ANALYSIS OF LIQUIDITY, SOLVENCY, PROFITABILITY AT UD. RIFQI JAYA

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ABSTRACT

The purpose of this research conducted by the author is to analyze the financial statements of UD. Rifqi Jaya uses 3 methods namely liquidity analysis, solvency and profitability. The object of this research is the financial statements of UD. Rifqi Jaya from 2015 to 2017. In this study, the author used a qualitative descriptive approach. Based on the analysis liquidity ratio, the financial condition of UD. Rifqi Jaya can be said quite good because it will have no trouble paying their short-term debts. Meanwhile, the solvency analysis show that total assets and capital are greater than total liabilities, so that the company is able pay their obligations. Likewise in the analysis of profitability, UD. Rifqi Jaya has the potential to increase net income, so that it can pay its obligations very well.

Keywords : Liquidity, Solvency, Profitability, and financial statements

PLEMINARY

The financial ratio itself has five categories, namely the liquidity ratio is the ratio to calculate the company's capabilities and pay the company's short-term expenses. The activity ratio is the ratio used to calculate the effectiveness where the use of assets and then pay attention to the level of asset activity. The solvency ratio is the ratio used to calculate the capability of the company to pay for the company's long-term expenses. Based on the pecking order theory, if a company that wants to grow will need capital, one of which is obtained through debt, and if the company has high solvency, the company does not need to borrow money with a large value. The profitability ratio is the ratio to be able to find out the capability of the company to make a profit. The market ratio is a ratio to determine the relative development of the company level in the company's books (Hanafi & Abdul, 2012:23). Based on signal theory, if the higher the profitability of a company, it will give a good signal to potential investors to invest in the company and vice versa, if the company wants to maximize profitability, it is possible to pay attention to the company's liquidity level. The higher the liquidity, the better the company's position in the eyes of creditors. Because, the high level of liquidity can reflect the company's ability to meet its obligations in a timely manner (Yusra, 2016).

Another factor that can have an impact on profitability is liquidity. The liquidity ratio provides an overview of the company's ability to settle short-term debt. The liquidity ratio is the ratio used to calculate how liquid a company is. Calculations can be carried out over a period of time, so that the company's liquidity growth can be found from one period to another. High liquidity means that the company's performance will be better, because creditors will be interested in providing short-term loans to the company, which makes the company's activities run as it should
have an impact on the company's profitability (Riana & Diyani, 2016). Based on the theory of liquidity growth signals from period to period, it will have a positive impact on the company's future prospects, thus enabling the company to grow rapidly.

Problems often faced by UD. Rifqi Jaya, namely the emergence of new competitors in the same line of business. These competitors often make almost similar products at a much lower price, but the quality of the products they sell is not that great. This condition did not make UD. Rifqi Jaya is reducing the quality or lowering the price of the products they sell. In addition to the above conditions, the problem that is also often experienced by UD is receivables that are not paid by consumers several times, thus affecting its financial performance. This is because in running its business, UD accepts cash and credit payments. To continue running his business operations, the owner of UD took the initiative to use a capital loan from a bank. Therefore, UD. Rifqi Jaya must regularly evaluate its financial performance. To measure whether the condition of its financial statements is good or not, UD. Rifqi Jaya needs to use calculations using financial ratios consisting of liquidity ratios, solvency and profitability.

LITERATURE REVIEW

Theoretical basis

Signal Theory

Astika (2011:66) states that signal theory explains the reason why managers of a company have an incentive voluntarily to report information to the capital market, even though no one requires it. The company's ability to obtain capital will increase if the company has a good reputation, which is reflected in its financial statements.

Pecking Order Theory

Companies prioritize internal sources of funds before using external sources, namely debt (Ariyanto dan Taufik, 2002). In the pecking order theory, there is an order of priority related to the company's funding activities. This theory explains the funding decisions taken by the company. Pecking Order Theory explains why profitable companies generally borrow small amounts.

Liquidity Analysis

Liquidity is the ability of a company to pay short-term expenses and debts in a timely manner. If the company does not have this capability, the company cannot carry out its activities. Kasmir (2012:13) explained that the liquidity ratio is a ratio that shows the company's capacity to pay expenses and short-term debt, meaning that if the company is asked to pay debt, then the company can fulfill its debt and most importantly, debt that has expired or has expired. It's the same with opinions (Horne & Van, 2012:77) liquidity is the ratio used to measure the company's capacity to meet its short-term expenses. Therefore, every company must understand how to measure or calculate the liquidity ratio by using several steps, including:
Current Ratio

The current ratio is used to measure the company's capacity and fulfill its obligations when the company pays its short-term obligations (expiration does not exceed 1 year). According to Fahmi (2014:121) current ratio is a commonly used measure or short-term solution, the ability of a company to meet its debt needs when it matures. And according to Kasmir (2013:134) current ratio is the ratio to measure the company's ability to pay short-term obligations or debt that matures immediately when collected as a whole.

How to calculate current ratio:

\[
\frac{\text{Current asset}}{\text{Current liabilities}} \times 100\% 
\]

Source: (Harahap, 2002:301)

Cash Ratio

This ratio is used to measure the capacity of the company to pay short-term debt or current liabilities that must be repaid immediately using the company's cash. According to Sudana (2011:21), Cash ratio is the ability of cash and securities owned by a company to cover current debt. Meanwhile, according to Kasmir (2013:138) cash ratio is the cash turnover ratio inventory to net working capital.

The following is the formula for the cash ratio:

\[
\frac{\text{Cash + Cash Equivalents}}{\text{Current Debt}} 
\]

Source: (Harahap, 2002:302)

Quick Ratio

This ratio is used to measure the liquidity position of a company, project, investment center or profit center. According to Kasmir (2013:137) The definition of quick ratio is a quick test ratio that shows the company's ability to pay its short-term liabilities with current assets without taking into account the stock value (inventory).

The method of calculating is the formula of the quick ratio:

\[
\frac{\text{Current assets} - \text{inventory}}{\text{Current Debt}} 
\]

Source: (Harahap, 2002: 302)

Solvency Analysis

Solvency is the capacity of the company to pay off all liabilities of the company from short-term to long-term through assets. The solvency ratio or leverage is the use of assets where the use is required to cover or pay fixed expenses. The solvency shows the use of debt in order to finance the investment. The explanation of the leverage ratio is the ratio used to estimate how the company's assets are charged using a loan (Hery, 2015:162). This ratio also calculates the company's long-term liquidity in order to make it easier to calculate a variable. Meanwhile, the liquidity ratio estimates the company's ability to pay short-term expenses. As stated Fahmi (2014:59) solvency ratio,
namely the ratio to find out the extent to which the company can operate its debt to make a profit so that it can pay back its debt. Solvency ratio based on Syamsudin (2011:89) namely the capability of a company to utilize an asset that has a fixed expense in order to increase the level of income for the owner of the company. How to measure or calculate the solvency ratio by using several ratios, including:

**Debt to Asset Ratio (Debt Ratio)**

Debt reduction can greatly increase profitability, on the other hand it will also increase risk (Hanafi & Abdul, 2012). According to Kasmir (2013:69) debt ratio is the ratio used to measure how much the company's assets are financed by debt or how much the company's debt affects asset management. Meanwhile, according to Sudana (2011:20) debt ratio serves to measure the proportion of funds originating from debt to finance company assets. Here is a formula from debt ratio:

\[
\text{Ratio of total debt to assets} = \frac{\text{Total Debt}}{\text{Total assets}}
\]

Source: (Harahap, 2002:304)

**Debt to Equity Ratio**

A ratio to explain the relationship (in comparison) with the amount of short-term and long-term debt using personal capital. According to Kasmir (2013:157) debt to equity ratio (DER) is the ratio used to value debt to equity. The way to find this ratio is to compare all debt, including current debt, to all equity. According to Hanafi dan Abdul (2009:82) debt to equity ratio (DER) is a ratio that can show the relationship between the amount of long-term loans provided by creditors and the amount of own capital provided by the owner of the company.

How to calculate the ratio of debt to equity:

\[
\text{Debt To Equity Ratio} = \frac{\text{Total Debt}}{\text{Total Capital}} \times 100\%
\]

Source: (Harahap, 2002:304)

**Profitability Analysis**

The profitability ratio aims to estimate the effectiveness of management as seen from the return on investment with the activities of the company. This ratio can also be said to determine the overall performance and efficiency of the company in managing liabilities and capital. Profitability has an important role in business activities to maintain the survival of the company going forward. This analysis aims to detect the triggers for the emergence of profit or loss obtained from each type of product within a certain period. Profitability is the capacity of a company to make a profit at a certain time. When carrying out its activities, the company will be guided when targets have been determined. Profitability based Munawir (2014:33) that is, it shows the company's capacity to make a profit within a certain period.
The company's profitability is likely influenced by the company's working capital. The definition of working capital is the amount of costs used to fund the company's financial activities and to obtain profitability. Profitability analysis can be used to calculate returns on capital injected into the company in the form of ROE. This relationship is also contained in the theory which states the du point system focus the analysis on ROE, the higher the ROE, the better it is for the owner of capital, if you use a different approach, namely ROE is the result of multiplying the ROA then equity multiplier. This approach explains that if the company uses debt and it is bigger (the higher the equity multiplier) but it gets an equal ROA, so the company has a higher ROE. How to measure or calculate profitability ratios using four ratios, including:

**Net Profit Margin**

*Net profit margin* is the profitability ratio used to assess the percentage of net income after deducting tax on the income obtained from sales. According Syamsudin (2011:62), Net Profit Margin (NPM) is the ratio between net profit (net profit), namely sales after deducting all expenses, including taxes.

How to calculate net profit margin:

\[
\text{Net Profit Margin} = \frac{\text{Net profit after tax}}{\text{Net profit}} \times 100\%
\]

Source: (Sartono, 2010:113)

**Return on Assets**

Is a financial ratio to determine the capacity of the company when getting profits or assets to use. ROA is used to calculate the company's capacity to earn profits in the past. This function can be projected in the future so that we can find out the company's capacity to gain profits in the future. Return On Assets (ROA) according to (Sartono, 2010:123) is the company's ability to generate profits from the assets used.

Here is the formula from ROA:

\[
\text{Return on Assets} = \frac{\text{Profit before tax}}{\text{Total assets}} \times 100\%
\]

Source: (Brigham & Joel, 2013:109)

**Return on Equity**

It is the ratio of net income after tax to own capital which is used to measure the company's ability to profit available to shareholders of the company. This ratio explains the scale to the profitability of the prospect of shareholders. ROE according to (Sartono, 2010:124) is the company's ability to earn available profits to the company's shareholders. According to (Syamsudin, 2011:64), ROE This ratio is an measurement of the income available to company owners (both common stockholders and preferred stockholders) for the capital they invest in the company. Then this ratio has a drawback, namely that it is not able to predict dividends for shareholders.

Here is a formula from Return on Equity:

\[
\text{Return on Equity} = \frac{\text{Net income after tax}}{\text{Total Equity}} \times 100\%
\]

Source: (Brigham & Joel, 2013:109)
Gross Margin Ratio

Namely used to measure the effectiveness of measuring the cost of goods or production costs. If the gross margin ratio increases, it will be very effective for the company's operations to find a small COGS rather than sales, which is beneficial for operational audits. The following is the formula for the gross margin ratio:

\[
\text{Gross Profit Margin} = \frac{\text{Net Sales} - \text{Cost of Goods Sold}}{\text{Net Sales}} \times 100\%
\]

Source: (Sartono, 2010:113)

Hypothesis Development

Liquidity Analysis at UD. Rifqi Jaya

The signal theory explains that the information released by the company will have an impact on making an investment decision and signal theory also suggests how a company should provide a signal to users of financial and non-financial reports with the aim of providing a positive image of the company. (Alicia, 2013). Through these signals, the current and future condition of the company can be seen. According to (Hanafi dan Halim, 2005:54) current ratio is the ratio used to measure the company's ability to meet short-term debt using current assets. The higher the current ratio value, the easier it is for the company to pay its debts, as well as other types of liquidity. Then the company will give a positive signal regarding the company's future prospects.

Solvency Analysis at UD. Rifqi Jaya

The pecking order theory assumes that a company that wants to grow will need capital, one of which is obtained through debt. Likewise, companies are not easy to get loans because they must first analyze whether it is right to get into debt. If internal sources, such as own capital or retained earnings, are still lacking, the company can make loans. For that, it is necessary to analyze the pros and cons of making a loan. And if the company has high solvency values, the company does not need to seek loans with large values.

Profitability Analysis at UD. Rifqi Jaya

Signal theory also explains that if the higher the profitability of a company, it will give a good signal to potential investors to invest in the company, so if the profitability is bad it will make investors hesitate to invest in the company. And the higher the profitability, it can show a very good company prospect so that the market will respond positively to these signals and the company value will also increase (Sujono dan Soebiantoro, 2007:88).

RESEARCH METHODS

Types of research

In this study, the authors used a qualitative descriptive approach. When collecting research material, the authors use two methods, including:

1. Direct research, namely the technique of collecting data and observing objects directly, then obtaining systematic, factual, appropriate research material to describe the real situation.
2. Documentation techniques, namely by collecting financial statement data, for example, company balance sheets and profit and loss.

The research object examined by the author is financial performance at UD. Rifqi Jaya which includes UD's financial statements for the period 2015 - 2017 using three financial analyzes, namely liquidity, solvency, and profitability analysis.

Research sites

The research location visited by the author is located on Jalan Raya ByPass Genengan Alley Middle RT 01 RW 14, Banjaragung Village, Puri sub - district, Mojokerto Regency, East Java. And south of UD. Rifqi Jaya is bordered by Kenanten Village, while the east is bordered by the ByPass highway.

Types and Sources of Data

In this study, the data sources that the authors use, among others:

Primary data

According to (Sugiyono, 2012:139) that primary data sources are data sources that directly provide data to data collectors. Primary data on these observations use direct research techniques, namely techniques for collecting data and carrying out direct observations of objects and obtaining systematic, factual and accurate data that describes the real situation.

Secondary Data

According to (Sugiyono, 2012:141) Defining secondary data is a secondary source is a source of data obtained by reading, studying and understanding through other media sourced from literature, books, and documents. Secondary data on these observations are how to collect material in the form of a financial report, namely, company balance, profit and loss.

Data analysis technique

The data analysis technique used by the author in this study is a qualitative descriptive technique, namely by collecting data, then the writer will process the data, and the writer will present the data obtained so that the writer can provide a detailed description of the characteristics of the object.

Here are the steps to analyze the data carried out by the author:

1. Calculating financial ratio analysis based on profit and loss, balance sheet, and inventory in the 2015 - 2017 period
RESEARCH RESULTS AND DISCUSSION

**Table 2 ROA Results for 2015 - 2017**

<table>
<thead>
<tr>
<th>Number</th>
<th>Year</th>
<th>Return On Asset</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2015</td>
<td>21.4 %</td>
</tr>
<tr>
<td>2</td>
<td>2016</td>
<td>30.6 %</td>
</tr>
<tr>
<td>3</td>
<td>2017</td>
<td>34.3%</td>
</tr>
</tbody>
</table>

Source: UD financial report. Rifqi Jaya for the period 2015-2017 which has been processed by the author

Table 2 shows that in 2015 the Return on Asset of UD. Rifqi Jaya is 21.4%, 2016 is 30.6%, and 2017 is 34.3%. ROA in 2015 - 2017 at UD. Rifqi Jaya has increased due to an increase in net profit and total assets. However, the increase in net income was greater than the increase in total assets. The average increase in ROA at UD. Rifqi Jaya from year to year is 28.7%. With the increase in ROA, then UD. Rifqi Jaya can take advantage of its assets so that it can provide benefits.

**Table 3 ROE Results for 2015 - 2017**

<table>
<thead>
<tr>
<th>Number</th>
<th>Year</th>
<th>Return On Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2015</td>
<td>34.1 %</td>
</tr>
<tr>
<td>2</td>
<td>2016</td>
<td>38.9 %</td>
</tr>
<tr>
<td>3</td>
<td>2017</td>
<td>39.4%</td>
</tr>
</tbody>
</table>

Source: UD financial report. Rifqi Jaya for the period 2015-2017 which has been processed by the author

Table 3 shows that in 2015, the Return on Equity of UD. Rifqi Jaya is 34.1%, 2016 is 38.9%, and 2017 is 39.4%. Then the ROE from 2015 - 2017 at UD. Rifqi Jaya has increased as described in the table above. Based on the table above, ROE in 2015 - 2017 increased because net income and equity also increased, while the increase in net profit was greater than equity. It can be concluded that UD. Rifqi Jaya can maximize its equity so that UD. Rifqi Jaya can generate a higher net profit from the 2015 - 2017 period.

**Table 4 Current Ratio Results 2015 - 2017**

<table>
<thead>
<tr>
<th>Number</th>
<th>Year</th>
<th>Current Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2015</td>
<td>1.81</td>
</tr>
<tr>
<td>2</td>
<td>2016</td>
<td>3.42</td>
</tr>
<tr>
<td>3</td>
<td>2017</td>
<td>5.9</td>
</tr>
</tbody>
</table>

Source: UD financial report. Rifqi Jaya for the period 2015-2017 which has been processed by the author

Table 4 shows that the current ratio of UD. Rifqi Jaya from 2015 to 2017 has increased. For 2015, liquidity at UD. Rifqi Jaya amounted to 1.81, while in 2016 it was 3.42 and for 2017 it was 5.9. The average increase in the current ratio of UD. Rifqi Jaya from year to year amounted to 3.71. Increase in current ratio at UD. Rifqi Jaya from the 2015 - 2017 period due to UD. Rifqi Jaya is getting better at paying all of its current liabilities using its current asset.
Table 5 Quick Ratio Results for 2015 - 2017

<table>
<thead>
<tr>
<th>Number</th>
<th>Year</th>
<th>Quick Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2015</td>
<td>1.58</td>
</tr>
<tr>
<td>2</td>
<td>2016</td>
<td>2.66</td>
</tr>
<tr>
<td>3</td>
<td>2017</td>
<td>4.75</td>
</tr>
</tbody>
</table>

Source: UD financial report. Rifqi Jaya for the period 2015-2017 which has been processed by the author

Table 5 shows that the UD fast ratio. Rifqi Jaya from 2015 to 2017 has increased. In 2015 the fast ratio at UD. Rifqi Jaya is 1.58, 2016 is 2.66, and 2017 is 4.75. The average increase in the cash ratio of UD. Rifqi Jaya from year to year is 2.99. Then the fast ratio at UD. Rifqi Jaya has increased from 2015 - 2017. Due to the fast ratio of UD. Rifqi Jaya has increased every year, so this shows that the condition of UD. Rifqi Jaya is good / healthy.

Table 6 Cash Ratio 2015 - 2017

<table>
<thead>
<tr>
<th>Number</th>
<th>Year</th>
<th>Cash Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2015</td>
<td>0.9</td>
</tr>
<tr>
<td>2</td>
<td>2016</td>
<td>1.91</td>
</tr>
<tr>
<td>3</td>
<td>2017</td>
<td>2.98</td>
</tr>
</tbody>
</table>

Source: UD financial report. Rifqi Jaya for the period 2015-2017 which has been processed by the author

Table 6 shows that the cash ratio of UD. Rifqi Jaya from 2015 to 2017 has increased. For 2015 the cash ratio at UD. Rifqi Jaya amounted to 0.9, while in 2016 it was 1.91 and for 2017 it was 2.98. The average increase in the cash ratio of UD. Rifqi Jaya from year to year is 1.93. So UD. Rifqi Jaya is getting better at paying off short-term debts or current liabilities that must be paid off immediately.

Table 7 Debt to Asset Ratio 2015 - 2017

<table>
<thead>
<tr>
<th>Number</th>
<th>Year</th>
<th>Debt to Asset ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2015</td>
<td>0.37</td>
</tr>
<tr>
<td>2</td>
<td>2016</td>
<td>0.22</td>
</tr>
<tr>
<td>3</td>
<td>2017</td>
<td>0.13</td>
</tr>
</tbody>
</table>

Source: UD financial report. Rifqi Jaya for the period 2015-2017 which has been processed by the author

In table 7 it is explained that the solvency of UD. Rifqi Jaya from 2015 to 2017 has decreased. In 2015 the debt to asset ratio was 0.37, while in 2016 it decreased so that the debt to asset ratio was 0.22, and in 2017 it fell to 0.13. A decrease in debt to asset ratio at UD. Rifqi Jaya from 2015-2017 made the risk level lower in paying off its obligations.
Table 8 Debt to Equity Ratio 2015-2017

<table>
<thead>
<tr>
<th>Number</th>
<th>Year</th>
<th>Debt to Equity Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2015</td>
<td>0,6</td>
</tr>
<tr>
<td>2</td>
<td>2016</td>
<td>0,28</td>
</tr>
<tr>
<td>3</td>
<td>2017</td>
<td>0,15</td>
</tr>
</tbody>
</table>

Source: UD financial report. Rifqi Jaya for the period 2015-2017 which has been processed by the author.

Table 8 explains that in 2015 the Debt to Equity Ratio (Debt to Equity Ratio) at UD. Rifqi Jaya which is 0.6 times, while in 2016 it has decreased which is 0.28 times, and in 2017 it has also decreased which is 0.15 times. So it can be concluded UD's debt to equity ratio. Rifqi Jaya experienced depreciation from 2015 - 2017. The decline in DER that occurred at UD. Rifqi Jaya in 2015-2017 due to debt owned by UD. Rifqi Jaya is smaller than the assets it owns.

Table 9 Gross Profit Margin 2015-2017

<table>
<thead>
<tr>
<th>Number</th>
<th>Year</th>
<th>Gross Profit Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2015</td>
<td>76,1 %</td>
</tr>
<tr>
<td>2</td>
<td>2016</td>
<td>88,2 %</td>
</tr>
<tr>
<td>3</td>
<td>2017</td>
<td>78,5 %</td>
</tr>
</tbody>
</table>

Source: UD financial report. Rifqi Jaya for the period 2015-2017 which has been processed by the author.

Table 9 shows that in 2015 to 2017 fluctuated, namely the ups and downs of Gross Profit Margin at UD. Rifqi Jaya from year to year. In 2015 the Gross Profit of UD. Rifqi Jaya is 76.1%, and in 2016 it has increased by 88.2%, while in 2017 it has decreased, namely 78.5%. Then UD Rifqi Jaya's Gross Profit Margin after experiencing an increase in 2016 and depreciating in 2017. In 2016 the gross profit margin at UD. Rifqi Jaya experienced an increase because it was very good at controlling production costs and the cost of goods sold, while in 2017 the gross profit margin at UD. Rifqi Jaya experienced a decline due to poor control over production costs and cost of goods sold.

Table 10 Net Profit Margin 2015-2017

<table>
<thead>
<tr>
<th>Number</th>
<th>Year</th>
<th>Net Profit Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2015</td>
<td>5%</td>
</tr>
<tr>
<td>2</td>
<td>2016</td>
<td>6,3%</td>
</tr>
<tr>
<td>3</td>
<td>2017</td>
<td>5,9%</td>
</tr>
</tbody>
</table>

Source: UD financial report. Rifqi Jaya for the period 2015-2017 which has been processed by the author.

Table 10 shows that in 2015 to 2017 there were fluctuations, namely the ups and downs of the net profit margin at UD. Rifqi Jaya. In 2015 it was 5% and in 2016 it had an increase of 6.3%, then in 2017 it had decreased by 5.9%. Then the net profit margin has increased for 2015 and 2016, then decreased in 2017. The increase in the net profit margin of UD. Rifqi Jaya in 2016 showed...
that, the performance of UD. Rifqi Jaya is getting better and operational activities are running more efficiently. On the other hand, in 2017 UD. Rifqi Jaya has experienced a decline in performance which makes its operational activities less efficient.

DISCUSSION

Liquidity Analysis at UD. Rifqi Jaya

Based on the development of the hypothesis that the signal theory explains that the information released by the company will have an impact on making an investment decision and signal theory also suggests how a company should give a signal to users of financial and non-financial reports whose aim is to provide a positive image of the company with increasing height liquidity at UD. Rifqi Jaya will have a good impact, it will have a positive impact on UD's financial statements. Rifqi Jaya and will provide a good signal to users of financial reports so as to give a positive image to UD. Rifqi Jaya.

And the current ratio is the ratio used to measure the company's ability to meet its short-term debt using its current assets. The higher the current ratio value, the easier it is for the company to pay its debts, as well as other types of liquidity. Then the company will give a positive signal regarding the company's future prospects. So the results of this study are quite appropriate with signal theory due to liquidity at UD. Rifqi Jaya which has increased from year to year so that it makes UD. Rofqi Jaya easy to pay its debts and gives positive signals related to the prospects of the company in the future.

Solvency Analysis at UD. Rifqi Jaya

Based on the hypothetical development of the pecking order theory, it assumes that a company that wants to grow will need capital, one of which is obtained through debt. Likewise, companies are not easy to get loans because they must first analyze whether it is right to get into debt. With decreased solvency at UD. Rifqi Jaya from 2015 to 2017 made a level of debt to UD. Rifqi Jaya is in decline, and it's not right to borrow money to make capital. Because the higher the solvency ratio, the greater the financial risk. The point is the risk of default because too much funding is done with debt.

Profitability Analysis at UD. Rifqi Jaya

Based on the development of the signal theory hypothesis, it explains that if the higher the profitability of a company, it will give a good signal to potential investors to invest in the company, so if the profitability is bad it will make investors hesitate to invest in the company. The increase in profitability from 2015 to 2016 can make a good signal for investors to invest in UD. Rifqi Jaya, is inversely proportional to the decline in profitability that occurred from 2016 to 2017 at UD. Rifqi Jaya is due to poor financial performance and will give bad signals to investors. So that investors are hesitant to invest in UD. Rifqi Jaya
CONCLUSIONS AND SUGGESTIONS

Based on the results of research and discussion that has been conducted by the author on the financial performance of UD. Rifqi Jaya by using three financial ratio analyzes, namely liquidity, solvency, and provitability, it can be concluded that according to the calculation of the liquidity ratio analysis that UD is declared good because the company has never had difficulty paying short-term debt properly. Meanwhile, in the solvency analysis it can be seen that the amount of assets and capital is greater than the amount of liabilities, so that the UD can pay its dependents. In the profitability analysis, the company's condition is quite good. This can be seen from the company's capacity to earn a large net profit so that the company can pay its obligations very well.

REFERENCE