SUMMARY

EKO HIDAYANTO. Working Capital Analysis and Its Effect on Corporate Financial Performance. Supervised by HERMANTO SIREGAR and TRIAS ANDATI.

Decline in demand for motor vehicles after the financial crisis affect the upstream industry of motor vehicles, the demand for spare parts of motor vehicles that affect the company's revenues and earnings are based spare part business one Laksono PT Fajar Handoyo. Decline in demand for products made management changes in order to increase sales, ie sales by loosening system extends the life of receivables that affect the working capital especially receivables, inventory, accounts payable, and cash flows of the company. The company's sales increased from 2007 to 2011 but was not followed by an increase in sales profit rate earned. In the period of 2009 to 2011 decreased corporate profits, is inversely proportional to sales. From the description of the formulation of the problem in this study is: (1) How does the company's working capital and corporate financial performance from the aspects of liquidity, activity, and profitability?, (2) How does working capital to the company's profitability?. From the formulation of the problem can be structured framework of the research is (1) Analyzing working capital policies applied by the company during the period of 2007 to 2011, (2) analyze the impact of working capital on profitability.

This study uses a case study approach to PT Fajar Laksono Handoyo for 5 years, from 2007 to 2011. The research method using vertical analysis, horizontal, net working capital, cash cycle, and multiple linear regression analysis. Working capital variables used in this study was adapted from previous research. Analysis results are then used as the basis for formulating corporate managerial implications.

The results using descriptive analysis shows that during 2007 to 2011 the company's net working capital in conducting its business activities is positive. This illustrates that the funding of the company's production activities are financed by current assets or it can be said with the results obtained from the company for 5 years from 2007 to 2011 adopted a conservative approach. This approach has lower risks and results are also lower. PT Fajar Handoyo Laksono use equity to finance all fixed assets, current assets, and current assets temporary. Company policy during the last 5 years despite embracing a moderate conservative but tends to approach even can be aggressive, accelerated inventory turnover following an improvement in aged inventory. Of 7 times the turn over in 2007 to 192 times the turn over in 2011. This shows that the acceleration of the company in getting back the money in cash from inventory conducted. This is a result of the company's policy to sell only through the order system so that companies do not need to hold excess inventory to sales, inventory was only 10% of the total production.

Cash cycle of the company for five years to change from 25 days in 2007 to 0 days in 2011, or 14 times the turnover in 2007 to 360 times in 2011. In 2009 the cash turnover has decreased, this is due to the company policy that does loosen the credit policy for the sale of receivables in the year so the increase. Each year the company experienced a good change in current assets and current liabilities. The
changes are obviously very influential on profit and liquidity risk arising from these changes.

Changes in the value of the ratio may result in increased or decreased effect on profit and liquidity risk arising from changes in the ratio. Overall ratio of current assets to total assets of the company tends to go down, this situation resulted in corporate profits will rise in line with the decline in the value of the ratio, but in fact the company's earnings declined. In total age and turnover of accounts receivable from 2007 to 2011 has increased and decreased fluctuating. Aging of receivables is only 28 days in 2007 to only 6 days in 2011 and accounts receivable turnover is only 13 times in 2007 to 65 times in 2011.

Result of data management as much as 60 months ie from November 2006 to December 2011 obtained regression equation to profitability as measured by return on assets shows that any changes to decrease the average age of receivables amounting to 1 day, it will increase by 0.002% ROA and ROE of 0.030% results are consistent with the hypothesis of the research relationship whereby receivables negatively affect the value of ROA and ROE. Regression value of accounts receivable significantly affect ROA and ROE at 10% α level. If there is additional value debt ratio of 1%, it will increase by 0.135% ROA. and ROE of 1,624%. These results are consistent with the hypothesis that financial asset ratio has a positive effect on ROA and ROE. Significant regression results on the value of 5% significance level.

Changes in financial fixed assets ratio decreased by 1%, it will increase by 0.296% ROA and ROE of 3,715%. This result is inconsistent with the hypothesis that FFAR positive effect on ROA and ROE. Mismatch hypothesis with the results because of investments is not necessarily directly affect earnings (ROA / ROE) at that time. Influences that will happen will be seen in a relatively long time because of the lead time for the installation of machinery and equipment also advocates before the engine produces products to improve the company's total sales. Expansion of the change brought about changes to 0017% increase in ROA and ROE of 0.478%. These results are consistent with the hypothesis that the expansion will be a positive impact on ROA. With the expansion of the company to increase production in order to increase sales and generate greater profits.

Key words: financial ratio analysis, working capital, profitability, multiple linear regression, and cash cycle.