



Research Article

Cash Flow Statement Analysis on PT Tanaka Citra Gemalang Tangerang Plant 2016-2020 Period

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A B S T R A C T

Based on PT Tanaka Citra Gemalang cash flow statement, it shows that their cash activities from 2016-2020 have an unstable condition, the difference is very significant, this can cause from Covid-19 pandemic that company has been facing. The purpose of this research is because writer want to know how is the cash flow activities condition and how company can develop their cash flow which in cash flow was included an operation activity, investment activity and funding activity. On this research, writer use cash flow pattern analysis and also horizontal finance analysis. The results from cash flow analysis shows that cash flow have a negative result. With this cash balance which always decreasing on the past three years and company was also having a cash deficit on the past two years, it means that the conclusion of this situation is PT Tanaka Citra Gemalang finance situation is not on well finance situation.

INTRODUCTION

Cash flow report show a description for readers about how company can receive cash from operational activity, use their cash for investing activity, and manage their funding activity. All information on the company's financial performance that all parties have to know is presented concisely on cash flow report (Riswan & Kesuma, 2014; Zhu et al., 2022). Cash flow report is also used as a tool or method to analyze whether the company's plans for using their cash are running properly. This research uses the cash flow report as the object of research, because the cash flow report provides an overview or explanation of how the company obtains cash in and what cash is spent in operating activities, uses for investment activities, and manages funding. The information provided by the cash flow report can be used to check on how company use and develop their cash (Atwood et al., 2011; Zhu et al., 2022). Company cash is used for operational financing, if there's problems in it, this will have a major impact on the company's operational activities in the following period (Dong et al., 2020; Elisa, 2018). Apart from that, the cash

flow report can be used as a measuring tool in analyzing whether the company has invested and funded as their planned or not.

From 2016 to 2018, the company have a good growth every year starting from an increase in sales value, total assets both fixed and current, as well as an increase in profits earned by the company. However, entering 2019, the company experienced decreased profits, followed by 2020, the world was shocked by the emergence of the Covid-19 pandemic which had quite a severe impact on the manufacturing industrial sector because of the lockdown causing company cannot operate their production activity. PT Tanaka Citra Gemalang also felt quite a severe impact as a result of which the company experienced a decline in terms of sales and sales revenue which has an impact on their profit, so that in 2020 the company experienced quite severe losses, reaching a loss of IDR -613,284,000.

Cash flow report on a company is considered as a very important thing which can be used by interested parties in the company such as funders as investors and creditors in fulfilling their desires or entities in achieving the



company's goals. With a cash flow report, information about where the cash income comes from and what the cash is used for will be explained in detail.

The contribution of the research is to determine the condition of PT Tanaka Citra Gemalang's cash flow in 2016 – 2020 from each activity (Operations, Investment and Funding) and to determine the development of PT Tanaka Citra Gemalang's cash flow in 2017 – 2020 as seen from comparison of each cash flow activity (operations, investment and financing).

METHOD

Literature Review

According to Standar Akuntansi Keuangan (SAK) 2015, financial reports are a part of the financial reporting process. A complete financial report usually includes a balance sheet, profit and loss statement, a report on changes in financial position (which can be presented in various ways, for example as a cash flow statement, or funds flow statement), notes and other reports and explanatory material that are an integral part of the financial report (Maith, 2013; Rahmah & Komariah, 2016; Syaharman, 2021).

Financial reports are usually made at the end of the period, end of each month or end of the year. Financial reports addressed to parties are generally made at the end of each year. Financial reports contain financial information, such as total assets, total liabilities, total capital, total income, total costs, and cash flow. Financial information is taken from a summary of transactions that occurred during one period (Wardiyah & Lasmi, 2016).

According to Financial Accounting Standards No. 1 states that the purpose of financial reports is to give a information relating to the company's financial position, financial performance, and changes in the company's financial position that is useful and can be used by report users or decision makers.

The cash flow report is a report that describes cash inflows and cash outflows in detail from each activity, starting from operating activities, investment activities, and financing activities for a certain period. The cash flow statement describes the amount of increase and decrease in net cash from all activities during the current period, as well as the cash balance held by the company until the end of the period (Hery, 2017, p. 7).

The purpose and concepts explained in (Statement of Financial Accounting Concept) SFAC No. 1 and 5, which were later confirmed by SFAC No. 8 states that the cash report must replace the report on changes in financial position as a required financial report. The cash flow report is intended to help investors, creditors and other parties forecast the future cash flows, provide feedback on actual cash flows, evaluate the availability of cash for dividends and investments, as well as the company's ability to fund

growth from internal sources, and identify a reasons why there is a difference between net profit and net cash flow (Rahmah & Komariah, 2016).

Based on PSAK, the cash flow report is classified into three activities

1. Cash Flow from Operating Activities

The most important flow on cash flow report is cash flow from operating activities. There are two methods that can be used to calculate net cash flow from operating activities, it was direct method and the indirect method. Both methods will produce the same cash figures. However, the method most often used in practice is the indirect method.

The direct method in practice is to testing each component of the income statement with the purpose of reporting the amount of cash received or disbursed from each component of the income statement. The amount of sales presented in the income statement will be retested using the cash flow report to find out how much cash the company received from customers during a certain period. Likewise with the cost of goods sold and other costs incurred by the company.

The indirect method starts with the amount of net profit/loss as reported in the profit and loss statement and adjusts the amount of net profit/loss with components that do not affect cash flow. The amount of net profit/loss as a result of accrual accounting will be adjusted (reconciled) to determine the amount of net cash flow from operating activities. These adjustments consist of:

- 1) Income and expenses that are not related to cash inflows and outflows
 - 2) Related gains and losses from investment or financing activities
 - 3) Changes in current assets (other than cash) and current liabilities as a result of income and expense transactions that do not affect cash flows
- #### 2. Cash Flow from Investment Activities
- Things that included in investment activities are buying or selling land, buildings, equipment and supplies. Investment activities also include a buying and selling financial instruments for non-trading purposes (non-trading securities), selling business segments, and providing loans to other entities. Reporting cash flows from investing activities is influenced by direct and indirect methods.
- #### 3. Cash Flow from Funding Activities
- Cash flows from funding or financing activities include transactions where cash is obtained or paid back to fund owners (investors) and creditors. What is included in financing activities includes transactions related to long-term debt and company equity (capital). Cash flow reporting from financing activities is not influenced by direct and indirect methods

Research Scope

This research type is quantitative descriptive research by raising a problem that occurred within the financial scope of PT Tanaka Citra Gemalang from 2016 to 2020. This

research was conducted to determine the condition and development of PT Tanaka Citra Gemalang if measured using cash flow reports as the base for measurement. This research design uses a case study method by looking at the financial report data of PT Tanaka Citra Gemalang for the 2016-2020 period which is then processed into a cash flow report and analyzed.

Research Methods

In preparing cash flows, the author use the company cash flow statement. The calculation method used in this research uses an indirect method with the reason that this method is carried out because it does not require a long time, by using the cash flow report (Maith, 2013; Rabuisa et al., 2018; Rahmah & Komariah, 2016; Syaharman, 2021).

Cash Flow Analysis Based on Patterns

For cash flow analysis, it explains each pattern in cash flow activities (operations, investments, and financing) with negative or positive results. Then it will give an explanation or description of the company's position or what the company must do regarding the results of the pattern in cash flow from each of its activities.

Cash Flow Analysis Based on Horizontal Analysis

To carry out horizontal analysis in cash flow reports, you can use the following calculations according to (Rahardjo, 2020) :

Operating Cash Flow

$$= \frac{\text{AKO Base Year} - \text{AKO Previous Year}}{\text{AKO Previous Year}} \tag{1}$$

Investment Cash Flow

$$= \frac{\text{AKI Base Year} - \text{AKI Previous Year}}{\text{AKI Previous Year}} \tag{2}$$

Funding Cash Flow

$$= \frac{\text{AKP Base Year} - \text{AKP Previous Year}}{\text{AKP Previous Year}} \tag{3}$$

RESULT AND DISCUSSION

Research Result

Table 1. Operating Cash Flow Calculation

Operating Cash Flow Calculation			
Year	Operating Cash Flow	Comparison	%
2016	4,251,616,241		0%
2017	1,263,629,611	5,515,245,852	130%
2018	7,716,796,474	8,980,426,085	711%
2019	5,892,624,290	1,824,172,184	24%
2020	3,418,219,784	2,474,404,506	-42%

Source: Processed Data

Based on the calculation results, operating cash flow in 2017 decreased by -130% from the previous year, then in

2018 it increased by 711%, then in the following two years operating cash flow continued to decrease in 2019 by -24% and in 2020 by -42% (Table 1.). Figure 1 is a graph of the development of the company's operating cash flow for 2017 – 2020.

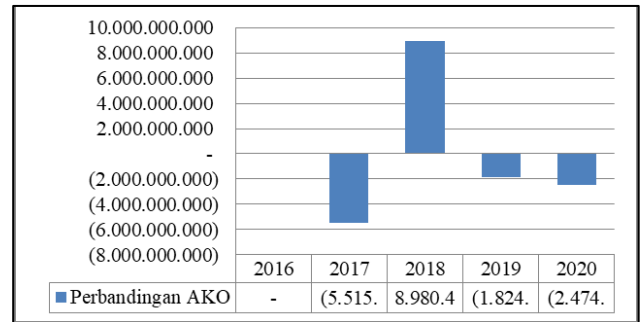


Fig 1. Operating Development

Source: Processed Data

Tabel 2. Investment Cash Flow Calculation

Investment Cash Flow Calculation			
Year	Investment Cash Flow	Comparison	%
2016	-2,238,443,176		0%
2017	-22,579,257,462	-20,340,814,286	909%
2018	-8,661,840,348	13,917,417,114	-62%
2019	-55,002,045	8,606,838,303	-99%
2020	-3,418,219,784	-41,882,760,667	76,148%

Source: Processed Data

Based on the results, investment cash flow in 2017 increased by 909% (figure 2.) from the previous year, then in 2018 it decreased by -62%, then in 2019 it decreased by -99% and in 2020 it increased by 76,148% (Table 2.).

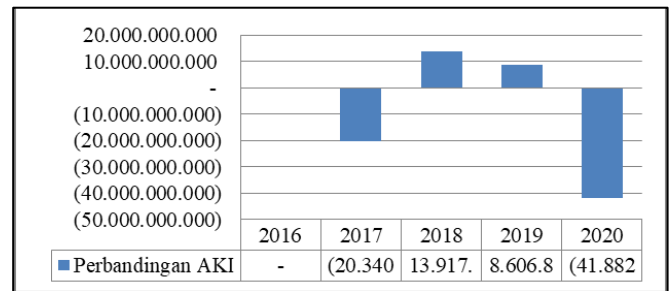


Fig 2. Investment Development

Source: Processed Data

Table 3. Funding Cash Flow Calculation

Funding Cash Flow Calculation			
Year	Funding Cash Flow	Comparison	%
2016	-1,888,966,429		0%
2017	23,971,285,885	25,860,252,315	1,369%
2018	1,067,195,642	22,904,090,243	-96%
2019	-6,384,253,846	7,541,449,488	-698%
2020	37,499,704,615	-43,883,958,461	687%

Source: Processed Data

Based on the calculation results, funding cash flow in 2017 increased by 1369% from the previous year, then in 2018 it decreased by -96%, then in 2019 it decreased by -698% and in 2020 it increased by 687% (Table 3.). Figure 3 is a graph of the development trend of the company's operating cash flow for 2017 – 2020.

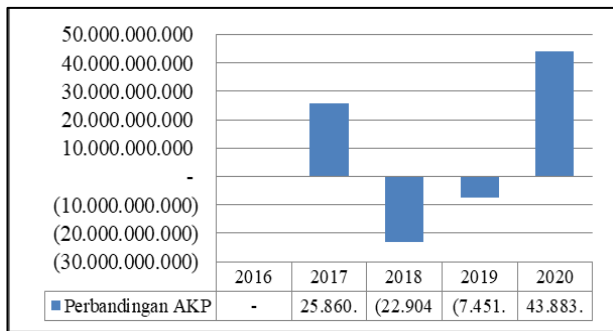


Fig 3. Funding Development
Source: Processed Data

Discussion

Based from the graph above, the company's cash flow development is very volatile. From 2017 – 2020, only 2018 had a positive graph, which 2018 comparison result is 13,917,417,114. However, in 2017, 2019 and 2020 the graph was negative, meaning that the company's cash flow had a deficit that year with comparison result - 20,340,814,286 on 2017; 8,606,838,303 on 2019 and - 41,882,760,667 on 2020. Positive operating cash flow in a fairly large amount is an indication that the company is running very well. The key to a company's success lies in generating a cash surplus in the company's main activities (operations). Therefore, the condition of the company's operating cash flow in 3 periods experiencing a cash deficit means that the company is not in good development.

Based on the graph above, the trend in the development of company investment cash flow fluctuates, where every year it changes, in 2017 investment activity increased with comparison result is -20,340,814,286, then in 2018 it decreased with comparison result is 13,917,417,114 and also decreased in 2019 with comparison result is 8,606,838,303, and in 2020 company investment activity increased by a high amount which the comparison result is -41,882,760,667. The company invests by adding fixed assets. Acquisition of fixed assets is an investment made with the hope that business activities will develop in the sense of increasing company sales and profits, so that the investment in question can be recouped. However, it should be noted that the results from investing in fixed assets will only be obtained over a long period of time. For this reason, if a company makes an investment with a fairly high value, it needs to carry out further analysis before investing in additional fixed assets, because it can threaten the company's sustainability in paying for the purchase of fixed assets. In 2020 the company added a high amount of fixed assets due to the situation that in that year the

company experienced a deficit in sales value. And this is the cause of the company's cash deficit.

Trends in the development of funding cash flows from year to year fluctuate. In 2017 there was an increase in funding cash flows from external parties (Banks) to finance cash flows for cooperatives and investments which can be seen from the comparison result which is 25,860,252,315, in 2018 funding cash flows decreased with comparison result is 22,904,090,243, this year the company did not fund the funds from creditors or investors, then in 2019 the company returned funds to creditors which resulted in negative funding cash flow with comparison result is 7,541,449,488, and in 2020 the company added funds from external parties (Banks) in very large amounts to be able to finance investment activities which can be seen by comparison result is 43,883,958,461. On average, additional funds are used for company investment activities, but it is important to remember that the results from investment in purchasing fixed assets are obtained over a long period of time. Therefore, in the next period, it is likely that the company will experience liquidity and solvency difficulties.

CONCLUSION

The company's operating cash flow in 3 periods experienced a cash deficit, the company's operating cash flow was not in good development. The company invested by adding fixed assets, and in 2020 the company added a large amount of fixed assets. The company adds funds every year from long-term and short-term bank loans. In 2020 the company borrow large amounts from external parties which will be used to finance the company's investments, so in the next period it is likely that the company will experience cash difficulties. With an average operating activity deficit for five years, investment activities that were not measured and planned which resulted in the company making large additional funds from external parties but still making the company's final cash balance a deficit, it can be concluded that the development of PT TCG's cash flow 2016 – 2020 was not in good development, where cash flow continued to decline until 2019 and 2020 experienced a cash deficit.

Based on analysis and discussion, as well as several conclusions that have been outlined. The writer tries to provide several suggestions as input and considerations for companies to be able to determine policies in managing cash flow, especially PT Hasura Mitra Gemilang's cash outflow. The suggestions that the writer can give are:

1. Develop a cash flow plan as best as possible considering that the cash flow is negative, this can be done by increasing sales volume, selling assets that are no longer productive

2. Create receivables inventory management based on the time and tempo of receivables collect. So that receivables can turn into company's cash and can increase the company's cash balance
3. Carry out investment calculations based on estimates of the company's cash in and cash out. so that the implementation of company investments is more focused, measurable, and in line with the company's capabilities and needs
4. Calculate the amount of credit required by the company, accompanied by determining the highest credit interest rate, as well as determining the tempo of credit repayment. With the purpose of the company being able to pay off all its obligations and have sufficient cash balance.

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