

## ANALYSIS OF FINANCIAL PERFORMANCE IN THE FUNERAL HOME BUSINESS (Case Study on The Paraside Foundation's Business "Sky Garden")

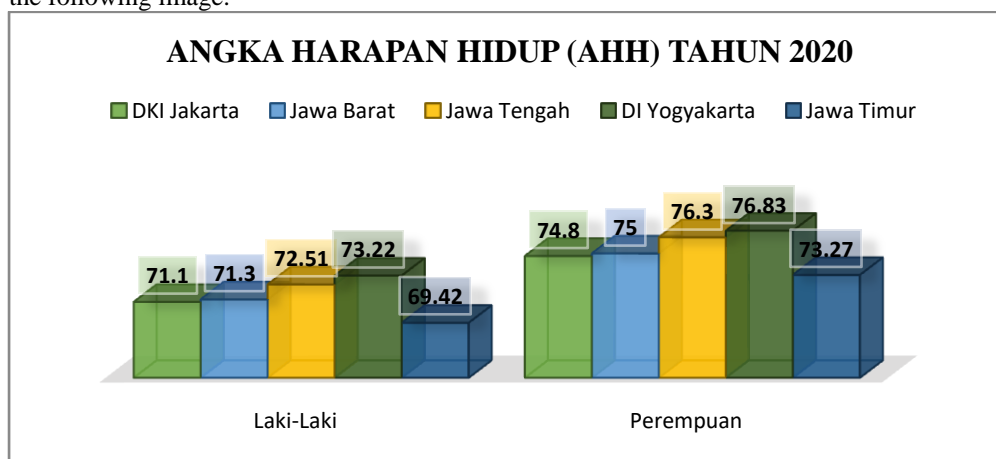
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**Abstract:** According to BPS statistics, DKI Jakarta's population increased by 10,467,629 people in 2018 and by 10,557,810 people in 2019. This figure is expected to rise every year until it reaches 10,887,800 by 2023. However, this growth was not accompanied by an increase in life expectancy, resulting in a high mortality rate. The goal of this quantitative research is to look at the impact of financial ratios over a five-year period. The major data utilized is from Sky Garden's financial statements for the years 2022 through 2026. Data is acquired in two ways: instantaneously or gradually over a period of time. Time series studies serve as a baseline and the foundation for determining implementation time. The Current Ratio, Quick Ratio, and Cash Ratio all suggest that Sky Garden has the capacity to pay down its obligations from years 1 to 5. The DAR and DER findings for Sky Garden are both 100 percent. Indicating that the company's assets and equity are secure. Year 1 had a net profit margin of 21.11 percent, year 2 had a net profit margin of 25.12 percent, year 3 had a net profit margin of 27.78 percent, year 4 had a net profit margin of 32.54 percent, and year 5 had a net profit margin of 36.15 percent. After subtracting the cost of products sold, GPM represents a percentage of sales profit. The value of the Opm Sky Garden has increased from year one to year five.

### I. PENDAHULUAN

Jakarta is the capital of Indonesia. The capital is a city designed as the center of government of a country, physically the capital of the country is generally functioned as an office center and gathering place for government leaders. With the status as an office center, it causes the increase in population in Jakarta is getting bigger both from local people and urbanization areas. Based on data from the Central Statistics Agency (BPS), the population of DKI Jakarta in 2018 amounted to 10,467,629 people and in 2019 amounted to 10,557,810 people. This number is predicted to continue to increase every year until it reaches 10,887,800 people by 2023. The increase in the number of residents in DKI Jakarta was unfortunately not followed by an increase in life expectancy. Based on data from the Central Statistics Agency (BPS) in 2020(BPS, 2020),the life expectancy of DKI Jakarta Province is relatively low when compared to other provinces in Java island which can be seen in the following image:



**Figure 1. 1** Life Expectancy in 2020.

(Source: Central Bureau of Statistics, 2019)

From the data can be seen the life expectancy of DKI Jakarta Province (71.7) where the life expectancy is lower than West Java Province (71.3), Central Java Province (72.51), and DI Yogyakarta Province (73.22). The low life expectancy in DKI Jakarta can be caused by the lifestyle of urban people who more often consume fast food and drinks with excess sugar content that has an impact on the decline in public health. This can be

seen from the increasing percentage of the male and female population in DKI Jakarta who have health complaints in 2017-2019 that can be seen from the following image:

Death is an inseparable part of life, something that must happen and will be experienced by every living being. Death is the end of man's life on earth as well as the transition to a new life that remains in the hereafter. Death is not always considered a frightening event, sometimes death is also considered a joy for some people because it can give up worldly life and can live a new life for those who believe it will be born again. Therefore, some religions in Indonesia such as Christianity, Catholicism, Buddhism, and Confucianism need grievous ministry as a place to pay their last respects to the dead. The increase in the number of deaths for all five religious groups was unfortunately not followed by an increase in the number of grief services. Based on the data we obtained from various sources, there are only about 15 grief services in DKI Jakarta that can be seen in the following table:

**Table 1. 1** List of Funeral Homes in DKI Jakarta in 2021.

No.	Funeral Home	Location	Number of Funeral Rooms
1	Dharmais Funeral Home	West Jakarta	12
2	Husada Funeral Home	West Jakarta	3
3	West Java Funeral Home Agung Jelambar	West Jakarta	6
4	Daan Mogot ETERNAL Funeral Home	West Jakarta	5
5	RSAB Funeral Home Our Wish	West Jakarta	2
6	Sane Source Funeral Home	West Jakarta	2
7	PGI Cikini Hospital Funeral Home	Central Jakarta	3
8	RSCM Funeral Home	Central Jakarta	3
9	St Carolus Funeral Home	Central Jakarta	3
10	Rspad Funeral Home Gatot Subroto	Central Jakarta	15
12	Sulianti Saroso Hospital	North Jakarta	2
13	Rumah Duka Heaven Funeral Home Pluit	North Jakarta	15
14	Atmajaya Funeral Home	North Jakarta	15
15	Bandengan Funeral Home	North Jakarta	3

(Source: Writing Team, 2021)

With the availability of funeral rooms in DKI Jakarta which reaches 92 rooms, when juxtaposed with the number of deaths from the five religious groups that reach 109 people per four days assuming the use of funeral rooms for 3 to 4 days with occupancy of 75 percent, it can be said that the need for funeral homes in DKI Jakarta is still lacking.

The Love Service Foundation which is hereinafter called Sky Garden is a company engaged in the field of grief services. Yayasan Pelayanan Kasih offers a *one stop* concept to facilitate consumers in enjoying grief services. Sky Garden tries to bridge the problems and complaints of consumers to the service of grief by offering several solutions in providing the capacity of the funeral room that can accommodate up to 200 people so that families and relatives who come can do more grief activities. In addition, Sky Garden also provides crematoriums and ash houses with complete and modern facilities with ease in estimating the costs to be taken and become the only crematorium and ash house located in the middle of Jakarta. Lodging facilities and one stop service with easy payment and credit facilities, then facilities that include decorations, body management, ambulances, funeral homes to crematoriums become the advantages of sky garden. Based on the background mentioned above, researchers try to analyze financial statement factors by using solvency, liquidity, profitability and activity ratios to determine and prepare a strategy in the next year (Harinugroho et al., 2021). The purpose of this study is to see the financial performance of Sky Garden in review from the perspective of the company's financial ratio for 5 years as well as to provide an overview to investors in embedding investment in sky garden.

## II. LIBRARY REVIEW

### Financial Performance

Financial performance is the basis for taking performance measurements whose measurements can use financial statements. The benefits of performance measurement are to measure the achievements that an organization has obtained, to assess achievements per department in contributing to the company, as a basis for determining the company's strategy for the future, as a guide in decision making and as a basis for determining investment wisdom in order to increase the efficiency and productivity of the company (Sujarweni, 2017). In

addition, financial performance is a picture of the company's financial condition in a certain period, both regarding aspects of fund receipts and the use of funds that are usually measured by indicators of capital adequacy, liquidity and profitability. This analysis is also to find out whether the company has used the rules of financial implementation properly and correctly ((Chakim et al.), 2021).

#### **Financial Statements**

A financial statement is a report that shows the financial condition of a company in one particular period ((Cashmere), 2016). Every company or startup requires financial statements to show financial conditions for internal or external parties. Financial statements are submitted as part of the company's annual report. Furthermore, after the financial statements are made based on relevant data, it takes analysis of financial statements that aim to find out the weaknesses and strengths that the company has and to know the necessary remedial steps by the company. Information from the analysis of financial statements can be taken into consideration by interested parties about what should be planned in the future (Cashmere, 2016).

#### **Financial Ratio Analysis**

Financial ratios are important for conducting an analysis of a company's financial condition. Investors are generally more interested in short-term financial conditions and the company's ability to pay adequate dividends. The information can be known in a simpler way, namely by calculating financial ratios that are in accordance with the wishes. Financial ratio analysis itself starts with basic financial statements i.e. balance sheets, profit loss calculations, and cash flow statements. Calculation of financial ratios will become clearer if connected among others by using the historical pattern of the company, which is seen calculations in a number of years to determine whether the company is improving or worsening, or making comparisons with other companies in the same industry (Fahmi, 2014). Ratio analysis shows methods of calculating and interpreting financial ratios to analyze and monitor a company's performance. The basic inputs for ratio analysis are the company's income statement and balance sheet (Gitman, & Zutter, 2014).

#### **Liquidity Ratio**

According to (Gitman & Zutter, 2012) in his book entitled principles of managerial finance, a company's liquidity ratio is measured by its ability to meet its short-term obligations at maturity. Liquidity refers to the ability of the company's overall financial position with the ease of paying its bills. Since the common starter for financial hardship and bankruptcy is low or declining liquidity, this ratio is seen as A good leading indicator of cash flow problems.

#### **Solvency Ratio**

Solvency ratio is a ratio that measures how much a company is financed with debt. The use of debt that is too high will harm the company because the company will fall into the category of extreme leverage (extreme debt) that is the company trapped in high levels of debt and difficult to release the debt burden (Fahmi, 2014: 62).

#### **Profitability Ratio**

This ratio measures the overall effectiveness of management aimed at the small level of profit earned in relation to sales and investments. The better the profitability ratio, the better describes the company's high profitability (Gitman, & Zutter, 2014).

#### **Activity Ratio**

With respect to current transactions, the measure of liquidity is generally inadequate because differences in the composition of the company's current assets and current liabilities can significantly affect actual liquidity. It is therefore important to look beyond the overall liquidity measure and to assess the activity (liquidity) of a particular current account. A number of ratios are available to measure the most important current account activity, which includes inventory, receivables, and trade debt. Efficiency with total assets used can also be assessed (Gitman, & Zutter, 2014).

### **III. RESEARCH METHODS**

#### **Type of research**

This research uses quantitative methods. Quantitative method is a scientific method because it has fulfilled scientific rules, namely concrete / empirical, objective, measurable, rational and systematic and research data in the form of numbers and analyzed using statistics (Sugiyono, 2016).

The purpose of research is to describe the real condition of a variable, symptom or state. Descriptive research is a study that is intended to collect information about the status of an existing symptom, namely the state of symptoms according to what is at the time of the study is conducted without intending to make conclusions that apply to the public or generalization (Hikmawati, 2017: 88). The relationship of the researcher with the study is independent. Independent is the relationship between researchers and those studied must be kept at a distance (Sugiyono, 2016). Therefore, in this study researchers did not intervene data. The data used is the primary data of Sky Garden financial statements 2022 - 2026. The time of the study data collection can be done simultaneously or collected gradually in a certain period of time. Time series studies are used as research characteristics that are viewed based on implementation time. Time series studies are research that emphasizes

more research data in the form of time series data (Indriantoro et al, 2018). Time series analysis evaluates performance over time. Comparison of current and current performance then, using ratios, allows analysis to assess the company's progress. Developing trends can be seen using comparisons of multiple perodes (Gitman, &Zutter, 2014).

**Place and Time of Research**

This research was conducted at the Sky Gardenstartup in Jakarta using primary data. The study was conducted from October 2021 to February 2022.

**Data Collection Techniques**

Data collection techniques are the most strategic step in research, because the main goal in research is to obtain data (Sugiyono 2017). According to how to obtain the data, the data used in this study is primary data. According to Sugiyono (2017) primary data is a data source that directly provides data to data collectors. According to the source, the data used in this study is primary data. Where this data is data that describes the state or activities in an organization. The source used in this study is a cash flow statement made by the author during his business. According to the nature of the data used in this study, quantitative data. Data in the form of exact numbers.

**Data Analysis Techniques**

Data analysis is grouping data based on variables, tabulating data based on variables, presenting data of each variable studied, performing calculations to answer problem formulations and performing calculations to test the proposed hypothesis (Sugiyono, 2017). In this study, the data analysis technique conducted is based on the analysis of historical data on a ratio scale that will later be carried out based on its interpretation based on references to previous research and literature studies.

**Descriptive Analysis**

The data analysis technique used in this study is descriptive analysis. Descriptive analysis is an analysis used to analyze data by describing or describing data that has been collected as is without intending to make conclusions that apply to the public or generalization (Sugiyono, 2009). Through descriptive analysis will be revealed various conditions reflected by the results of calculation of financial ratios that occur over time. There are four groups of financial ratios used.

**IV. RESULTS OF RESEARCH AND DISCUSSION**

**Descriptive Analysis and Trendline Analysis**

Through descriptive analysis will be revealed various conditions reflected by the results of calculation of financial ratios that occur over time. While trendline analysis technical analysis is developed on a basic assumption, which is to move in an increasing or decreasing tendency. Here is a chart of financial ratios on Sky Garden in the period 2022 - 2026:

**Financial Performance Analysis**

Analiasa financial performance is made to measure the financial performance of the company in order to see the condition of the company and its success rate in carrying out its operational activities.

**Liquidity Ratio**

The liquidity ratio gives an idea of a company's ability to cover its short-term liabilities. Here are the results of sky garden liquidity ratio calculations.

**Table 8. 1** Liquidity Ratio.

<b>RUMUS RASIO LIKUIDITAS</b>					
Current Ratio = (Aktiva Lancar : Utang Lancar)					
Quick Ratio = (Kas+Bank+Piutang) : Hutang Lancar					
Cash Ratio = (Kas + Setara Kas) : Hutang Lancar					
<b>Rasio</b>	<b>Y-1</b>	<b>Y-2</b>	<b>Y-3</b>	<b>Y-4</b>	<b>Y-5</b>
Aktiva Lancar	7,108,080,944	10,000,706,303	11,254,088,626	16,359,439,895	23,082,027,771
Utang Lancar	480,480,180	592,453,062	816,062,676	1,105,567,758	1,604,439,947
Kas+Bank+Efek+Piutang	7,108,080,944	10,000,706,303	11,254,088,626	16,359,439,895	23,082,027,771
Kas & setara Kas	6,507,540,256	9,496,249,811	9,744,687,761	15,102,296,523	21,954,376,577
<b>Rasio Likuiditas</b>	<b>Y-1</b>	<b>Y-2</b>	<b>Y-3</b>	<b>Y-4</b>	<b>Y-5</b>
Current Ratio	14.79	16.88	13.79	14.80	14.39
Quick Ratio	14.79	16.88	13.79	14.80	14.39
Cash Ratio	13.54	16.03	11.94	13.66	13.68

**Solvency Ratio**

Solvency ratio serves to measure the extent of a company's assets financed by debt. This ratio also measures a company's ability to pay its obligations for the short or long term. Here are the results of the calculation of *debt to asset ratio and debt to equity ratio* sky garden.

**Table 8. 2 Solvency Ratio.**

<b>Rasio Solvabilitas</b>					
<b>Debt to Asset Ratio = (Total Hutang : Total Asset) X 100%</b>					
<b>Debt to Equity Ratio = (Total Hutang : Ekuitas) X 100%</b>					
<b>Rasio</b>	<b>Y-1</b>	<b>Y-2</b>	<b>Y-3</b>	<b>Y-4</b>	<b>Y-5</b>
Total Hutang	480,480,180	592,453,062	816,062,676	1,105,567,758	1,604,439,947
Total Asset	19,887,083,107	21,632,496,078	24,167,850,638	27,958,594,645	33,529,446,396
Ekuitas	19,406,602,927	21,040,043,015	23,351,787,962	26,853,026,888	31,925,006,450
<b>Rasio Solvabilitas</b>	<b>Y-1</b>	<b>Y-2</b>	<b>Y-3</b>	<b>Y-4</b>	<b>Y-5</b>
Debt to Asset Ratio	2.42%	2.74%	3.38%	3.95%	4.79%
Debt to Equity Ratio	2.48%	2.82%	3.49%	4.12%	5.03%

**Profitability Ratio**

**Table 8. 3 Profitability Ratio.**

<b>Gross Profit margin (GPM) Laba Kotor/Total Pendapatan*100%</b>					
<b>Operating Profit Margin (OPM) EBT/Total Pendapatan*100%</b>					
<b>Net profit margin (NPM) EAT/Total Pendapatan*100%</b>					
<b>Rasio</b>	<b>Y-1</b>	<b>Y-2</b>	<b>Y-3</b>	<b>Y-4</b>	<b>Y-5</b>
Laba Kotor	11,414,929,000	14,270,165,000	18,383,967,000	23,775,284,000	30,929,875,000
Total Pendapatan	20,875,485,000	26,012,532,500	33,287,575,000	43,032,955,000	56,124,102,500
Laba bersih/ EAT	4,406,602,927	6,533,760,355	9,246,979,788	14,004,955,701	20,287,918,248
EBT	4,732,989,204	6,987,770,231	9,875,251,533	14,859,935,469	21,441,591,714
<b>Rasio Profitabilitas</b>	<b>Y-1</b>	<b>Y-2</b>	<b>Y-3</b>	<b>Y-4</b>	<b>Y-5</b>
Gross Profit margin (GPM)	54.7%	54.9%	55.2%	55.2%	55.1%
Operating Profit Margin (OPM)	22.67%	26.86%	29.67%	34.53%	38.20%
Net profit margin (NPM)	21.11%	25.12%	27.78%	32.54%	36.15%

**V. CONCLUSIONS AND SUGGESTIONS**

**Conclusion**

The conclusion of this study shows that the financial performance in Sky Garden seen from the liquidity ratio in the period 2022 - 2026 explains the results of calculations known that in the analysis of *Current Ratio*, *Quick Ratio* and *Cash Ratio* Indicates that Sky Garden from year 1 to year 5 has the ability to pay off its short-term debt. Solvencyratio indicates that theless dar value, the less debt the company uses to acquire assets. A healthy and good DAR ratio is generally smaller than one time or less than 100%. The higher the value of der, the greater the company uses debt rather than capital owned. A healthy and safe DER ratio should be smaller than once or less than 100%. The smaller the DER, the better. Because the progress of this startup is strongly supported by working capital needs,working capital management directly affects profitability and the company's liquidity position also confirms the important role of working capital ((Sutjiadi et al.), 2020). Dar and DER Sky Garden calculations show less than 100%, meaning the assets and equity are safe. In the calculation of NPM Sky Garden from year 1 to year 5 net profit margin of 21.11% year 2 of 25.12% year 3 amounting to 27.78% year 4 by 32.54% and year 5 by 36.15%. GPM shows a percentage of sales profits after deducting the cost of goods sold, the higher the value of GPM, the smaller the production costs incurred which means the more efficient Sky Garden in reducing production costs. OPM shows information that the higher the value of OPM, the more the company is able to minimize production costs and operating expenses. From year 1 to year 5 The OPM Sky Garden value increases

**Suggestion**

If Sky Garden plans to expand its business, Sky Garden can be advised to make a loan on the 3rd party. Sky Garden still has the ability to pay off short-term debt february 2020 seen current ratio of 14.79 x and Quick Ratio of 14.79x. Recommended maximal limit debt equity ratio and debt total assets worth 0.4. The goal is to avoid potential bankruptcy due to difficulty paying off long-term debt because this is very important for investors to know and review the potential of the startup ((Prihambodo et al.), 2020). Supplier selection, Sky Garden promotion, and production operations in 2022 and February 2023 improve GPM and NPM, strategies in that year should be maintained and developed. Turnover of asset value invested by Sky Garden investors 2022 inventory turnover 2.07; fixed assets turnover 1.08, total assets turnover 0.73 and has an increasing trendline so Sky Garden is advised to invest in fixed assets and not increase the allocation of funds in raw material inventory because inventory turnover turnover is small. In addition, Sky Garden needs to ensure quality management in its enterprise systems by implementing ISO 90001 and OHSAS 140001 agar operationalimplementation process can be applied to good standards (Prabangkara et al., 2021). Then it is also necessary to see and map the risks in this startup business also needs to be identified, analyzed, and handled (Saputra et al., 2021).



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