Pare District - Kediri Regency. LKP Nowdays English has succeeded in rising from adversity during the Covid-19 pandemic. As we know, during the pandemic, student admissions decreased drastically which meant that LKP had no income at all, but was still able to survive and continue to grow with the increasing number of students accepted into the LKP. The aim of this research is to determine financial performance in terms of Liquidity Ratios and Solvency Ratios using the Time Series Analysis method, namely comparing the performance of financial reports from previous years. The indicator used to calculate the liquidity ratio is the Current Ratio (CR) while the indicator used to calculate the solvency ratio is the Debt To Asset Ratio (DAR). From this research, the results obtained are that the liquidity ratio is not good because it is below the industry average. This is due to the large number of current assets that are in cash and have not been used optimally. The solvency ratio is said to be good because LKP Nowdays English does not have long-term debt. From the results of this research, it can be recommended to LKP Nowdays English to optimize existing cash and not let it sit, while cash can be used to purchase fixed assets, investment, develop facilities and infrastructure, and increase promotions. From the results of the solvency ratio research, the advice that can be given is that you can make permanent investments using long-term debt.

INTRODUCTION

English has become an international language where its role is very important in various aspects of life, such as in education, cross-cultural communication and business. The increasing demand for English language skills in Indonesia has encouraged the development of various English language course institutions, one of which is the Nowdays Course and Training Institute (LKP) in Kampung England, Pare District, Kediri Regency.

Since the beginning of 2020, the COVID-19 pandemic has hit the world economy with a huge impact. Policies that limit social and economic activities have caused many industrial sectors to experience a significant decline in employment, including the Nowdays Course and Training Institute (LKP). Today's Course and Training Institutions (LKP) continue to survive and show good performance even in difficult situations.

Nowadays English is one of the non-formal English language course and training institutions located in English Village, Pare District, Kediri Regency. The Nowdays Course and Training Institute (LKP) provides English language courses for junior high school, vocational school, college students and the general public. This institution has been established since 2018 and has many alumni from various regions and some even from abroad. Today's Course and Training Institute (LKP) is very committed to providing quality English language education and training to its students, despite its status as a non-formal institution.

One of the challenges faced by Course and Training Institutions (LKP) today is irregular income patterns. This LKP is a non-formal institution whose main source of income comes from registration and administration fees paid by students. Because the number of students changes each period, the income earned by LKP Nowadays will also change so that it will be possible for the course institution to cover its operational costs.

Long-term or short-term loans. Despite these challenges, the Course and Training Institute (LKP) today has succeeded in maintaining operational continuity. To determine the performance at the Nowdays Course and Training Institute (LKP) from the challenges above, researchers want to conduct an analysis of company performance through financial report analysis. By analyzing financial reports, you can better understand the financial performance of a company or institution and find factors that influence financial performance. Ratio analysis has several advantages, including: a) it contains numbers that are easy to read and translate; b) a simpler substitute for the information presented by very complex financial statements; c) tell the company's position among other industries; d) provide material for filling in decision-making models and prediction models; e) provide standardization of company size; f) make it easier for companies to compare with other companies or see company developments periodically; and g) makes it easier to see current company trends and make predictions for the future (Nasution, 2019).

The financial ratio analysis carried out at this institution is to determine the institution's ability to fulfill short-term obligations (liquidity) and long-term obligations (solvency). By knowing financial conditions, today's Course and Training Institutions (LKP) can design more efficient and sustainable financial strategies to support their vision and mission to provide quality English language education. With this background, the author is interested in conducting research on the financial performance of LKP Nowadays English. For this reason, the author took the title **"Analysis of Financial Reports in Measuring Financial Performance at Course and Training Institutions (LKP) in Kampung England Pare District Kediri Regency (Case Study on LKP Nowdays English)".**

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

a. Definition of Financial Statements

Financial reports are one of the main media or sources of information for companies to convey financial information to users (Eliza, 2012). According to (Hery, S.E, 2015) financial reports are the result of the accounting process which can be used as a tool to communicate financial data or company activities to interested parties.

Basically, financial reports are the final result of a series of processes of recording, summarizing and classifying transactions business. Financial reports are used to determine the state of a company and the company's financial condition. Apart from that, financial reports are also used as a communication tool between the activities and financial data of a company and interested parties.

b. Purpose of Financial Reports
The general objective of financial reports is to provide information containing the company's performance, financial position and cash flow which is useful for the majority of report users in making economic decisions and to show management's responsibility for the use of entrusted resources.

c. Elements of financial statements
According to PSAK in (Hery, 2015) financial reports have 10 elements that are directly related to the company's financial position and performance results. These elements are divided into two groups. The first group describes the amount of resources the company has. The first group consists of three elements, namely assets, liabilities and equity (net assets). This second group describes transactions and economic events that influence company performance. The second group consists of seven elements, namely investment by owners, distribution to owners, comprehensive profit, income, expenses, profits and losses.

d. Analysis of financial statements
According to Masita & Purwohandoko in (Saling & Prasetianingrum, 2023) financial report analysis means breaking down financial report items into smaller units of information and looking at their relationships which are significant or which have meaning between one another, either quantitative or non-quantitative data. -quantitative with the aim of finding out more deeply about financial conditions which is very important in the process of making the right decisions. According to (Munawir, 2011) financial report analysis is financial report analysis which consists of reviewing or studying relationships and tendencies or tendencies (trends) to determine the financial position and results of operations as well as the development of the company concerned.
Financial reports will show the company's financial condition after being prepared in accordance with applicable accounting standards. Financial report analysis is needed to make it clearer and more understandable to various parties.

e. Financial performance
According to the Indonesian Accountants Association (IAI PSAK NO.1, 2009) financial performance is a company's ability to manage and control its resources.
Performance is the result of evaluating work that has been completed and comparing that work with standards that have been determined together.
Financial performance reflects the company's operational results in a certain period which are presented in the financial reports. Long-lasting management decisions determine financial performance. Parties who have an interest in the company pay attention to the company's financial performance. For investors, good financial performance indicates that the business is worth investing in; conversely, poor financial performance indicates that the business is not worth investing in (Saling & Prasetianingrum, 2023).

f. Financial performance measuring tool
Financial performance measurement is a formal effort to evaluate a company's efficiency and effectiveness in generating certain profits and cash positions (Hery, 2015). Measuring financial performance involves analysis of various financial indicators, such as revenue, net profit, cash flow, assets, debt, and capital (Pulungan et al., 2023). One measuring tool for

assessing financial performance is financial ratios, which are calculated by comparing one financial report item with other financial report items over a certain period of time (Simamora et al., 2023).

According to Al. Haryono Jusup (Jusup, 2014, p. 483) there are three analytical tools that are commonly used, namely:

1. Horizontal analysis
   Horizontal analysis or trend analysis is a technique for evaluating a series of data from financial reports over a certain period. This analysis aims to determine the increase or decrease that occurred. This change can be expressed in the form of an amount or a percentage.
2. Vertical analysis
   Vertical analysis or common-size analysis is a technique that expresses each financial statement item as a percentage of a certain base amount.
3. Ratio analysis
   Ratio analysis states the relationship between certain items of financial statement data. A ratio states the mathematical relationship between one amount and another amount. This relationship can be expressed in the form of percentages, rates, or proportions.

g. Financial Ratios

Financial ratios or financial ratios are a company financial analysis tool to assess the performance of a company based on a comparison of financial data contained in financial report items (balance sheet, profit/loss report, cash flow report) (Nasution, 2019).

Financial Ratios are a tool for measuring company performance based on comparative data written in financial reports (Rumindan et al., 2023).

Munawir in (Wartono, 2019) states that ratios describe a relationship (mathematical relationship) between a certain amount and another amount and by using an analytical tool in the form of this ratio it will explain or give an idea to the analyst about the good and bad conditions or financial position of a company. especially if the ratio figure is compared with the comparison ratio figure used as a standard.

h. Types of Financial Ratios

According to Fred J. Weston in Kasmir (2021) the types of financial ratios are:

1. Liquidity Ratio
2. Solvency Ratio or Leverage Ratio
3. Activity Ratio
4. Profitability Ratio
5. Growth Ratio
6. Valuation Ratio

Liquidity Ratio

According to (Kasmir, 2021) the liquidity ratio or ratio which is often called the working capital ratio is a ratio used to measure or show the ability of a company to fulfill short-term obligations (Fred Weston).

Solvency Ratio

According to (Kasmir, 2021) the solvency ratio or leverage ratio is a ratio used to measure the extent to which a company's assets are financed with debt. This means how much debt the company bears compared to its assets. In a broad sense, the solvency ratio is used to measure a company's ability to pay all its obligations, both short term and long term if the company is dissolved (liquidated).

METHODS

This research uses a quantitative approach with descriptive research type. The quantitative descriptive method is by collecting, processing and interpreting the data obtained so that it can provide a clear picture of the situation being studied based on numbers (Hasanah & Lubis, 2023). The quantitative descriptive method was chosen to describe and analyze the company's financial health condition through quantitative data contained in the financial reports.

Table: Operational Research Variables

Variable	Definition	Indicator	Scala	**Theory**
Liquidity Ratio	Ratio that shows the company's ability to fulfill its obligations or pay short-term debt.	Current Ratio Cash Turn Over	Ratio	Kasmir
Solvency Ratio	Ratio used to measure the extent to which company assets are financed with debt.	*Debt to Assets Ratio* *Debt to Equity Ratio* *Times Interest Earned*	Ratio	Kasmir

RESULTS

Current Ratio Calculation Table

Year		**Fix Asset**		**Current Liabilities**	**Current Asset/ Current Liabilities**	**Average**
2021	Rp	1.207.000.000	Rp	30.000.000	40 kali	
2022	Rp	1.874.460.000	Rp	89.000.000	21 kali	**28 kali**
2023	Rp	2.848.245.000	Rp	120.000.000	24 kali	

The company's liquidity level calculated from the current ratio from 2021 to 2023 can be said to be not good because the resulting value is too high above industry standards. This happens because the current assets owned by the company are too high, especially the cash value, indicating that the company is not efficient in using assets. that he has.

Cash Turn Over Calculation Table

Year	Net Sales		Net Working Capital		Net Sales / NWC	Average
2021	Rp	240.000.000	Rp	1.234.500.000	0,2 kali	
2022	Rp	1.038.625.000	Rp	1.758.960.000	0,6 kali	**0,4 kali**
2023	Rp	1.430.570.000	Rp	2.630.245.000	0,5 kali	

Hal ini menunjukan kondisi keuangan yang tidak sehat atau kurang baik dan perlu peningkatan. Upaya untuk meningkatkan penjulan, meningkatkan penagihan piutang, meningkatkan efisiensi operasional, dan menerapkan strategi manajemen modal kerja yang efektif sangat diperlukan untuk meningkatkan kinerja keuangan dan mencapai tingkat perputaran kas yang sehat

Debt to Asset Ratio Calculation Table

Year	Total Liabilities		Total Asset		Total Liabilities / Total Asset	Average
2021	Rp	30.000.000	Rp	1.264.500.000	2%	
2022	Rp	89.000.000	Rp	1.947.960.000	5%	**4%**
2023	Rp	120.000.000	Rp	2.950.245.000	4%	

Debt to Asset Ratio which is considered good according to Industry Standards (Cashmere) is 35%. With the company's DAR value being much lower than the industry standard value within a period of 3 years (2021-2023), it can be said that the company's solvency ratio is in good or healthy condition. This can be said because the company has a low level of debt relative to its assets so that LKP Nowadays English is able to cover its debts with the assets it owns.

Debt to Equity Ratio Calculation Table

Year	Total Liabilities		Total Equity		Total Liabilities/Total Equity	Average
2021	Rp	30.000.000	Rp	1.234.500.000	2%	
2022	Rp	89.000.000	Rp	1.858.960.000	5%	**4%**
2023	Rp	120.000.000	Rp	2.830.245.000	4%	

The DER value is much lower than the industry standard average, which with high use of own capital can limit funds for expansion so this can hinder the growth of LKP Nowadays English in the long term.

Times Interest Earned Calculation Table

Year		EBIT		Interest Cost	EBIT/Interest Cost	Average
2021	-Rp	195.000.000	Rp	2.000.000	-97 kali	
2022	Rp	599.625.000	Rp	2.000.000	300 kali	**232 kali**
2023	Rp	985.570.000	Rp	2.000.000	493 kali	

With the TIE value, the company's solvency level from 2021 to 2023 can be said to be good, even though in 2021 it experienced very serious financial problems, in 2022 and 2023 it showed significant improvement in the company's financial performance to more than the industry standard average. This means that LKP Nowadays English can be said to be very capable of covering its interest costs with its operating profit (EBIT).

DISCUSSION

1. Liquidity Ratio

Liquidity is a tool to measure a company's ability to meet or pay debts due.

a. Current Ratio (Current Ratio)

The higher the resulting ratio, the better the company's financial performance will be. According to Kasmir (2021) the industry standard for the current ratio is 2 times. In table 4.12 you can see the results of the current ratio which shows that in 2021, current assets are able to guarantee current debts 40 times, in 2022 current assets are able to guarantee current debts 21 times and in 2023 current assets are able to guarantee current debts 24 times. time. In 2022 there will be a decrease compared to 2021 and in 2023 it will show an increase compared to 2022. However, according to Herry, even though the current ratio value is higher than the industry standard, it cannot necessarily be said to be good due to several reasons. In this case, the current assets owned are too high, especially the cash value, which shows that the company is not efficient in using the assets it owns. So the company's liquidity level calculated from the current ratio can be said to be "not good"

b. Cash Turn Over (Cash Turnover)

In table 4.12 it can be seen from the results of cash turnover in 2021 that every IDR 1 of working capital produces IDR 0.2 sales, in 2022 every IDR 1 of working capital produces IDR 0.6 sales, and in 2023 every IDR 1 of capital work generates IDR 0.5 in sales. In 2022 there was an increase from 2021 and in 2023 there was a decrease from 2022. From the calculation results, cash turnover from 2021 to 2023 is still below the industry standard stated by Kasmir (2021), namely 10 times. In this case the company experiences difficulty in generating sales from its working capital so that the financial performance condition can be said to be "unhealthy".

2. Solvency Ratio

Solvency is a tool for measuring the ability of a company's assets to be financed by debt.

a. Debt to Asset Ratio

The higher the DAR value, the worse the performance for the company, so the company must try to keep the DAR value lower or below the industry standard, namely 35% according to Kasmir (2021). Table 4.12 shows that in 2021 every IDR 100 of total assets is financed by total debt of IDR 2, in 2022 every IDR 100 of total assets is financed by debt of IDR 5, and in 2023 every IDR 100 of total assets is financed by debt of IDR 4. In this case the DAR calculation results from 2021 to 2023 are below industry standards where the company has a low level of debt to assets so that it is able to cover its debts with its assets. With these financial conditions, financial performance can be said to be "good".

b. Debt to Equity Ratio

The lower the value of this ratio, the better the company's financial condition. According to Kasmir (2021) the industry standard for DER is 90%. Based on table 4.12, it shows that in 2021, every Rp. 100 of total equity is financed by debt of Rp. 2, in 2022, every Rp. 100 of total equity is financed by debt of Rp. 5, and in 2023, every Rp. 100 of total equity is financed by debt of Rp. 4. In this case the DER calculation results from 2021 to 2023 are below industry standards where the company uses more of its equity (own capital) to finance its operations compared to debt so that with low debt the interest expense will be smaller. However, with a DER value that is much lower than the industry standard, you have to be careful because high use of your own capital can limit funds for expansion which can hinder the company's growth in the long term. With these financial conditions, financial performance can be said to be "not good".

c. Times Interest Earned

The higher the TIE value, the better the company's financial performance in several aspects. The industry standard according to Kasmir (2021) is 10 times. Based on table 4.12, the TIE value in 2021 shows that the company's operating profit (EBIT) is 97 times less than interest costs, in 2022 interest costs can be covered 300 times EBIT, and in 2023 interest costs can be covered 493 times EBIT. Even though in 2021 there were serious financial problems, 2022 and 2023 showed significant improvement, being able to cover interest costs with operating profit (EBIT) and a TIE value that was more than industry standards. With these financial conditions, financial performance can be said to be "good".

CONCLUSION

Financial Performance of LKP Nowadays English is based on the liquidity ratio which is used to measure the company's ability to pay its short-term obligations. LKP Nowadays English is measured through the current ratio (CR) and Cash Turnover (CT) indicators. The current ratio (CR) can be said to be "not good" because in the last 2 years the ratio value has been too high. And for Cash Turnover (CT) it can be said to be "not good" because the value of this ratio from 2021 to 2023 is still below industry standards.

Financial Performance of LKP Nowadays English is based on the solvency ratio which is used to measure the company's ability to pay long-term obligations. LKP Nowadays English is measured through the Debt to Asset Ratio (DAR), Debt to Equity Ratio (DER) and Times Interest Earned (TIE) indicators. The Debt to Asset Ratio (DAR) can be said to be "good" because from 2021 to 2023 the assets owned are greater than the debts. The Debt to Equity Ratio (DER) can be said to be "not good" because over the last 2 years it has used too much equity to finance its operations and there are concerns that funds for development will be limited. And finally Times Interest Earned (TIE) can be said to be "good" because in the last 2 years the ratio value has been more than the industry standard.

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