Impact Of Current Ratio (CR) And Debt To Asset Ratio (DAR) On Return On Assets (Roa) at PT. Smart Tbk Period 2011-2020

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Abstract
The purpose of this study was to determine the effect of the current ratio (CR) and debt to asset ratio (DAR) on the Return on Assets (ROA) at PT SMART Tbk for the period 2011-2020. The research method used is descriptive quantitative and uses the classical assumption test, hypothesis testing (T-test and F-test), Coefficient of Determination test, with SPSS version 26 program. The result of the study is that the Current Ratio partially has no significant effect on ROA; Based on the results of the partial test (T-test), the CR variable with a value of t-count < t-table is $0.678 < 2.365$ with a significant value of $0.519 > 0.05$. Debt to Assets Ratio partially has no significant effect on Return on Assets; Based on the result of the partial test (T test), the DAR variable with a t-count value of $2.320 < $ t-table 2.365 with a significant value of $0.053 > 0.05$. Current Ratio and Debt to Assets Ratio simultaneously have a significant effect on Return on Assets, based on the result of F-test that F-count $(5.453) > $ F-table (4.74) and the significant value is 0.037

Keywords
Current Ratio, Debt to Assets Ratio, and Return on Assets

1. Introduction
PT Sinar Mas Agro Resources and Technology Tbk or Sinar Mas Agro Resources and Technology (SMART) is the largest palm oil company with land tenure of 137,600 hectares as of March 2021. The company is trying to improve its performance. In this case, more investors will dare to invest their capital in go public companies with good performance.

In general, investors seek information first before make decisions in their investment process or join to become one of the shareholders of the company. Firstly, the investors will namely be analyzing the company profile and its financial performance. The financial data becomes the material for analysis of investors or potential shareholders to the company's Financial Statements. The company's financial statements show the company's fundamental factors that consists of financial ratios. Such as Current Ratio, is a liquidity ratio which according to Kasmir (2016), the current ratio is a ratio to measure the company's ability to pay its short-term obligations. The debt to asset ratio is a solvency ratio which according to Kasmir (2017:112), is a ratio used to see how much company assets are funded by debt or how much company debt affects asset management. Return on Assets which is a profitability ratio that shows the results (return) on the number of assets used in the company, according to Kasmir (2014). ROA is an important measure and is often used as a reference by investors in assessing the performance of a company, which will ultimately influence investors to make decisions to buy or sell shares of the company.
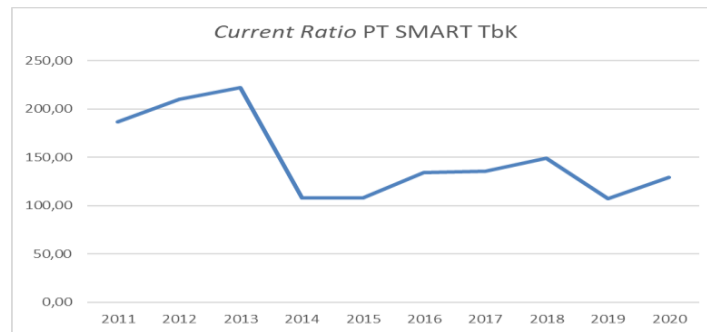
Source: Financial Report of PT. SMART Tbk period (2011-2020)

Figure 1. 1
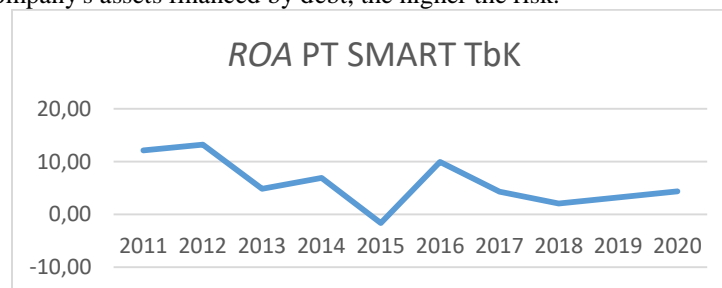**Trend of CR PT. SMART TBK period (2011-2020)**

Based on the above graph 1.1. shows the movement of Current Ratio PT. SMART TBK for the period 2011-2020 which tends to decline. Kasmir (2018) said that if the ratio was low, the company faced of lack of capital to pay its short term debts. However, the results of the high CR ratio do not necessarily mean that the company's condition is good. However, the results of the high ratio measurement do not necessarily mean that the company's condition is good. This can happen because cash is not used as well as possible. In practice often
It is often used that the current ratio with a standard of 200% (2:1) is sometimes considered a fairly good measure, but this cannot be used as a benchmark, and there is no absolute stipulation about what level of current ratio is considered good or which must be maintained. by a company, because usually the current ratio level is also very dependent on the type of business of each company.
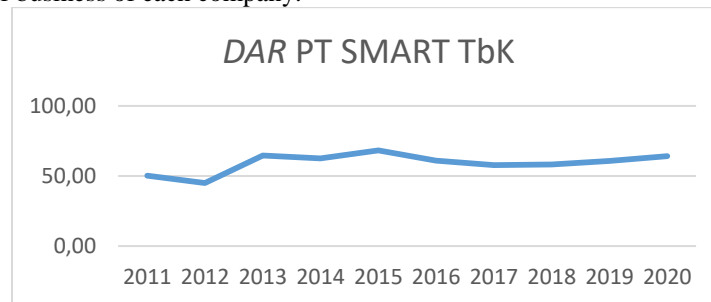
Source: Financial Report of PT. SMART Tbk period (2011-2020)

Figure 1. 2
Trend of DAR PT. SMART TBK period (2011-2020)

Based on the graph 1.2 shows the movement of the Debt to Asset Ratio from PT SMART TBK for the period of 2011-2020 which tends to rise. The Debt to Assets Ratio (Debt Ratio) according to Kasmir (2016: 156) is used to measure the ratio between total debt and total assets. In other words, how much the company's assets are financed by debt or how much the company's debt affects asset management. The Industry Standard according to Kasmir (2016) for the DAR ratio is 35%. DAR reflects the large proportion of total debt (total debt) with total assets. The higher the DAR, the greater the company's assets financed by debt, the higher the risk.

Source: Financial Report of PT. SMART Tbk period (2011-2020)

Figure 1. 3
Trend of ROA PT. SMART TBK period (2011-2020)

Based on the above graph 1.3 shows the fluctuating trend of the Return on Assets of PT SMART TBK for the period 2011-2020. Based on Kasmir 2018, that Return On Assets (ROA) is comparing net profit after tax with total assets. This ratio shows the company's ability to generate profits based on the total assets owned by the company. The higher the ROA describes the better the company's management because the assets managed can generate optimal income.

Based on the above phenoma, the researcher is interested in analyzing the Impact of current ratio (CR) and debt to asset ratio (DAR) on return on assets (roa) in PT. Smart tbk period 2011-2020.

1.1 Objectives
The objectives of this research are:
1. To find out the impact of Current Ratio (CR) on the Return on Assets (ROA) partially at PT SMART TBK for the period 2011-2020,
2. To determine the impact of Debt to Asset Ratio (DAR) on Return on Assets (ROA) partially at PT SMART TBK for the period 2011-2020,
3. To determine the impact of Current Ratio (CR) and Debt to Asset Ratio (DAR) simultaneously on Return on Assets (ROA) at PT SMART TBK for the period 2011-2020.

2. Literature Review
2.1. Financial statements
Financial statements for a company only function as a "testing tool" for the work of the bookkeeper, but furthermore along with the times, the function of financial statements is as a basis for determining or evaluating the company's financial position. By using the results of the analysis, the stakeholders can make a decision. Through the financial statements, the company's ability to meet all of its short-term and long-term obligations, the company's capital structure, distribution of its assets, the effectiveness of the use of assets, income or operating results that have been achieved, fixed expenses that must be paid by the company and the book value of each share of the company concerned.

According to the Indonesian Institute of Accountants (2015), the purpose of financial statements is to provide information regarding the financial position, performance, and changes in the financial position of a company that is useful for a large number of users in making economic decisions. Meanwhile, according to Fahmi (2011), the main purpose of financial statements is to provide financial information that includes changes in the elements of financial statements that are addressed to other parties with an interest in assessing the financial performance of the company in addition to the company's management. The users of the report will use it to forecast, compare, and assess the financial impact arising from the economic decisions they make. Information about the financial effects that arise earlier is very useful for users to forecast, compare and evaluate finances. If the value of money is unstable, then this will be explained in the financial statements. Financial statements will be more useful if the reports are not only quantitative aspects, but include other explanations that are deemed necessary. And this information must be factual and objectively measurable. Some of the objectives of the financial statements from the various sources above, it can be concluded that:

a. Information on financial statement position resulting from the company's performance and assets is needed by users of financial statements, as material for evaluation and comparison to see the financial impact arising from the economic decisions they take.
b. The company's financial information is also needed to assess and predict whether the company in the present and in the future so that it will produce the same or more profitable profits.
c. Information on changes in the company's financial position is useful for assessing the investment, financing and operating activities of the company during a certain period. In addition to assessing the company's ability, financial statements are also intended to be considered in making investment decisions.

2.2. Signaling theory
This theory explains how signals are communicated to owners by management. Signal theory is concerned with information asymmetry. The positive thing in signaling theory is that companies that provide good information will differentiate them from companies that do not have "good news" by informing the market about their condition,
According to Wolk and Tearney in Dwiyanti (2010), companies that give bad signals in the future will not be trusted by the market.

Signaling theory is one of the pillars of theory in understanding financial management. In general, the signal is defined as a signal made by the company (manager) to outside parties (investors). These signals can be in various forms, both those that can be observed directly, or those that must be studied more deeply to be able to find out.

All of them are meant to imply something that the market or an external party hopes will make a change in the company's valuation. This means that the selected signal must contain the power of information (information content) to be able to change the assessment of the company's external parties.

The relationship between signal theory and the company's financial performance is that the wider disclosure will give a positive signal to the parties interested in the company (stakeholders) and the stakeholders of the company's shareholders (shareholders). The wider the information submitted to stakeholders and shareholders, the more information received about the company. This will lead to stakeholder and shareholder trust in the company. This trust is shown by stakeholders by accepting the company's products so that it will increase the company's profits.

2.3. Financial Ratio

Current Ratio according to Kasmir (2018) is a ratio to measure the company's ability to pay short-term obligations, it can be concluded that the current ratio is the ratio used to measure the company's ability to pay off its current liabilities/debts by using current assets that owned by the company. The formula used to calculate this ratio is:

Current Ratio = (Current Assets) / (Current Liabilities)

Debt to asset ratio according to Kasmir (2018) is the ratio between total debt and total assets. In other words, how much the company's assets are financed by debt or how much the company's debt affects asset management. The formula for calculating this ratio is:

Debt to Asset Ratio = (Total debt) / (Total Assets)

Return on assets according to Kasmir (2018) is a ratio that shows the results of the number of assets used in the company. ROA is also a measure of the effectiveness of management in managing its investments. The formula for calculating this ratio is:

Return On Asset= (Net Profit) / (Total Asset)

3. Methods

1. Population

According to Sugiyono (2016: 80) population is a generalization area consisting of: objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions. Based on this theory, the population in this study is all the financial statements of PT. SMART Tbk

2. Sample

According to Sugiyono (2016:81) the sample is part of the number and characteristics possessed by the population. The criteria set in the sampling in this study are the Income Statement and Balance Sheet of PT. SMART Tbk 2011-2020.

3. Classic assumption test

The classical assumption test is intended to determine whether the multiple linear model used to analyze the research data meets the classical assumptions or not so that the regression line equation obtained can actually be used to predict the independent variables. The test will produce a regression line that is not suitable for predicting the independent variable. In this study there are 4 (four) classical tests, namely:

a. Normality test

According to Jhonatan Sarwono (2012:87) the normality test is used to see whether the residual values are normally distributed. A good regression model is to have a normally distributed residual value. So the normality test is not carried out on each variable but on the residual value. To detect whether the residual value is normally distributed or not, that is by looking at the normal probability plot which compares the cumulative distribution of the normal distribution.

b. Multicollinearity Test

Multicollinearity test means that one independent variable with another independent variable in the regression model is linearly correlated. To find out the existence of multicollinearity in calculations using SPSS, look at the VIF (Variance Inflation Factor) multicollinearity occurs when the VIF value is less than 10 and the tolerance value is greater than 0.1.

c. Heteroscedasticity Test

The heteroscedasticity assumption test is used to determine whether there is variance in the regression model. In this multiple linear regression model, a graph method (scatter plot) is used to find out the symptoms of eteroscedasticity. In the scatter plot, if the average value estimated is systematically related and shows a certain pattern, it can be said

that heteroscedasticity symptoms occur, and vice versa if there is no clear pattern, it can be said that there are no heteroscedasticity symptoms.

d. Autocorrelation Test

According to Imam Ghozali (2016.107) The autocorrelation test aims to test whether in a linear regression model there is a correlation between the confounding error in period 1 and the error in period t-1 (previously). If there is a correlation, it is called an autocorrelation problem. The autocorrelation test was carried out using the Durbin Watson test or by using the run test.

4. Multiple Linear Regression Analysis

In this study, data testing was carried out using descriptive statistics to determine the effects of independent variables, namely Current Ratio and Debt to Asset Ratio on Return on Assets using multiple regression analysis and to facilitate implementation in calculating using SPSS (Statistical Product and Service Solutions) tools.).
The regression equation is as follows:

$Y = C + \beta 1. X1 + \beta 2.X2 + e$

    Note:
    Y : Dependent variable (ROA)
    C : Constant
    $\beta(1,2)$: Regression Coefficient
    X (1,2): Independent variable (CR, DAR)
   e

5. Hypothesis Test

Hypothesis testing in this study uses partial testing (t test) and simultaneous testing (F test)

6. Determination coefficient test

The coefficient of determination test is used to measure how big the contribution of all Independent variables (X) on the Dependent variable (Y). The coefficient value is between zero to one and is indicated by the Regular value ($R2$) where $0 < R2 < 1$. And this is also used to provide an interpretation of "R" which is to find out how much contribution (in %) the influence of the Current Ratio and Debt to Asset Ratio to Return on Asset.

4. Data Collection

1. Classic assumption test
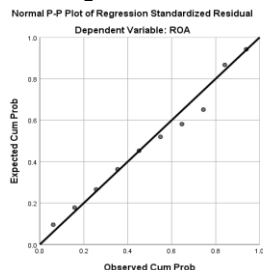
The P-P plot graph depicts the residual data that spreads around the diagonal line and follows the direction of the diagonal line, so the regression model fulfills the assumption of data normality. On the other hand, if the residual data spreads far from the diagonal line or does not follow the direction of the line, then the regression model does not meet the assumption of normality.

Coefficientsᵃ

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
1	(Constant)	.288	.144		1.992	.087		
	CR	.021	.031	.192	.678	.519	.695	1.439
	DAR	-.441	.190	-.658	-2.320	.053	.695	1.439

a. Dependent Variable: ROA

Tolerance calculation results, independent variables CR and DAR have a tolerance value of 0.645 > 0.1 and VIF calculation results, independent variables CR and DAR 1.439 < 10. So there are no symptoms of multicollinearity between independent variables in the regression model.
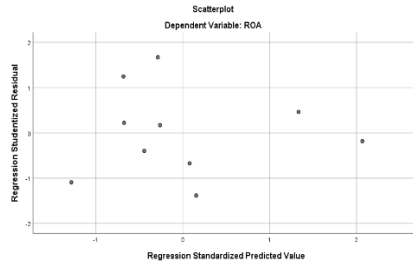
The picture shows that the points spread randomly and do not form a pattern, and the points spread below and above the number 0 on the Y axis. So it can be concluded that there is no heteroscedasticity problem in the regression model.

Runs Test	
	Unstandardized Residual
Test Value[a]	-.00116
Cases < Test Value	5
Cases >= Test Value	5
Total Cases	10
Number of Runs	7
Z	.335
Asymp. Sig. (2-tailed)	.737
a. Median	

The results of the statistical test run test obtained a significant value of 0.737 > 0.05. Significant value greater than 0.05, then there is no autocorrelation in the research model and fulfills the classical assumption of autocorrelation, the research can be continued.

2. Multiple Linear Regression Analysis

The results of the calculation of the coefficients table obtained the following regression equation:

ROA = 0.288 + 0.021 CR - 0.441 DAR + e

3. Hypothesis Test

Coefficients[a]

Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
1	(Constant)	.288	.144		1.992	.087		
	CR	.021	.031	.192	.678	.519	.695	1.439
	DAR	-.441	.190	-.658	-2.320	.053	.695	1.439

a. Dependent Variable: ROA

The variable of CR with t-count < t-table is 0.678 < 2.365 meaning Ho is accepted and Ha is rejected with a significant value of 0.519 > 0.05, this result shows that CR partially has no significant effect on ROA.

The variable DAR with t-count 2.320 < t-table 2.365, meaning Ho is accepted and Ha is rejected with a significant value of 0.053> 0.05. This result shows that DAR partially has no significant effect on ROA.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.012	2	.006	5.453	.037[b]
	Residual	.008	7	.001		
	Total	.020	9			

a. Dependent Variable: ROA

b. Predictors: (Constant), DAR, CR

The F-count (5.453) > F-table (4.74) with significant value is 0.037 < 0.05 meaning that Ha is accepted and Ho is rejected. So that, CR and DAR simultaneously have a significant effect on ROA.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.780[a]	.609	.497	.03339	2.617

a. Predictors: (Constant), DAR, CR

b. Dependent Variable: ROA

The adjusted R Square is 0.497, that the contribution of the variable Current Ratio and Debt to Asset Ratio to Return on Assets is 49.7% while the remaining 50.3% is influenced by other variables not used in this study.

5. Results and Discussion

a. the Impact of Current Ratio on Return on Assets at PT SMART TBK

the CR variable with t-count < t-table (0.678 < 2.365) is meaningthat Ho is accepted and Ha is rejected with a significant value of 0.519 > 0.05, this result shows that CR partially has no significant effect on ROA.
This research is in line with Tri Wartono's (2018) research which says that CR has no significant effect on ROA on PT Astra International TBK.

b. the Impact of Debt to Assets Ratio on Return on Assets at PT SMART TBK

the DAR variable with t-count < t-table (2.320 < 2.365) is meaning that Ho is accepted and Ha is rejected with a significant value of 0.053> 0.05. This result shows that DAR partially has no significant effect on ROA.
This research is in line with research by Anisa Agustin (2018) which says that DAR partially has no significant effect on profitability ratio on PT ACE Hardware Indonesia Tbk.

c. the impact of Current Ratio and Debt to Assets Ratio simultaneously on Return on Assets at PT SMART TBK

Based on the simultaneous test (F-test), Fcount (5.453) > Ftable (4.74) and the significant value is 0.037 <0.05. So Ha is accepted and Ho is rejected. The results is that the variables CR and DAR simultaneously have a significant effect on ROA.This study is in line with the research of Dede Solihin et.al (2019), namely the results of the F test, that CR and DER simultaneously have a significant effect on ROA at PT Kalbe Farma TBK.

Liquidity Ratio and Solvency Ratio together have an effect on the company's performance, in this case the company consistently pay attention to its financial ratios in order to improve its financial performance in advantage.

d.Based on the coefficient of determination test, the adjusted R Square is 0.497, meaning that the contribution of the variable Current Ratio and Debt to Asset Ratio to Return on Assets is 49.7% while the remaining 50.3% is influenced by other variables not used in this study.

6. Conclusion

Based on the results of research and discussion, the influence of the Current Ratio and Debt to Asset Ratio on the Return on Assets of PT SMART Tbk, can be concluded as follows:
1. Current Ratio partially has no significant effect on ROA.
2. Debt to Assets Ratio partially has no significant effect on Return on Assets.
3. Current Ratio and Debt to Assets Ratio simultaneously have a significant effect on Return on Assets.

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