

Analysis of the Use of Financial Reports as a Basis for Management Decision Making (Case Study of PT PLN (Persero) UP3 South Makassar)

Reksy Aurelia Ardana¹⁾, Andi Jam'an²⁾, Amran³⁾

^{1,2,3)}Accounting economy and business, Muhammadiyah University of Makassar

Corresponding Author

Email : reksyaureliaardana@gmail.com

Abstract

This study aims to analyze the use of financial statements as a basis for management decision making at PT PLN (Persero) UP3 Makassar Selatan. Financial statements are an important tools in assessing company performance and supporting strategic and operational decisions. The research method used is a case study with a descriptive qualitative approach. The data analyzed are in the form of financial statements for the period 2019–2022 using financial ratios that include liquidity, solvency, activity, and profitability ratios. The results of the study indicate that although the company shows sufficient capabilities in terms of profitability and activity, there are significant fluctuations in the liquidity and solvency ratios, especially in the debt to equity ratio which shows a high dependence on debt. Financial ratio analysis provides a clear picture of the company's financial condition and is an important basis for management decision making, such as operational efficiency, accounts receivable management, and investment strategy. Therefore, optimal use of financial statements can increase the effectiveness of managerial decision making and support the sustainability and growth of the company.

Keywords: *Financial Statements, Financial Ratios, Management Decision Making, PT PLN (Persero).*

INTRODUCTION

The long-term sustainability and growth of a company depend heavily on its ability to generate and maintain financial performance over a specific period. Financial reports are a crucial tool for measuring and highlighting company performance, as they provide useful information for stakeholders, particularly in managerial decision-making (Achmad Azhar Cholil, 2021).

One method for assessing company performance through financial reports is financial ratio analysis. This ratio is a measuring tool used to assess an entity's financial condition based on data from financial statements, such as the balance sheet and income statement. While various methods exist for analyzing financial performance, this study focuses on the use of profitability, solvency, liquidity, and activity ratios (Moh Zaki Kurniawan, 2020).

Financial reports present information regarding a company's financial condition and operational performance. By conducting in-depth analysis of these reports, management can obtain relevant information to support strategic decision-making. The resulting financial data can reflect the company's actual condition and serve as a benchmark for year-to-year evaluation.

Evaluating financial reports through financial ratios facilitates understanding of a company's financial situation, both past, present, and future. Financial ratios are calculated by comparing specific figures in the report, both between components within a single report and between different types of financial reports (Moh Zaki Kurniawan, 2020).

Common size analysis converts all accounts in the income statement to a percentage of sales, and balance sheet accounts to a percentage of total assets. This technique simplifies data interpretation because it facilitates comparisons between periods in percentage form, which is more representative than absolute numbers.

Meanwhile, trend or time-series analysis is useful for evaluating a company's performance patterns over time. This analysis relies on historical data and forward projections, and is generally conducted for at least the last two years for more meaningful comparisons.

PT PLN (Persero) is Indonesia's largest electricity provider, consistently maintaining its reputation by improving service quality. To maintain and improve performance, the company needs to pay attention to financial reporting as a basis for evaluation. In 2022, PLN demonstrated optimal financial performance by undertaking extraordinary efforts to maintain financial and operational stability. One indicator of this success was the 6.3% growth in electricity sales that year, reflecting positive financial performance and effective management.

RESEARCH METHODS

This research is a descriptive study with a qualitative approach. This approach was chosen to obtain an in-depth overview of the use of financial reports as a basis for managerial decision-making at PT PLN (Persero) UP3 South Makassar. The data analyzed in this study comes from the company's financial statements for the period 2019 to 2022. The analysis was conducted through a systematic review of documents and interpretation of financial data to understand management decision-making patterns based on available accounting information.

This research will take place in Makassar City, precisely at PT. PLN (Persero) Up3 South Makassar, Jln Letjen Hertasning No. 99, Tamalate, Rappocini, Bonto Makkio, Makassar District, Makassar City, South Sulawesi, and in this research the time used is 2 (two) months starting from April to May 2025.

The type of data used in this study is quantitative data. Quantitative data consists of numbers listed in a company's financial statements, such as the balance sheet and income statement, which can be analyzed numerically using financial ratios to assess management decision-making.

The population in this study is the entire financial report of PT PLN (Persero) UP3 Makassar Selatan, which is the object of the study. The financial report includes the company's financial data for a specific period, which serves as the basis for financial performance analysis and management decision-making. Several studies have used the financial report of PT PLN (Persero) Sulselrabar or UP3 Makassar Selatan for the past several years, from 2019 to 2022 (Meldi, 2018).

A sample is a portion of a population selected for in-depth analysis. In the case study of PT PLN (Persero) UP3 Makassar Selatan, the sample is typically an annual financial report selected using a purposive sampling method, which is based on specific considerations such as the availability of complete data and the relevance of the time period. For example, the selected sample is the financial report of PT PLN (Persero) UP3 Makassar Selatan for the 2019–2021 or 2019–2022 period (Meldi, 2018).

RESULTS AND DISCUSSION

The history of electricity in Indonesia began in the late 19th century when several Dutch companies established power plants for their own use. This electricity business then expanded to

become a public utility, starting with private Dutch companies. During this period, the Indonesian archipelago's electricity system was managed separately by different Dutch companies in each region.

After Indonesia's independence on August 17, 1945, the Indonesian government took over electricity management from the colonial government. On October 27, 1945, President Soekarno established the Electricity and Gas Bureau, under the Ministry of Public Works and Energy, to manage power plants with a total capacity of 157.5 MW.

In 1950, the Bureau was transformed into the State Electricity Company (PNL). Then, in 1961, PNL's status changed to the General Management Agency of the State Electricity Company (BPU-PLN). In 1965, BPU-PLN was renamed the State Electricity Company (PLN), a State-Owned Public Company.

Based on the financial report of PT. PLN (Persero) UP3 Makassar Selatan for the period 2019 - 2022 as the basis for assessing the company's financial performance using profitability ratios, activity ratios, liquidity ratios and solvency ratios. The following are the results of the financial performance analysis of the company PT. PLN (Persero) UP3 Makassar Selatan based on the Decree of the Minister of State-Owned Enterprises. The author conducted an analysis in the form of Net Profit Margin, Return On Equity, Total Debt To Asset, Total Debt To Equity, Current Ratio, Cash Ratio, Asset Turnover, and Receivable Turnover. While the period used is from 2019 to 2022.

1. Profitability Ratios

a. Net Profit Margin

**Net Profit Margin Calculation Table
PT. PLN (Persero) Up3 South Makassar**

Year	Net Income	Revenue	Net Profit Margin %
2019	440.253.237.564	2.145.098.341.231	21%
2020	548.709.480.791	2.188.831.602.685	25%
2021	24.811.955.154	2.262.584.087.154	1,10%
2022	54.378.559.158	2.777.389.711.926	1,96%
Average	267.038.308.167	2.343.475.935.749	12%

Based on the table above, it can be seen that the company's Net Profit Margin showed an inconsistent trend throughout the observation period. This can be seen in the following description:

1. In 2019 and 2020, PT PLN UP3 Makassar Selatan recorded excellent financial performance, with Net Profit Margins of 21% and 25%, respectively. This indicates that the company was able to generate significant net profit from its sales.
2. However, in 2021, there was a sharp decline of 1.10%. This could be due to increased operating costs, business expenses, or external factors such as the pandemic that impacted operations and efficiency.
3. In 2022, there was a slight increase in the margin to 1.96%, but it was still significantly lower than in 2019–2020.

4. The four-year average was 12%, indicating that the company's Net Profit Margin is generally still profitable, despite significant fluctuations between years.
- b. Return On Equity

**Return on Equity Calculation Table
PT. PLN (Persero) UP3 South Makassar**

Year	Net Income	Equity	Retrun On Equity %
2019	440.253.237.564	440.253.237.564	100%
2020	548.709.480.791	548.709.480.791	100%
2021	24.811.955.154	24.811.955.154	100%
2022	54.378.559.158	54.378.559.158	100%
Average	267.038.308.167	267.038.308.167	100%

The table above shows that the ROE ratio has been 100% for four consecutive years, which technically means that all equity employed by the company has generated the same amount of net profit. However, the consistent ROE of 100% each year indicates that the total recorded equity is likely equal to net profit, resulting in identical ROE values. This could be due to special accounting records at the UP3 unit, reflecting the absence of any external capital additions or significant changes in the equity structure.

Under normal circumstances, an ROE of 100% is very high and reflects extreme efficiency. However, in this case, further analysis of the capital structure and accounting methods used by PT PLN (Persero) UP3 Makassar Selatan warrants further investigation, as in large companies, ROEs typically range between 10% and 30%.

2. Activity Ratio

- a. Receivable turnover

**Receivable Turnover Calculation
PT. PLN (Persero) Up3 South Makassar**

Year	Revenue	Current Assets	Receivable Turnover %
2019	2.145.098.341.231	191.219.001.248	1122%
2020	2.188.831.602.685	150.621.944.462	1453%
2021	2.262.584.087.154	166.834.185.603	1356%
2022	2.777.389.711.926	174.316.042.686	1593%
Average	2.343.475.935.749	170.747.793.500	1381%

Based on the table above, it can be seen that the company's Receivable Turnover showed relatively good performance during the observation period. This ratio measures the company's effectiveness in managing receivables and its ability to convert receivables into cash. In 2019, Receivable Turnover was recorded at 1122%, but experienced a significant increase in the following years. In 2020, 2021, and 2022, this ratio increased to 1453%, 1356%, and 1593%, respectively. Although there was slight fluctuation in 2021, the overall trend shows a positive increase. The Receivable Turnover ratio of PT PLN (Persero) UP3 Makassar Selatan for 4 years showed a very high figure, with an average of 1381%. A significant increase was seen from 2019 (1122%) to 2022 (1593%), indicating increased efficiency in managing current assets to generate sales.

b. Asset Turnover

**Asset Turnover Calculation
PT. PLN (Persero) Up3 South Makassar**

Year	Revenue	Aktiva	Asset Turnover %
2019	2.145.098.341.231	1.920.517.379.230	112%
2020	2.188.831.602.685	1.917.459.842.331	114%
2021	2.262.584.087.154	1.903.175.417.771	119%
2022	2.777.389.711.926	2.018.354.932.103	138%
Average	2.343.475.935.749	1.939.876.892.859	121%

Based on the table above, it can be observed that the company's Asset Turnover showed a positive upward trend throughout the analysis period. In 2019 and 2020, Asset Turnover was recorded at 112% and 114%, respectively, indicating a moderate increase. Better performance was seen in 2021 and 2022, where Asset Turnover experienced a more significant increase to 119% and 138%, respectively. This increase reflects the company's increasing efficiency in utilizing assets to generate revenue. For four consecutive years, PT PLN UP3 Makassar Selatan has managed to maintain its asset utilization efficiency ratio above 100%, with an average of 121%. This means that for every one rupiah of total assets owned, the company is able to generate more than one rupiah in sales. There was a significant increase from 2019 (112%) to 2022 (138%), indicating a trend of increasing efficiency in asset utilization.

3. Liquidity Ratios

a. Current Ratio

Current Ratio Calculation for PT. PLN (Persero) Up3 South Makassar

Year	Current Asset	Current Liability	Current Ratio %
2019	191.219.001.248	164.468.803.630	116%
2020	150.621.944.462	142.864.069.780	105%
2021	166.834.185.603	144.326.777.559	116%
2022	174.316.042.686	167.102.469.749	104%
Average	170.747.793.500	154.690.530.180	110%

Based on the table above, it can be observed that the company's Current Ratio shows an inconsistent pattern throughout the observation period. The ideal Current Ratio is generally in the range of 100%–200%. This value indicates that the company has sufficient current assets to cover its current liabilities.

During the 2019–2022 period, PT PLN UP3 Makassar Selatan had a Current Ratio above 100% each year, indicating the company was liquid and able to meet its short-term obligations. An average Current Ratio of 110% indicates that the company had IDR 110 of current assets to cover every IDR 100 of current liabilities. The highest figure was 116% in 2019 and 2021, while the lowest figure was 104% in 2022. Despite a slight decline, the company remains in a secure liquidity position.

Overall, the Current Ratio of PT PLN (Persero) UP3 Makassar Selatan is within a safe range and indicates healthy short-term financial performance, which supports managerial decision-making based on accurate financial data.

b. Quick Ration

**Current Quick Ratio Calculation
PT. PLN (Persero) UP3 South Makassar**

Year	Current Aktiva	Inventor	Current Debts	Quic Ratio%
2019	191.219.001.248	17.317.845.896	164.468.803.630	106%
2020	150.621.944.462	16.074.944.554	142.864.069.780	94%
2021	166.834.185.603	13.627.286.054	144.326.777.559	106%
2022	174.316.042.686	18.500.342.273	167.102.469.749	93%
Average	170.747.793.500	16.380.104.694	154.690.530.180	100%

Based on the table above, an average Quick Ratio of 100% indicates that the company is generally able to meet its short-term obligations without having to sell inventory.

In 2019 and 2021, the Quick Ratio was 106%, indicating excellent liquidity.

Meanwhile, in 2020 and 2022, there was a slight decrease to 94% and 93%, respectively. Although slightly below 100%, this figure is still within a safe threshold. The decrease in the Quick Ratio could be caused by an increase in short-term liabilities or a decrease in non-inventory liquid assets (such as cash and receivables).

Despite these fluctuations, the company is generally able to maintain adequate liquidity to meet its short-term obligations. With a Quick Ratio consistently above the industry standard, it can be concluded that the company has good liquidity. The company's ability to maintain this ratio above the industry benchmark demonstrates quite effective cash and liquid asset management.

4.Rasio Solvabilitas

a.Total Debt To Asset

**Total Debt to Asset Calculation
PT. PLN (Persero) UP3 South Makassar**

Year	Aktiva	Current Debts	Total Debt To Asset %
2019	1.920.517.379.230	1.480.264.141.666	130%
2020	1.917.459.842.331	1.368.750.361.540	140%
2021	1.903.175.417.771	1.878.363.462.617	101%
2022	2.018.354.932.103	1.963.976.372.945	103%
Average	1.939.876.892.859	1.672.838.584.692	118%

Based on the table above, it can be observed that the company's Total Debt to Asset ratio showed a relatively high value throughout the observation period. This ratio indicates the company's level of dependence on debt funding. The ideal ratio is usually below 100%, indicating that the majority of assets are financed by equity.

However, in data from PT PLN UP3 Makassar Selatan, the ratio was above 100% throughout the entire period, indicating that the amount of debt exceeded the value of total assets,

or in accounting terms, the equity held was very small or even negative. The highest ratio peaked in 2020 at 140%, reflecting a high dependence on debt, while the lowest was 101% in 2021.

b. *Total Debt To Equity*

**Total Debt to Equity Calculation
PT. PLN (Persero) UP3 South Makassar**

Year	Liability	Equity	Total Debt To Equity %
2019	1.480.264.141.666	440.253.237.564	336%
2020	1.368.750.361.540	548.709.480.791	249%
2021	1.878.363.462.617	24.811.955.154	7570%
2022	1.963.976.372.945	54.378.559.158	3612%
Average	1.672.838.584.692	267.038.308.167	2942%

on the table above, it can be observed that this ratio indicates that during the 2019–2022 period, the company's debt was significantly greater than its equity. In 2021, the ratio reached 7570%, meaning debt was 75 times greater than equity. The average Total Debt to Equity Ratio for four years was 2942%, which is very high and indicates that the company's financing structure is heavily dependent on debt. 2020 recorded the lowest ratio (249%), but still indicated a large debt-to-equity burden.

This extreme ratio likely occurs because the company's capital at the unit level (UP3) is very small compared to its operating expenses.

This ratio provides important signals for management in the decision-making process, particularly regarding: Adding new debt, Capital increase strategies (e.g., through profit allocation), and Evaluation of the sustainability of the existing capital structure.

Discussion

The analysis conducted in this study aims to determine the financial performance of the company PT. PLN (Persero) Up3 Makassar Selatan by using profitability ratios, activity ratios, liquidity ratios and solvency ratios for a period of 4 (four) years, namely 2019, 2020, 2021 and 2022, So based on the analysis of profitability ratios with the Net profit margin formula, Return on equity, activity ratios with the Receivable turnover formula, Asset turnover, liquidity ratios with the Current ratio formula, Quick ratio, and solvency ratios using the Total debt to asset and Total debt to equity formulas at the company PT. PLN (Persero) Up3 Makassar Selatan for a period of 4 (four) years, namely:

**Financial Performance Analysis Results
PT. PLN (Persero) UP3 South Makassar**

Year	PT. PLN (Persero) Up3 Makassar Selatan							
	Ratios Used							
	Profitability Ratio		Activity Ratio		Liquidity Ratio		Solvency Ratio	
	Net Profit Margin	Return On Equity	Receivable Turnover	Asset Turnover	Current Ratio	Quick Ratio	Total Debt To Asset	Total Debt To Equity
2019	21%	100%	1122%	112%	116%	106%	130%	336%

2020	25%	100%	1453%	114%	105%	94%	140%	249%
2021	1,10%	100%	1356%	119%	116%	106%	101%	7570%
2022	1,96%	100%	1593%	138%	104%	93%	103%	3612%
Nilai Industri	20%	40%	150%	200%	200%	50%	35%	90%
Average	12%	100%	1381%	121%	110%	100%	118%	2942%

CONCLUSION

Based on the analysis of PT PLN (Persero) UP3 South Makassar's financial statements from 2019 to 2022, which include profitability, liquidity, activity, and solvency ratios, the following conclusions can be drawn:

1. Profitability Performance:
 - a. Net Profit Margin (NPM) showed fluctuating performance, averaging 12%. A significant increase occurred in 2020, but then plummeted in 2021. This indicates that the company's profits are unstable and heavily influenced by operational efficiency.
 - b. Return on Equity (ROE) remained consistently at 100%, but this was primarily due to the shortfall in equity compared to reported earnings, reflecting an unbalanced capital structure.
2. Liquidity Performance:

The Current Ratio and Quick Ratio averaged 110% and 100%, respectively. This indicates that the company generally has sufficient liquidity to meet its short-term obligations without significant pressure.
3. Activity Performance:

Asset Turnover and Receivable Turnover averaged 121% and 1381%, respectively. This indicates the company's efficiency in utilizing current assets and total assets to generate sales. Efficiency has increased year over year.
4. Solvency Performance:

The Total Debt to Asset Ratio averaged 118%, and the Total Debt to Equity Ratio was 2942%. These figures indicate that the company's funding structure is predominantly supported by debt, indicating high financial risk and heavy dependence on external financing sources.
5. Overall Analysis:

In general, the financial statements indicate that PT PLN UP3 Makassar Selatan has good operational capabilities and liquidity, but an unhealthy capital structure with a very high level of debt dependence. This requires special attention from management in long-term decision-making

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