

Analysis Of The Altman Z-Score Method For Predicting Bankruptcy In PT AirAsia Indonesia Tbk

Ni Kadek Dwi Yeni Marcela ^{1*}, I Made Sudana ², I Made Sarjana ³

¹ Managerial Accounting Undergraduate Study Program, Accounting Department, Bali State Polytechnic

² Managerial Accounting Undergraduate Study Program, Accounting Department, Bali State Polytechnic

³ Managerial Accounting Undergraduate Study Program, Accounting Department, Bali State Polytechnic

dwiyenimarcela@gmail.com ^{1*}, madesudana@pnb.ac.id ², madesarjana@pnb.ac.id ³

Abstract: Indonesia is currently experiencing a decline in economic growth due to the COVID-19 pandemic. Not only ordinary people who feel the impact, but big companies from various sectors. PT AirAsia Indonesia Tbk is a scheduled commercial airline company. The development of working capital and sales of the company PT AirAsia Indonesia Tbk decreased even negative in 2020 and 2021, which means if the working capital is negative then the company is considered illiquid because it is unable to pay its short-term obligations. This study aims to calculate and determine the position of the company PT AirAsia Indonesia Tbk in 2019-2021 when analyzed using the Altman Z-Score method. This study uses a qualitative research with a descriptive approach, namely analyzing and interpreting the data obtained by using the company's financial statements. The results of the study indicate that the company PT AirAsia Indonesia Tbk in 2019, 2020 and 2021 is in a state of threat of bankruptcy because the Z value < 1.8. The financial condition of PT AirAsia Indonesia Tbk tends to be in the dangerous zone, this can be seen from the average Z-Score in 2019-2021, the ratio value shows $Z < 1.8$ which is -3.8144.

Keywords: Altman Z-Score, bankruptcy, Bursa Efek Indonesia

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Introduction

Indonesia is currently experiencing a decline in economic growth due to the Covid-19 pandemic. Not only ordinary people who feel the impact, but big companies from various sectors. Although many companies have survived the COVID-19 pandemic, many companies have gone out of business because interest in goods has continued to decline, while costs incurred by companies have increased (Setyaningrum, 2020). The condition of the Indonesian economy which experiences very low growth can have an impact on the growth and development of companies and people's incomes, this is because companies are very dependent on economic growth and people incomes to increase profits from companies. The state of a company must be seen from the financial statements that can provide data about the companies financial condition. The transportation sector is a sector that supports daily activities. As time goes by and people social interests are increasingly diverse, such as studying, business and leisure, the use of aviation transportation is increasingly in demand by everyone who wants to travel long distances with good time efficiency. Several companies engaged in the aviation sector will provide the best routes for transportation users at competitive prices. The number of companies engaged in this industry is supported by the location of Indonesia territory which consists of various islands, the choice of air transportation is the best choice because long distances can be reached in a relatively short time.

One of the companies affected by the IDX special monitoring or notation from February 10 to February 21 2022 with a record of temporary suspension of stock trading for more than one day due to trading activities is PT AirAsia Indonesia Tbk. PT AirAsia Indonesia Tbk is the best low cost scheduled commercial airline company. International airplane passenger arrivals in 2020 were only 3.26 million people, down 82.36% from 2019 which reached 18.46 million people. This decline was due to a number of flights being restricted to suppress the spread of the COVID-19 virus (BPS, 2020). In 2021 the AirAsia Group airline received a dubious title because the public auditor assessed the company's increasing obligations and uncertainty about the continuity of the AirAsia Group, this is also related to the current financial situation which is still in the atmosphere of the corona virus pandemic. PT AirAsia Indonesia Tbk (CMPP) recorded a decrease in revenue and financial condition became a loss throughout 2020. AirAsia recorded an operating loss of Rp. 2.8 trillion and an increase in current year's loss of Rp. 2.75 trillion while in 2019 it was only Rp. 157.47 billion.

One of the techniques used in analyzing corporate bankruptcy is to use the Altman Z-Score method. This method helps management in taking action and evaluation for company improvement (Safitri, et al., 2021). The results of the study indicate that in the Z-Score calculation there are several industries that are included in the distress zone and face the threat of bankruptcy, but in fact this company has not experienced liquidation and is

still listed on the Indonesia Stock Exchange (Oktavian, et al., 2018). The reason the researcher chose PT AirAsia Indonesia Tbk compared to other airlines listed on the IDX is because this company is the best low cost company so that it can still be reached by the public, but in fact the company PT AirAsia Indonesia is still experiencing financial distress.

In this study, signal theory is also used to provide signals in determining investment choices for potential investors. From the information signal, it will be described first whether the data is seen as a positive or negative signal (Plat & Platt, 2002). The signal usually examines the company's financial statements, such as a description of the conditions and work results of a company in a certain time. Commonly known types of fiscal statements are balance sheets, results of operations, cash flows, changes in financial position (Rudianto, 2013). The types of financial ratios are liquidity ratios, solvency ratios, activity ratios, profitability ratios and market ratios (Sujarweni, 2017). After obtaining the financial statements, financial statement analysis is then carried out where the process of breaking the report into concise components and then examining each of its components aims to obtain the data contained in the summary of financial statements in more depth and obtain a good understanding of financial statements (Hery, 2015), analysis financial statements are a description of the things contained in the report into one simple unit of information by analyzing the relationship whether it has a common interest between quantitative information and non-quantitative to find out more about the company's financial condition useful for making decisions from the results of information (Harahap, 2013). The analysis is carried out in the form of calculating the company's financial ratios by looking at the numbers between one section or one period with different periods in the financial statements, which is used to assess the ability of management (Jumingan, 2017). Bankruptcy is the company inability to obtain employee benefits and the debtor who owes it cannot pay its obligations according to the due date which makes the company bankrupt. The cash flow ratio is quite dominant in the measurement of bankruptcy. Another word for bankruptcy is liquidation or insolvency.

Method

This study uses a type of qualitative research with a descriptive approach, namely analyzing and interpreting the data obtained by using the company financial statements for 2019-2021 which then draws conclusions from the results of the study. This research is directed at the company PT AirAsia Indonesia Tbk which is a go public company and is listed on the Indonesia Stock Exchange. Information is obtained through the website www.idx.co.id and the authority website <https://ir-id.aaid.co.id>. The time used for this research is 3 months starting from May 2022 to July 2022. The collection carried out in this study uses documentation techniques, namely collecting, recording, and analyzing data through image recordings of events (Sugiyono, 2020). The data is in the form of data on the annual financial statements of PT AirAsia Indonesia Tbk. The financial report data in question is for the 2019-2021 period. This study uses source triangulation which is used to ensure the correctness of financial statement information through several sources such as company financial statement data from the company's official website, the Indonesia Stock Exchange website and has been audited by a public accountant. This study uses the first Altman Z-Score method because this method is the most appropriate considering that PT AirAsia Indonesia Tbk is a go public company and among the five ratios used in calculating the Z-Score formula listed in the financial statements of PT AirAsia Indonesia Tbk, each ratio has decreased so that the company can show financial performance which also reflects the company's prospects in the future.

Result and Discussion

This study uses the Altman z score method as a measure of the bankruptcy of PT AirAsia Indonesia Tbk. In measuring bankruptcy using 5 ratios, the research results obtained is:

- **Working Capital To Total Assets**

Working capital ratio is a liquidity ratio used to show the company ability to generate working capital from all assets owned by calculating the company net working capital divided by total assets. The ratio of working capital to total assets of PT AirAsia Indonesia Tbk in 2019 has a value of -0.3982 which is the lowest value from the analyzed financial statements, namely 2019-2021. The net working capital obtained is 39.82% of the company's total assets. These results reflect the company's total assets of Rp2,613,070,074,932 which have been operated in operational activities so that the net capital used is Rp-1,040,629,252,844. The ratio of working capital to total assets in 2020 decreased by -38.86% from the previous year to -0.7869. The working capital obtained in 2020 was Rp-4,784,470,304,275 from Rp6,080,516,085.752 of the company's total assets. In 2021 the working capital ratio will again decline with the lowest ratio value from -46.31% to -1.2500. These results can be seen in the amount of working capital in 2021 amounting to Rp.-6,436,187,112,352 from Rp. 5,149,094,524,206 of the total assets owned by PT AirAsia Indonesia Tbk in 2021. The decrease in this ratio was caused by an increase in the amount of current debt owned company in 2019 amounted to Rp. 1,986,534,474,236 increased in 2020 to Rp. 4,957,130,972,939 and in 2021 it will be Rp. 6,601,734,213,455. In addition, PT AirAsia Indonesia Tbk has a negative net working capital so that the company has difficulty meeting its short-term obligations.

- **Retained Earnings To Total Assets**

The ratio of retained earnings to total assets in 2019-2021 experienced negative fluctuations, namely in 2019 by -2.4220, in 2020 it increased by 90.04% to -1.5217 and in 2021 it decreased again by -72.88% to -2.2505. This condition occurred because PT AirAsia Indonesia Tbk experienced losses in operational activities so that it was unable to cover the burden that must be borne by the company. This negative ratio of retained earnings to total assets needs to be avoided by the company because the negative ratio illustrates that the company has not been able to utilize retained earnings for the company's purposes in paying off part of the debt so that the company is likely to go bankrupt. higher.

- **Earnings Before Interest and Taxes To Total Assets**

Earnings before interest and taxes on total assets are used to measure the company's ability to generate profits from the company's activities before paying interest and taxes. The Company's EBIT value of PT AirAsia Indonesia Tbk in 2019-2021 was negative, namely in 2019 it was -0.1218, in 2021 it fell -32.34% to -0.4452 and in 2021 it fell again -13.88% from last year. previously to 0.5840. This happens because the company's profits and profits suffer losses. The smaller the ratio value reflects that the company's ability to generate profits before interest and taxes from the assets used is getting smaller, so the possibility of the company going bankrupt is higher.

- **Market Value Of Equity to Book Value Of Debt**

The ratio of the market value of equity to the book value of debt is used to show the company's ability to meet obligations from the market value of capital or common stock. The ratio of the market value of equity to the book value of PT AirAsia Indonesia Tbk debt in 2019 was 1.1080, in 2020 it fell -81.09% to 0.2971 and in 2021 it fell again by -3.91% from the previous year to 0,2580. This is because the capital is decreasing every year but the debt to the company actually increases more than the capital. If the value of the ratio continues to decline, it shows the smaller the company's ability to meet its obligations from its equity so that the possibility of financial distress will be higher.

- **Sales To Total Assets**

Sales to total assets is a ratio that indicates that a company can generate sufficient volume of business compared to the total investment in total assets. This ratio can reflect the efficiency of management in using the company's overall assets to generate profits. The ratio of sales to total assets in 2019 was 2,5674, in 2020 sales to total assets decreased by -230.25% to 0.2649 and in 2021 it fell again from the previous year of -14.34% to 0.1216. This decline was caused by the soaring cases of the COVID-19 pandemic in Indonesia and affecting the economic condition of the Indonesian people which was declining due to the ongoing pandemic and regional restrictions, so that PT AirAsia Indonesia Tbk, which operates in the aviation sector, was unable to schedule flights as usual due to restrictions region.

Conclusion

Based on the calculations that have been made, it can be seen that PT AirAsia Indonesia Tbk produced a Z-Score value in 2019 with a value of -1.0410 then decreased by -306% in 2020 to -4.1006 this is due to an increase in the company's current debt and sales in 2017. 2020 at PT AirAsia Indonesia Tbk which fell -230.25% from the previous year, this was also due to the pandemic which caused regional restrictions. In 2021 the Z-Score value of PT AirAsia Indonesia again decreased by -220% from the previous year, this value in 2021 is the highest negative Z-Score value from the 2019-2021 analysis, which is -6.3016 this is due to a decrease in the entire ratio with the highest decline occurring in the retained earnings ratio in 2021, which is -72.88%.

After calculating the financial ratio component on the 2019 Altman Z-Score model, 2020 and 2021, the company PT AirAsia Indonesia Tbk is in a dangerous zone or threatened with bankruptcy because it is in the Z 1.8 zone caused by a decrease in each ratio is negative. The average Z-Score in 2019-2021 also shows a result of $Z \leq 1.8$, which is -3.8144. This condition is also caused by PT AirAsia Indonesia Tbk has higher current liabilities than current assets so that the company is unable to pay off its obligations.

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