



Analysis of Financial Statements to Measure The Level of Health in The LPD of Pecatu Village, South Kuta, Badung

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Abstract: The Village Credit Institution (LPD) is an institution that operates in the financial sector belonging to the village which is developing and providing benefits both in terms of social, economic and cultural aspects to its citizens, so it is necessary to improve performance and preserve its existence. As a part of the traditional village unit in Bali, the LPD has the function of collecting funds and distributing credit and loans to the community. The level of soundness of the LPD shows the institution's ability to utilize its assets productively and efficiently and can manage the continuity of the business that is run effectively, so that it will encourage the continuity of the business. This study aims to measure the level of financial health using the CAMEL method on Village Credit Institution (LPD) of Pecatu Village, South Kuta, Badung in the period 2018 to 2020. Qualitative descriptive analysis is used to interpret the results of the calculation of financial ratios consisting of aspects of Capital, Assets, Management, Earning, and Liquidity. The result of this is the combined scores of all aspects obtained for 2018 is 79,37%, in 2019 is 80,77%, and in 2020 is 65,90%. Therefore it can be concluded that for 2018 and 2019 the financial health level of the LPD of Pecatu Village is in a fairly healthy condition, while in 2020 the financial health level of the LPD of Pecatu Village is in an unhealthy condition.

Keywords: *Village Credit Institutions (LPD), Financial Statements, Health Level, Financial Ratios*

1. Introduction

The Village Credit Institution (LPD) is an institution that operates in the financial sector belonging to the village which is developing and providing benefits both in terms of social, economic and cultural aspects to its citizens, so it is necessary to improve performance and preserve its existence. As a part of the traditional village unit in Bali, the LPD has the function to collect funds and distribute credit and loans to the community based on the provisions and regulations of the Bali Level I Regional Regulations, the aim of which is that later all the remaining business results obtained will be returned to the community [1]. village income to be used by traditional villages in order to help repair public facilities owned by traditional villages.

Based on the Regional Regulation of the Province of Bali Number 3 of 2017 concerning Village Credit Institutions, LPD is an institution in the financial sector belonging to the village which is in the Traditional Village. LPD that are engaged in the economy have the aim of making a profit, where the

distribution of the net profit of the LPD at the end of the accounting year is set for capital reserves of 60%, village development funds of 20%, production services of 10%, empowerment funds of 5% and social funds of 5%.

LPD is expected to be able to encourage economic development in the village community through effective and efficient savings and credit distribution programs for villagers. The role of the LPD is as a container for village wealth which can be in the form of cash or securities, carrying out its functions in the form of an effort to improve the living standards of villagers, so that the LPD is expected to always be able to improve effectiveness and efficiency in managing its business. In line with improving the living standards of villagers, LPD must be able to improve their performance and also maintain their level of financial health so that they can continue to grow and provide benefits to the village community [2]. LPD health is the ability of the LPD to carry out normal operational activities and be able to fulfill its obligations in accordance with applicable regulations. The way to find out the health level of the LPD in question is to analyze the financial statements of the LPD. Financial statements can provide an overview of the entity's financial position at a certain period, so that the financial statements will provide convenience to the management or interested parties in making the right decisions for the continuity of their business.

Financial statement analysis is one way to find a relationship or correlation between various items contained in the company's financial statements. Financial statement analysis is the process of classifying financial statements according to their elements and conducting a review of each of these elements with the aim of obtaining a proper understanding and understanding of financial statements, especially information desired by interested parties, including the owners, the management, the customer (customers borrowing funds and depositors of funds) and the builder [3], [4]. Analysis of the financial statements is done by determining and measuring the relationship between the items in the financial statements, so that in the end it can be seen what changes have occurred in each item when a comparison is made. The LPD level of soundness indicates the ability to utilize its assets productively and efficiently and to manage business continuity that is run effectively, so as to encourage the sustainability of the business [5]. The LPD health level is assessed by using a quantitative approach to overcome 5 (five) factors that affect the condition of the LPD as a financial institution, namely; (1) capital; (2) the quality of productive assets; (3) management; (4) profitability and (5) liquidity or abbreviated with the term CAMEL in accordance with Pergub Bali No. 44 of 2017 concerning Guidelines for the Implementation of the Bali Provincial Regulation Number 3 of 2017 concerning Village Credit Institutions (Bali Governor Regulation, 2017).

Capital, Asset, Management, Earning and Liquidity (CAMEL) methods are the five determining factors to analyze the health level predicate in LPD. In these factors there are components which are then given a weight to determine the health of an LPD. These factors have an interrelated relationship in determining the health of an LPD. Determination of LPD health assessment by summing all component values of all factors in determining the health of an LPD. The large number of health scores can be used to determine the criteria for the health of the LPD [6].

The Pecatu Traditional Village LPD is one of the LPD in Badung Regency that is active in carrying out its operational activities. As a community service center in the economic sector in the village, the Pecatu Traditional Village LPD is expected to be able to encourage village development in a better direction. The business fields contained in the Pecatu Traditional Village LPD are in the field of credit, the field of savings in the form of savings, loans, deposits, and activities in the service sector such as serving receipt of insurance payments, PDAM payments, electricity payments. Total Capital, Loans Disbursed, Net Profit, and the value of NPL (Non Performing Loan) Pecatu Traditional Village LPD in 2018, 2019 and 2020. The capital received by Pecatu Traditional Village LPD increased in 2019 but decreased slightly in 2020. In terms of loans, the loans disbursed always increase every year. Thus, there was a condition where there was a decrease in capital in 2020 but accompanied by a fairly high increase in credit loans. Supposedly when the capital received increases, it is accompanied by an increase in credit provided, but what happened to the Pecatu Traditional Village LPD was the opposite, namely, there was a decrease in capital but the number of loans granted experienced a fairly high increase.

According to the management's explanation, the Pecatu Traditional Village LPD experienced obstacles in the credit collection process caused by LPD customers who were the village customs of Pakraman not yet fully fluent in paying credit installments, causing bad loans. When viewed from the NPL (Non Performing Loan) value, namely the number of non-performing loans owned by the Pecatu Traditional Village LPD for 2018 of 12.12%, in 2019 of 15.17% and in 2020 of 18.07%. Of the three numbers, it is categorized into non-performing credit risk which is quite high with a set limit of 5%. The high NPL value indicates that the LPD is less able to manage its activities. In addition to the reduced capital owned by the LPD, the capital issued by the LPD to its customers also cannot return to the LPD, this can result in a decrease in profits that will later be generated by the LPD. In the process of lending, of course, this invites a risk where there are non-performing loans which are categorized as substandard, doubtful, and bad loans. The amount of non-performing loans will affect the ability of the Pecatu Traditional Village LPD to earn profits from interest income. Thus, it is necessary to do an analysis so that it can find out how the LPD ability to provide capital is to minimize the possible risks that will arise due to disbursed loans, as well as the ability of the Pecatu Traditional Village LPD to earn profits within a certain period. To assess the health level of the Pecatu Traditional Village LPD using the capital, asset, management, earning and liquidity (CAMEL) analysis method based on financial reports, namely, balance sheets and income statements from 2018 to 2020. This health assessment is very important to do because the community has give trust to the LPD to manage their funds or money. LPDs that are declared healthy are actually very profitable because they can increase their prestige in the eyes of their customers or potential customers [7].

Based on this background, the formulation of the problem in this study is "How is the health level of the Pecatu Traditional Village LPD during the 2018 - 2020 period in terms of aspects of Capital, Assets, Management, Earning, and Liquidity"

2. Literature Review

2.1 Financial Report

The financial report is a very important report in an effort to obtain information about the condition or condition of the company's finances and the results that have been achieved by the company in a certain period. Financial reports are made as a form of accountability from company leaders and financial statements are also used to provide information related to financial conditions that can be used by parties outside the company.

2.2 Financial Statement Analysis

Financial statement analysis is a process of doing the periodic review of the financial statements that will result from such reviews can be seen a variety of relationships and trends that will be able to give judgment in making the right decision [8].

2.3 Village Credit Institutions (LPD)

Perda Bali No. 3 of 2017 explains that the LPD is a financial institution belonging to the village 's air there is in the region of d one. With its line of business, it receives or collects funds from villagers and provides loans to villagers. Based on Pergub Bali No . 44 of 2017 states that the LPD is a forum for village wealth, which carries out its main function in the form of an effort to improve the living standards of villagers and support sustainable development in the village area.

2.4 Level of Financial Soundness of Village Credit Institution

The level of health is the ability to carry out operational activities in the banking sector normally and be able to fulfill its obligations in ways that are in accordance with applicable banking regulations . One of the main sources of the indicators of her can be used as the basis of assessment of health are the financial statements of the period to be analyzed concerned [9].

2.5 CAMEL Method

Based Pergub Bali No. 44 of 2017 concerning Guidelines for the Implementation of the Bali Regional Regulation No. 3 of 2017 About the Village Credit Institutions which, LPD should always maintain a level of health. The five aspects, namely health assessment of capital adequacy, the quality of assets productive, management, earnings and liquidity or CAMEL [10]. The CAMEL health assessment criteria are as follows:

- Healthy predicate with a score of 81 to 100
- The predicate is quite healthy with a score of 66 to < 81
- Less healthy predicate with a score of 51 to < 66
- Unhealthy predicate with a score of 0 to 51

3. Research Method

This is a research with the kind of qualitative-descriptive within the meaning of researchers as a key instrument to the result of its further emphasize the significance compared to emphasize generality. The qualitative descriptive used in this study has the aim of exploring the data or figures contained in the financial statements of the Pecatu Traditional Village LPD in 2018 - 2020 which are then analyzed using the Camel method to be able to find out how the state or level of health of the Pecatu Traditional Village LPD is.

4. Result and Discussion

4.1 Assessment of the Capital Aspects of the Pecatu Traditional Village LPD in 2018 - 2020

Based on the analysis conducted, it shows that the CAR LPD ratio of the Pecatu Traditional Village in 2018 is in a healthy condition by obtaining a ratio of 22.51%, meaning that every IDR 1.00 assets that contain risks are guaranteed with a capital of IDR 0.2251. With a ratio of 22.51%, the value of 182.5 is obtained and the value after weighting is 25. In 2019, the calculation results show that the CAR LPD ratio of the Pecatu Traditional Village is in a healthy condition by obtaining a ratio of 21.48% meaning, every Rp1.00 of risk-bearing assets is guaranteed with a capital of Rp0.2148. With a ratio of 21.48%, a score of 175.8 is obtained and the score after weighting is 25. Furthermore, in 2020, the calculation results show that the CAR ratio of the Pecatu Traditional Village LPD in 2020 is also in a healthy condition by obtaining a ratio of 20.08% means that every Rp1.00 of the risky asset is guaranteed with a capital of Rp0.2008. With a ratio of 20.08%, a score of 161.8 is obtained and the value after being weighted is 25.

Overall, the capital of the Pecatu Traditional Village LPD is at low risk. Capital is already above 12% which is the minimum standard of the CAR ratio in accordance with Bali Governor Regulation No. 44 of 2017. This shows that the core capital and supplementary capital belonging to the LPD are able to face the risks contained in the assets, which in the event of a bad loan which will later become a burden is the core capital of the LPD, not third party funds that are used as a burden on bad loans.

4.2 Assessment of the Productive Assets of the Pecatu Traditional Village LPD in 2018 - 2020

4.2.1 Earning Asset Quality Ratio

Based on the results of the analysis, the ratio of KAP LPD Desa Adat Pecatu in 2018 is in a healthy condition by obtaining a ratio of 6.45%, which means that for every Rp. 1.00 of productive asset, the risk of not being able to be reclaimed is Rp. 0.0645. With the ratio, the value obtained is 90.33 and the value after weighting is 22.58. The ratio of KAP LPD Pecatu Traditional Village in 2019 is also in a healthy condition by obtaining a ratio of 7.57%, which means that for every Rp. 1.00 of productive asset, there is a risk of not being refunded of Rp. 0.0757. With a ratio of 7.75%, the value obtained is 82.87 with a maximum value of 100 and the value obtained after being weighted is 20.72. In 2018 and 2019 the ratio was below 7.85%, the smaller the KAP ratio, the better the credit quality. The maximum standard of the KAP ratio is 7.85% in accordance with the Bali Governor Regulation Number 44 of 2017. Furthermore, the ratio of the LPD LPD Pecatu Traditional Village in 2020 is in an unhealthy condition by obtaining a ratio of 10.29%, which means that every Rp1.00 of productive asset is risky.

non-refundable amounting to Rp0.1029. With a ratio of 10.29%, the value obtained is 64.73 with a maximum value of 100 and the value obtained after being weighted is 16.18. In 2020, it obtained above the maximum standard KAP ratio of 7.85%, this means that LPD must be careful in issuing loans and prioritize credit quality over credit quantity.

4.2.2 CRR Ratio

Based on the analyst is the ratio of CRR, LPD Pecatu Village People in 2018 amounted to 34.86%, which means every IDR 1.00 earned losses incurred in the planting of productive assets, LPD ensure the backup Rp0,3486 formed. With a ratio of 34.86%, the value obtained is 34.86 and the value after weighting is 3.48. The CRR ratio of the Pecatu Traditional Village LPD in 2019 was 24.29%, which means that for every Rp1.00 of the loss incurred in investing productive assets, the LPD guarantees with Rp0.2429 of the reserve formed. With a ratio of 24.29%, the value obtained is 24.29 and the value after weighting is 2.43. Furthermore, the CRR ratio of the Pecatu Traditional Village LPD in 2020 is 18.51%, which means that for every Rp1.00 of the loss incurred in investing in productive assets, the LPD guarantees with Rp0.1851 of reserves formed. With a ratio of 18.51%, the value obtained is 18.51 and the value after being weighted is 1.85. From the results of the analysis above, it shows that the CRR LPD ratio of the Pecatu Traditional Village in 2018, 2019, and 2020 is in an unhealthy condition where the amount of the budget for doubtful loan reserves that have been formed is very small compared to the reserve for doubtful loans which must be formed.

4.3 Assessment of the Management Aspects of the Pecatu Traditional Village LPD in 2018 - 2020

Based on the management's assessment of the Pecatu Traditional Village LPD in 2018, 2019, and 2020 each received a healthy predicate with a score of 92. The management credit score is calculated by adding up the value contained in each question or management statement with a maximum limit of 100.

4.4 Assessment of the Profitability Aspects of LPD Pecatu Traditional Village in 2018 - 2020

4.4.1 ROA Ratio

Based on the results of the analysis, in 2018 the ROA ratio obtained results below 2.025% which is the minimum ROA ratio in accordance with the Bali Governor Regulation Number 44 of 2017. In 2018 the ratio of 1.02% means that every Rp1.00 the use of assets is only able to generate income. profit of Rp. 0.0102. With a ratio of 1.02%, a value of 40.8 is obtained and the value obtained after being weighted is 4.08. With these results in 2018, the Pecatu Traditional Village LPD was in an unhealthy condition. In 2019, obtaining an ROA ratio of 1.44% means that for every Rp. 1.00 the use of assets is only able to generate a profit of Rp. 0.0144. With a ratio of 1.44%, a value of 57.6 is obtained and the result of the value after being weighted is 5.76. With these results in 2019, the Pecatu Traditional Village LPD is in an unhealthy condition. Furthermore, in 2020, an ROA ratio of 0.32% was obtained, meaning that for every Rp. 1.00 the use of assets is only able to generate a profit of Rp. 0.0032. With a ratio of 0.32%, a value of 12.8 is obtained and the result of the value after being weighted is 1.28. With these results in 2020, the Pecatu Traditional Village LPD is also in an unhealthy condition.

From the results of these calculations, the ROA ratio in the Pecatu Traditional Village LPD is in poor performance. The high-risk ROA ratio means that the LPD is not able to generate good profits when compared to its average assets.

4.4.2 BOPO Ratio

Based on the results of the BOPO ratio analysis in table 4.12 on the Pecatu Traditional Village LPD for 2018, 2019, and 2020, the results of the BOPO ratio are above 79.75% which is the minimum limit for the BOPO ratio in accordance with the Bali Governor Regulation Number 44 of 2017. Based on the results of the analysis, The BOPO ratio in 2018 is 87.43%, which means that for every Rp1.00 of operating income, Rp.0.8743 is spent on operational costs. With a ratio of 87.43%, the value is 50.28 and the value after weighting is 5.03. With these results in 2018, the Pecatu Traditional Village LPD was in an unhealthy condition. The BOPO ratio in 2019 is 80.35%, which means that for every Rp. 1.00

of operating income, Rp. 0.8035 is spent on operational costs. With a ratio of 80.35%, the value obtained is 78.6 and the value after weighting is 7.86. With these results in 2019, the Pecatu Traditional Village LPD is in a fairly healthy condition. Furthermore, the BOPO ratio in 2020 is 94.02%, which means that for every Rp1.00 of operating income, Rp.0.9402 is spent on operational costs. With a ratio of 94.02%, the value obtained is 23.92 and the value after weighting is 2.39. With these results in 2020, the Pecatu Traditional Village LPD is in an unhealthy condition.

From the results of these calculations, the BOPO ratio in the Pecatu Traditional Village LPD is in a poor condition. The smaller the BOPO ratio, the more efficient the LPD's operational activities. On the LPD Pecatu Village People at high risk LPD this means not being able to reduce operating costs and are not able to do peng saving early by shopping early so operating costs are happening almost equivalent in number to the operating income earned.

4.5 Assessment of the Liquidity Aspects of LPD Pecatu Traditional Village in 2018 - 2020

4.5.1 Liquid Tool Ratio

Based on the results of the analysis, the ratio of LPD liquid assets in 2018 was 34.62%, which means that every IDR 1.00 of current debt will be guaranteed by liquid assets of IDR 0.3462. With a ratio of 34.62%, the value of 230.8 is obtained with a maximum limit of 100 and the value after weighting is 5. The ratio of LPD liquid assets in 2019 is 37.70%, which means every Rp1.00 of current debt will be guaranteed by liquid assets of IDR 0.3770. With a ratio of 37.70%, the value of 251.3 is obtained with a maximum limit of 100 and the value after weighting is 5. Furthermore, the ratio of LPD liquid assets in 2020 is 26.38%, which means that every Rp1.00 of current debt will be secured by liquid assets of Rp0.2638. With a ratio of 26.38%, a score of 175.9 is obtained with a maximum limit of 100 and the score after weighting is 5. From the analysis above, in 2018, 2019, and 2020, the Pecatu Traditional Village LPD is in a healthy condition. The more liquid the LPD is, the more capable an LPD is to meet its current obligations

4.5.2 LDR ratio

Based on the results of the analysis, the LDR ratio of the Pecatu Traditional Village LDR in 2018 was 68.30%, meaning that for every Rp1.00 of third party funds that were successfully obtained and the core capital owned had been distributed in the form of credit of Rp0.6830. With a ratio of 68.30%, a score of 186.8 is obtained with a maximum value of 100 and the score after being weighted is 5. The LDR ratio of the LPD Pecatu Traditional Village in 2019 is 64.08% meaning every Rp1.00 of successful third party funds obtained and the core capital owned has been distributed in the form of credit amounting to Rp0.6408. With a ratio of 64.08%, a value of 203.7 is obtained with a maximum value of 100 and the value obtained after being weighted is 5. Furthermore, the LDR ratio of the LPD Pecatu Traditional Village in 2020 is 73.99%, meaning that every Rp1.00 of third party funds successfully obtained and the core capital owned has been channeled in the form of credit amounting to Rp0.7399. With a ratio of 73.99%, a score of 164.04 is obtained with a maximum value of 100 and the value obtained after being weighted is 5.

From the analysis above, in 2018, 2019 and 2020, the Pecatu Traditional Village LPD was in a healthy condition. The larger the LDR ratio value indicates that the LPD's liquidity level is getting smaller, because the amount of debt will increase so that it will have an impact on the amount of funds needed to pay the debt will also be greater. Thus the smaller the value of the LDR ratio, indicating that the LPD is more liquid. LPDs are at low risk, this means that LPDs are able to suppress circulation of credit and obtain as much funds as possible so that liquidity in LPDs is safe.

5. Conclusion

Based on the discussion, the results of the analysis of the level of health in the Pecatu Traditional Village LPD in 2018 - 2020 using the CAMEL (Capital, Assets, Management, Earning, and Liquidity) method which obtained a combined score for 2018 of i 79.37 and 2019 of i 80.77, so it can be concluded that for 2018 and 2019 the health level of the Pecatu Traditional Village LPD is in a fairly healthy condition.

Meanwhile, in 2020 it obtained a combined score of 65.9, which means that the health level of the Pecatu Traditional Village LPD is in the less healthy predicate.

6. Acknowledgment

The author realizes fully difficult to complete the work of writing this. So the opportunity is the author would like to thank the maximum to the supervisor 1 and supervising 2 that has been giving the direction and guidance in the preparation of this journal, and Village Credit Institution of Pecatu Traditional Village on the data of research that has been given. For further research, it is hoped that they can develop their research and continue to calculate the health of LPD to find out how the level of LDP is.

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