

# Role Liquidity for Pay off Short Term Debt

Ilyas Lamuda, Abdul Rahmat, Pravin R. Choube <sup>4</sup>

Gorontalo University

Gorontalo State University

Pune University

[illyaslamuda@gmail.com](mailto:illyaslamuda@gmail.com)

[abdulrahmat@ung.ac.id](mailto:abdulrahmat@ung.ac.id) ; [pravinchoube2007@gmail.com](mailto:pravinchoube2007@gmail.com)

## Abstract

Role Liquidity For Pay off Short Term Debt at PT.Mustika Ratu Tb, Research objectives This is For analyze role liquidity in pay off debt period short . Data used deep study This namely quantitative data form report finance. PT.Mustika Ratu Tbk Analysis technique used is method analysis descriptive that is use ratio finance. Research result This based on assessment role liquidity For pay off debt period short during four year with 2018-2021 averages reviewed from The Current Ratio produces an average of 258.42% which is above standard industry , reviewed from Quick Ratio produces an average of 169.43% which is above standard industry, and reviewed from Cash Ratio yielding an average of 7.50% is under standard industry. With so PT. Mustika Ratu Tbk based on analysis Ratio Liquidity showing company capable in fulfil debt period in short, except when repayment with use financial cash company categorized as No capable pay off period short moment due date.

**Keywords:** Current Ratio; Quick Rati; Cash Ratio; Short Term Debt

## Introduction

Development position finance own very meaningful meaning for company. Many companies scale small or big will have attention big in the field finance. The main in continued development of the business world become progress, competition between One company with more and more other companies tight , not yet Again circumstances an economy that doesn't uncertain cause sudden company experience bankruptcy. For avoid bankruptcy the so a manager company is very important For always trying to make his company Can Keep going walk or in other words manager the Can protect continuity life the company is taking with method always notice as well as stage evaluation to his company from time to time , whether the more increase or rather down , through report profit loss. According to Fahmi (2014) Financial performance company is achievements achieved company in period certain as results from the work process during period the . Financial performance is description Healthy or or not something company , with see ability company with pay debt appropriate time. Report finance as communication media company and its holders interest business This give

various information activity business company in form of quantitative data. Information the nature historical Because is summary from activity business company in the past form the numbers it consists of from balance sheet, report profit loss, report cash flow and reports change in capital. However Still Lots parties who have not understand or Can read report finance with OK, Report finance This become main data source in evaluate performance finance companies that can assessed with method analyze report finance company the with objective For know condition finance company, whether in condition Good or not the one from results analysis the will used For plan business from side company and for see as well as evaluate performance finance company and management in a way whole.

Ratio finance is activity compare existing numbers in report finance with share One number with number other . Then compared figures can form numbers in One period nor a number of period (Kasmir, 2018) . Ratio liquidity is one of the ratio finances used with objective For measure ability A company in pay debts or obligations in short in a way appropriate time and for measure ability company in finance activity operation company. Here objective from study This is For know performance finance at PT. Mustika Ratu Tbk reviewed from analysis ratio liquidity from 2016 until in 2021. Current ratio is comparing ratios between assets smoothly owned company with debt period short , quick ratio is ratio between assets fluent after supply debt current , ratio This show big tool liquid as quickly as possible used For pay off debt current , the cash ratio is comparing ratios between cash and assets as smoothly as possible quick into cash with debt fluent . will impact on the decline PT's capabilities . Mustika Ratu Tbk in pay obligation to party that , especially obligation period short, then condition this is what's interesting researcher For analyze with title study is Role Liquidity For Pay off Short Term Debt .

### Research Methods

Object research used is PT Financial Report. Mustika Ratu Tbk . The type of data used is quantitative data that is form number or Absolute numbers can be collected and said to be relatively more easy. Research data analysis techniques This with use analysis descriptive . Analysis descriptive is technique data analysis carried out with method collect data, classify data, explain and analyze so that give clear information and picture about the problem under study. In terms of This writer use number ratio finance that is ratio liquidity .

The steps taken writer For analyze study This ie as following :  
Current Ratio ( Ratio Current ) is comparing ratios between assets smoothly owned company with debt period short .

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current liabilities}} \times 100\%$$

Source : (Sutrisno, 2017)

Quick Ratio ( Ratio Fast )

Quick Ratio ( Ratio Fast ) is ratio between assets fluent after reduced supply with debt fluent .

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current liabilities}} \times 100\%$$

Source : (Sutrisno, 2017)

Cash Ratio ( Cash Ratio )

Cash Ratio ( Cash Ratio ) is comparing ratios \_ between cash and assets as smoothly as possible used For pay off debt fluent .

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current liabilities}} \times 100\%$$

Source : (Sutrisno, 2017)

**Standard Industry**

For say something condition finance something company Good or whether or not , there is something standard ratio used. For example, the industry average for similar business or You can also use existing targets set company before, though we know the targets set company usually set based on industry averages for similar business. Industry standard ratio liquidity can seen in the following table :

Table 1  
Standard Industry Ratio Liquidity

Current Ratio		Quick Ratio		Cash Ratio	
%	Criteria	%	Criteria	%	Criteria
>200	Good	>150	Good	>50	Good
>200	No	<150	No	<50	No
	Good		Good		Good

Source : (Kasmir, 2016)

**Research Result**

Liquidity level is level ability company in pay debt period short one soon due date will billed with assets fluent in a way whole without take into account supply or receivables . After calculated with use three ratio liquidity, ie Current Ratio, Quick Ratio, and Cash Ratio, then can viewed and compared results calculation ratio PT liquidity. Mustika Ratu Tbk for 4 years 2018-2021 in the table following :

**Table 2.**



**The calculation results Ratio Liquidity  
PT. Mustika Ratu Tbk 2018-2021 \_**

Year	Ratio Liquidity					
	Current Ratio	Information	Quick Ratio	Information	Cash Ratio	Information
2018	311.01%	Good	208.22 %	Good	3.02%	Not good
2019	288.74 %	Good	198.94 %	Good	0.00%	Not good
2020	220.92 %	Good	146.04 %	Not good	0.97%	Not good
2021	213.02 %	Good	124.50 %	Not good	0.03%	Not good
<b>Average Ratio Liquidity</b>	<b>258.41 %</b>		<b>169.43 %</b>		<b>0.50%</b>	
<b>Standard Industry Ratio Liquidity</b>	<b>200%</b>		<b>150%</b>		<b>0%</b>	<b>5</b>

Source : Processed Data

Based on results calculation analysis Current Ratio of table 2. is known that in 2018 Current Ratio reached 311.01% or Rp. 3,1110171758. This matter show that in 2018 every Rp . 1 debt fluent covered by Rp. 3.1110171758 assets fluent or 100% debt fluent guaranteed by 311.01% of assets smoothly This happen Because amount assets fluent more big compared to with amount debt smoothly, if compared to with industry standard Current Ratio in 2018 in circumstances Good. Then in 2019 the Current Ratio experienced decline of 22.27%, p This can look at the presentation from in 2018 the Current Ratio reached 311.01% and in 2019 it fell to 288.74%. meaning Rp. 1 debt fluent covered by Rp. 2,887450588 assets fluent. Decline This caused exists increase in assets smoothly which is also followed with exists increase in debt smoothly. If compared to with industry standard Current Ratio in 2019 in circumstances Good . Meanwhile, in 2020 the Current Ratio experienced decline of 67.82%, yes seen from percentage in 2019 the Current Ratio reached 288.74% , down to 220.92% in 2020. That is every Rp. 1 debt fluent covered by Rp. 2.209261148 assets smooth. Decrease This caused Because exists increase in debt smoothly. If compared to with industry standard Current Ratio in 2020 in circumstances OK. On in 2021 the Current Ratio also experienced decline of 7.9%, yes seen from the percentage in 2020 Current Ratio reached 220.92 % down to 213.02% in 2021. That is every Rp. 1 debt fluent covered by Rp. 2.130288712 assets fluent . Decline This caused Because exists increase in current assets and also the existence increase in debt smoothly , if compared to with industry standard Current Ratio in 2021 in circumstances Good . With thereby in period time four year from 2018-2021 Current Ratio has increase highest in 2018. Average Current Ratio PT. Mustika Ratu Tbk that is amounting to 258.42%. In terms of This If

compared to with industry standard ratio of  $>200\%$ , results calculation of the average Current Ratio at PT. Mustika Ratu Tbk during four year from 2018 -2021 in circumstances OK , so from analysis of the data above can said that PT. Mustika Ratu Tbk based on Current Ratio is assessed capable in pay off debt period in short .

Then For Quick Ratio based table 5.6, shows that Quick Ratio in 2018 was 208.22% or Rp. 2,082275152, p This showing that every Rp. 1 debt fluent covered by assets smooth outside supply amounting to Rp. 2.082275152. This matter happen Because amount assets fluent outside supply more big compared to with amount debt smoothly. If compared to with Quick Ratio industry standard in 2018 in circumstances Good . In 2019 Quick Ratio experienced decline as big as 9.28%, p This seen from percentage in 2018 the Quick Ratio was 208.22% down to 198.94% in 2019. That is every Rp. 1 debt fluent secured by assets fluent outside supply amounting to Rp. 1.989446116 or decline This caused Because exists increase in current assets outside inventory and quantity debt smoothly which also goes up. When compared with Quick Ratio industry standard in 2019 is still in circumstances Good Meanwhile, in 2020 the Quick Ratio also experienced decline of 52.9%, p This seen from percentage in 2019 the Quick Ratio was 198.94% down to 146.04% in 2020. That is every Rp. 1 debt fluent secured by assets fluent outside supply amounting to Rp. 1.4604264. Decline This caused Because exists increase in assets fluent outside supplies are not comparable with increase debt smoothly who also follows up.If compared to with standard industry Quick Ratio in 2020 in circumstances Good . Then in 2021 the Quick Ratio also experienced decline amounting to 21.54%. This matter can seen from percentage in 2020 the Quick Ratio was 146.04% down to 124.50% in 2021. That is every Rp. 1 debt fluent covered by assets fluent outside supply amounting to Rp. 1, 245082215 . this decline caused Because exists increase asset fluent outside supply No comparable with increase debt fluent . When compared with Quick Ratio industry standard in 2021 in circumstances Good . From the analysis above can is known in period time 2018-2021 Quick Ratio has increase highest in 2018. Standard average Quick Ratio reaches 169.43%, if compared to with industry standard average  $> 150\%$ , results calculation Quick Ratio at PT. Mustika Ratu Tbk during 2018-2021 on average in circumstances OK , so can concluded that company PT. Mustika Ratu Tbk based on Quick Ratio is capable in pay off debt period in short

For Cash Ratio based on table 5.6 that Cash Ratio in 2018 was 13.02 % , meaning every Rp. 1 debt fluent covered by cash amounting to Rp. 0.120181601 cash. This matter happen Because cash amount is not comparable with amount debt smoothly. If compared to with industry standard Cash Ratio in 2018 in circumstances No Good .Then in 2019 the Cash Ratio experienced decline of 6.02%, p This can seen from percentage from in 2018 the Cash Ratio reached 13.02% , down to 7.00% in 2019. That is every Rp. 1 debt fluent covered by cash amounting to Rp. 0.070030075. Decline This caused Because exists decrease in cash and amounts debt fluent more tall compared to with cash, if compared to with standard industry Cash Ratio in 2019 in circumstances OK. Then in 2020 the Cash Ratio experienced decline of 1.03%, p This

can seen from percentage from in 2019 the Cash Ratio reached 7.00% , down to 5.97% in 2020. That is every Rp. 1 debt fluent covered by cash amounting to Rp. 0.059732431. Decrease This caused Because it is increase asset smoothly or not comparable with increase debt smoothly. If compared to with standard industry Cash Ratio in 2020 still in circumstances No Good . In 2021 the Cash Ratio experienced decline of 1.94%, p This can seen from percentage from in 2020 the Cash Ratio reached 5.97% , down to 4.03% in 2021. That is every Rp. 1 debt fluent covered by cash amounting to Rp. 0.400317668. Decrease This caused Because exists decrease in cash and availability increase in debt smooth. if compared to with standard industry Cash Ratio in 2021 in circumstances No Good . From the analysis above can is known in period time 2018-2021 Cash Ratio experienced decrease in each the year . Decline highest in 2021 increase \_ highest in 2018. Average Cash Ratio reached 7.50%, if compared to with a standard average industry >50%, yield calculation Cash Ratio at PT. Mustika Ratu Tbk during 2018-2021 in \_ circumstances No OK , so can concluded that company PT. Mustika Ratu Tbk based on Cash Ratio Not yet capable pay off debt period in short .

## Discussion

Based on study This role liquidity capable in pay off debt period in short . This has been proven with analysis ratio achieved liquidity with use Current Ratio, Quick Ratio, and Cash Ratio as following :

### 1. Role Current Ratio For Pay off Short Term Debt PT. Mustika Ratu Tbk

Based on results analysis Current Ratio can be outlined that ( ratio smoothly ) at PT. Mustika Ratu Tbk on average 258.42 % were able in fulfil debt period in short matter This because from The average Current Ratio results are above the standard average industry >200%. Within the period time four year PT. Mustika Ratu Tbk get results results that in 2018 the Current Ratio was 311.01%, p This because amount asset fluent more big compared to with amount debt smoothly , so mark Current Ratio is above standard industry , then condition finance company good , so PT. Mustika Ratu Tbk capable in fulfil debt period in short and categorized in condition Good . Then in 2019 Current Ratio amounting to 288.74% experienced decline from year before , increase This due to , decrease This caused Because exists increase in assets followed with increase debt fluent from 2018-2019 , though there is decline results Current Ratio is considered capable in fulfil debt period in short , because the results are above standard industry >200% and categorized in condition Good . Whereas ona in 2020 the Current Ratio was 220.92% which was experienced decline from year previously caused Because exists increase in assets smoothly or not comparable with rising amount debt smoothly , that is to say increase amount asset fluent more small compared to with rising amount debt current , Current Ratio in 2020 is categorized in condition Good or capable in fulfil debt period in short Because the results are above

standard industry >200%. In 2021 Current Ratio amounting to 213.02% also experienced decline from year previously caused \_ Because exists increase in assets smoothly or not comparable with rising amount debt fluent . The company is considered capable in fulfil debt period in short based on Current Ratio due the result still is at the top standard industry >200% so can categorized as in condition Good .

## 2. Role Quick Ratio For Pay off Short Term Debt PT. Mustika Ratu Tbk

Based on analysis Quick Ratio, yield that at PT. Mustika Ratu Tbk The average Quick Ratio is 169.4% capable in fulfil debt period in short , p This because results than the average Quick Ratio is above standard industry >150% within the period time four year (2018-2021) Quick Ratio at PT . Mustika Ratu Tbk in 2018 results amounting to 208.22% caused amount asset fluent outside supply more big compared to with amount debt smoothly , so is at the top standard industry , according to (Kasmir, 2016) when mark Quick Ratio is at the top standard industry >150% then condition finance company said OK , so PT. Mustika Ratu Tbk considered capable in fulfil debt period in short and categorized in condition Good . Then in 2019 Quick Ratio amounting to 198.94% exists decline from year before , decline This caused Because exists increase in assets fluent outside inventory and also increases amount debt smoothly , so Quick Ratio in 2019 experienced decrease , when compared to with standard industry >150 % results are also above standard , then condition finance company categorized as in good condition , so company considered capable in fulfil debt period in short . Then in 2020 Quick Ratio amounting to 146.04% who also experienced decline from year before , decline This caused Because exists increase in assets fluent outside supply No comparable with rising amount debt smoothly , because increase debt fluent more tall compared to increase in assets fluent outside supplies , p This result company considered Not yet capable fulfil debt period in short Because the result is at under standard industry >150%, so categorized as in condition No Good . In 2021 Quick Ratio amounting to 124.50% who also experienced decline from year previously caused Because exists increase in assets smoothly or not comparable with increase in number debt smoothly , p This result company considered Not yet capable in fulfil debt period in short Because the result is under standard industry >150%, so categorized as in condition No Good .

## 3. Analysis Ratio Liquidity Use Cash Ratio For Pay off Short Term Debt PT. Mustika Ratu Tbk

Based on Cash Ratio analysis , PT. Mustika Ratu Tbk yield an average of 7.50% yet capable in fulfil debt period in short due to the average Cash Ratio is at under standard industry > 50%. Within the period time four year (2018-2021) Cash Ratio at PT. Mustika Ratu Tbk in 2018 amounted to 13.02 % p This happen Because excess cash small than amount debt smoothly , so mark Cash Ratio is at under standard industry >50, according to (Kasmir, 2016) when results Cash Ratio is located under standard industry , then condition finance company in circumstances No Good . So

PT. Mustika Ratu Tbk based on Cash Ratio b Not yet capable in fulfil debt period in short and categorized in condition No Good . Then in 2019 Cash Ratio of 7.00% experienced decline from year before , decline This caused Because exists decrease in cash, and also the existence of increase in debt smooth , deep matter This Cash Ratio is categorized in condition No OK , because the result is at under standard industry >50%, so company considered Not yet capable in fulfil debt period in short . Then in 2020 Cash Ratio of 5.97% return experience caused decline \_ Because exists an increase in cash that is not comparable with increase amount debt fluent . In terms of This company considered Not yet capable in fulfil debt period in short Because results from Cash Ratio in 2020 is under standard industry >50% and categorized in condition No Good . Then in 2021 the Cash Ratio was 4.03 % caused decline \_ Because exists a decline in cash followed with with rising amount debt fluent . In terms of This company considered Not yet capable in fulfil debt period in short Because results from Cash Ratio in 2021 is under standard industry >50% and categorized in condition No Good. Cash Ratio can fulfil standard with method increase cash and cash equivalents as well reduce debt fluent

### Conclusion

Based on results analysis carried out in research , conclusions can be drawn taken that :

Based on analysis ratio liquidity reviewed from Current Ratio PT. Mustika Ratu Tbk capable in fulfil debt period in short . With results Current Ratio that meets standard in each the year from year (2018-2021) and also based on the average value is 258.42% already fulfil standard industry >200% shows performance finance in condition Good .

Based on analysis ratio liquidity reviewed from Quick Ratio PT. Mustika Ratu Tbk Already capable in fulfil debt period in short . With results Quick Ratio already fulfil standard at each the year from year (2018- 2021) and also based on the average value is 169.43% already fulfil standard industry >150% shows performance finance in condition Good .

Based on analysis ratio liquidity reviewed from Cash Ratio PT. Mustika Ratu Tbk Not yet capable pay off debt period in short . With result Cash Ratio is not fulfil standard at each the year from year (2018-2021) and also based on average value of 7.50% which has not fulfil standard industry >50% shows performance finance in condition No Good .

### Reference

1. Agus Harjito, Martono. (2008). Financial Management , edition 1. yogyakarta: EKONOSIA.
2. Abdul Hamid, Ilyas Lamuda. 2019." Evaluation of Financial Performance Through Approach To Value For Money Evaluation of Financial Performance Through Value For Money Approach" Gorontalo Accounting . 2(1), 2614-2074.



3. Chanifah, Siti and Agung Budi. 2017. Financial Ratio Analysis of Financial Performance. *Journal Dynamic Management* Vol 3 No 2.
4. Dewi, M. (2017). Use of Liquidity and Solvency Ratio Analysis to Measure Financial Performance at PT. Aneka Tambang Tbk. *Journal of Accounting Economic Research*, I ( 2), 102-112.
5. fahmi, I. (2012). financial report analysis . Bandung: Alfabeta
6. Fahmi, I (2013 ). Financial Statement Analysis (D. Handi (ed)). Bandung Alfabeta
7. Fahmi, I. (2014). Financial Performance Analysis . Bandung: Alfabeta
8. Gani, R., Utirahman, N., & Mobonggi, SR (2021). Liquidity and Solvency Prospect Analysis . 2 (12), 80–97.
9. Harahap, Sofyan S. (2007). Critical Analysis of Financial Statements . First Edition: Jakarta . . PT Raja Grafindo Persada.
10. Jumigan. (2006). Financial Report Analysis . Jakarta: PT. Literary Earth.
11. Jumigan. (2009). Financial Report Analysis .Jakarta: Bumi Aksara
12. Jusup. (2011). accounting basics . Yogyakarta: YKPN College of Economics
13. Kamali, H (2021) Profitability Ratio Analysis of Profit Changes in Manufacturing Companies Listed on the Indonesian Stock Exchange. Faculty of Economics, Gorontalo University.
14. Cashmere. (2012). Financial Report Analysis .PT. KING GRAFINDO PERSADA:  
15. Jakarta.
16. Cashmere. (2014). Financial Report Analysis .7th printing. Jakarta: PTRAJAGrafindo Persada.
17. Cashmere. (2016). Financial Report Analysis .Jakarta:PT. Raja Grafindo Persada
18. Cashmere. (2018). human resource management ( theory and practice). Depok:PT. KING OF GRAFINDO PERSADA.
19. Ladiku, Y. (2015). Analysis of Revenue Recognition for Installment Sales at PT. Sinar Galesong Pratama Gorontalo City.
20. Masjhur, MAR (2020). Analysis of the Company's Ability to Meet Short-Term Debts Using Liquidity Ratios in Manufacturing Companies Listed on the Indonesian Stock Exchange. Faculty of Economics, Gorontalo University.
21. Nurcahaya, YA, & Dewi, R. P. (2020). Financial Report Analysis as a Tool for Assessing Company Financial Performance at PT. Multi Bintang Indonesia Tbk. *Scientific Journal of Accounting and Finance*, 9(2), 83-95.
22. Nuriasari, S. (2018 ). Liquidity Ratio Analysis in Measuring PT Financial Performance. *Mustika Ratu Tbk. Business and Investment Research*.
23. Pongoh, M. (2013) Financial Report Analysis to Assess the Financial Performance of PT. Bumi Resources Tbk. *Journal of Economic Research*,

- Management, Business and Accounting, I (3), 669-679.  
<https://doi.org/10.35794/emba.vli3.2135>.
24. Puspitasarini, S. (2019). Analysis of the Influence of Liquidity Ratios, Solvency, Activities and Company Size on Company Financial Performance. Scientific Journal of Management and Business, 5 (1), 78  
<https://doi.org/10.2241/jimb.v5il.5627>.
25. Raharjapura, Hendra Sumantri. (2011). financial management and accounting . Salemba Four. Jakarta.
26. Rahman, Zubaidah.2022 "Measuring Regional Financial Capability Using Share and Growth Ratios " Gorontalo Accounting , 5(2), 233-242.
27. S. Munawir. (2014). Financial Report Analysis . Yogyakarta : Liberty.
28. Sudaryo, Y. , & Pratiwi, IY (2016). The Influence of Capital Structure and Liquidity on Profitability and Its Impact on Financial Performance Indonesian Journal of Development, 2(1),1412-6907.
29. Suhendro, D. (2017). Profitability and Liquidity Analysis to assess financial performance at PT. Siantar Top Tbk, Journal of Islamic Economics and Business, 4 (2), 218-235
30. Sulastri, Putu Dan Hapsari, Nurul Marta. Financial Ratio Analysis to Assess Company Financial Performance (Case Study at PT Andalan Finance Indonesia 2011-2013). STIE Dharma Putra Semarang. e-Journal of Stie Dharma Putra Semarang.
31. Sutrisno. (2009). Financial Management Theory, Concepts and Applications, First Edition, Seventh Printing, Ekonosia Publisher, Yogyakarta.
32. Sutrisno. ( 2017). Financial management. EKONOSIA, Faculty of Economics Campus, Islamic University of Indonesia, Yogyakarta .
33. Riza, N., Djaja, S., & Kartini, T. (2019). Financial Ratio Analysis to Assess Financial Performance at the Primary Darma Putra Uddhata Jember Cooperative for the 2015-2017 Period. JOURNAL OF ECONOMIC EDUCATION: Scientific Journal of Education, Economics and Social Sciences , 13 (1), 30. <https://doi.org/10.19184/jpe.v13i1.10417>.