International Journal of Economics, Commerce and Management
United Kingdom Vol. VI, Issue 9, September 2018
http://ijecm.co.uk/ ISSN 2348 0386

FINANCIAL STRATEGY ANALYSIS PT. FOUR JAFFEE INDONESIA

Dadan Ramdhani
Faculty of Economics and Business, University Sultan Sugeng Tirtayasa, Indonesia
ddn_ramdhani@yahoo.com

Muhammad Yusuf
Master of Management Program, Faculty of Economics and Business,
University of Esa Unggul, Indonesia
yusdihf@yahoo.com

Abstract

Every start-up process of the company's foundation is the most important thing that should be a fundamental consideration, namely financial strategy planning. This is very necessary in running a company and must synergize with early stage planning before investing funds will see what kind of financial strategy that will be used in running the company's operations, both from revenue planning strategy, funding planning strategy and other financial strategies so it is considered feasible and appropriate to invest and can provide a promising return on investment. Based on the result of this research, financial strategies are plan revenues, plan investment policies, load planning and operating costs, capital needs planning, and financial planning of the company's operations. Costs incurred as a result of operations are included in cost of goods sold (HPP), Marketing Costs, Administration and General Costs, and other expenses in the form of loan interest. Conclusion of this research Financial strategies applied to the company include: Financial Planning Assumptions, Income Planning, Expense Planning, Investment Planning Policy, Capital and Operational Planning, Bank Loan Policy, Fund Planning, Financial Projection Analysis, Financial Statement Projection Analysis.

Keywords: Financial Strategy, Business, Investment, Bank Interest, Cost, Income

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INTRODUCTION

Competitive competition in each year will be higher can be seen from the increasing number of companies that have product differentiation from other competitors. One of them this company has differentiation of products in the form of a unique presentation, easy and simple but still pay attention to the quality and taste. So the company can provide benefits to consumers by providing convenience and new sensation in enjoying coffee, but the product remains qualified. For the main raw materials themselves, most companies do not have differentiation, so competition on existing raw materials tends to be low.

In dealing with the increasingly fierce competition among competitors, the strategy the company can do is to expand demand or strengthen the level of product differentiation by improving and maintaining product quality. According to Porter (1987) states that the threat of entry of new entrants into the industry depends on the existing incoming hurdles, combined with the reaction of existing competitors that can be estimated by the newcomer. If these obstacles or obstacles are large and / or newcomers predict that there will be strong resistance from the old faces, then the threat of entry of newcomers will be low. There are six main sources of incoming obstacles: economies of scale, product differentiation, capital requirements, switching costs of suppliers, access to distribution channels, and unrelated costs regardless of scale (Porter, 1987).

Indicators used are capital requirement, capital adequacy, customer loyalty level, customer loyalty, access distribution channel, distribution cost requirement, government policy, impact of government policy. In the indicator of capital requirement, the level of customer loyalty, the formation of customer loyalty, the need for distribution costs, Government Policy, the capital requirement indicator is due to the need for capital to make the coffee company effervescent quite expensive, for machine capital is in the range of 1.2 billion, for Land and Building will be in the range of 6.5 M. This figure is not included with the salary of employees and others. So, it is not easy to be able to establish a business / coffee company effervescent. In the indicator level of customer loyalty is due to the level of customer loyalty to the product, actually very fluctuate, this depends on the suitability and customer service.

In the distribution channel distribution indicator will use the land route, using truck fleet on the government policy indicator. Distribution channel access, will use the land route, using a fleet of trucks on one side of this company benefit from the simplification of the permit process. But on the other hand this will also cause the potential risks that companies should consider if there are other companies that enter into the competition effervescent coffee business.

Every start-up process of the company's foundation is the most important thing that should be a fundamental consideration, namely financial strategy planning. This is very

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necessary in running a company and must synergize with the initial stage planning before investing funds will see what kind of financial strategy will be used in running the company's operations, both from revenue planning strategy, funding planning strategy and other financial strategies so it is considered feasible and appropriate to invest and can provide a promising return on investment. The stages of corporate financial planning are based on the following sequence: (i) planning of financial elements (Planning of Financial Elements); (ii) budgeting; (iii) planning of Income Statement Plans, (iv) Balance Sheet Planning; (v) Cash flow planning and (vi) Investment Feasibility Analysis.

The planning stages of the company generally follow the basic conceptual standards of corporate financial planning, but the outline looks as depicted in the conceptual model of the financial planning framework taken from the journal Allinson (2000) and Weygandt et al. (2016) as in Figure 1.

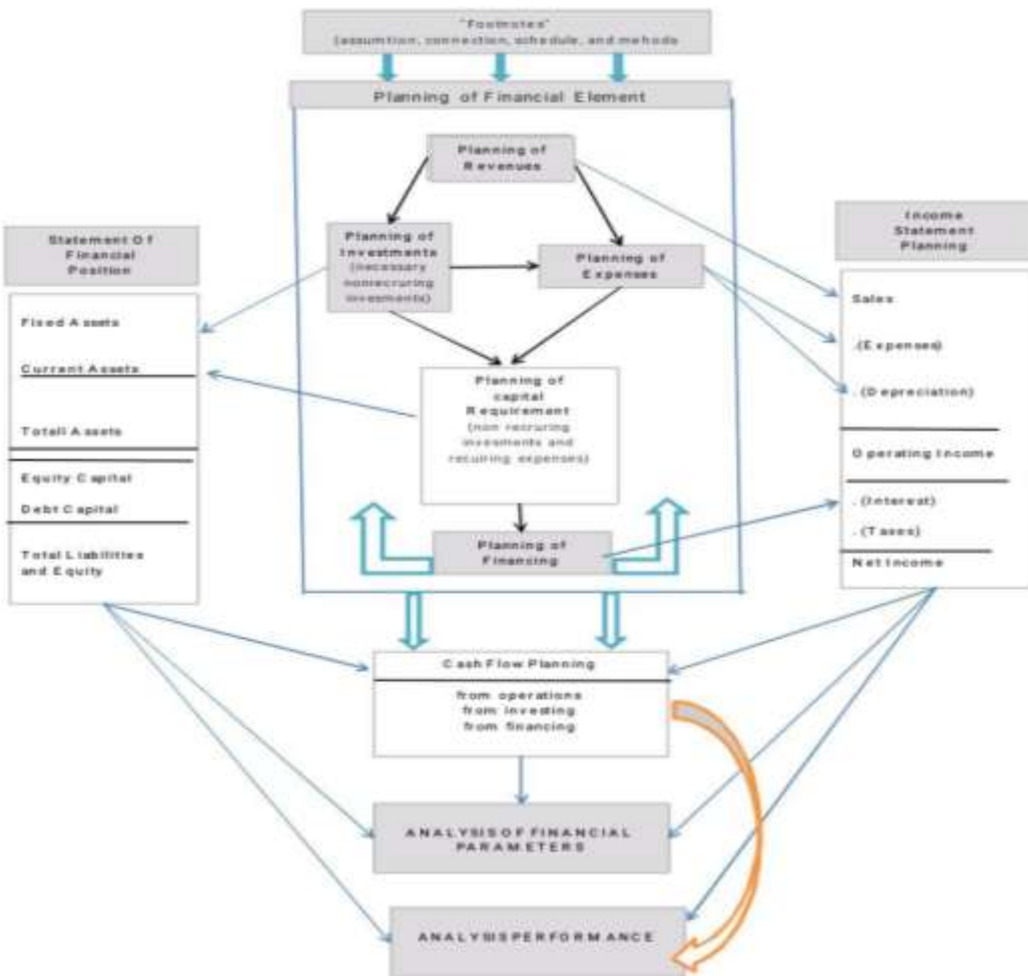

Figure 1. Conceptual Framework of Financial Planning

Source: Allinson (2000)

FINANCIAL STRATEGY ANALYSIS

Financial Planning Assumptions

The initial step of this financial frame work breakdown starts with the assumption of quantitative projection, PT. Four Jaffee Indonesia collects and analyzes information, conducts a comprehensive market analysis to determine market needs, evaluates relevant external threats and opportunities, and internal strengths and weaknesses. From the assumptions and connections that build the foundation of the whole process of financial planning, then conducted a thorough analysis of the financial side. Thus, sales and price volumes can be drawn from prior analysis and written justification. Revenues determine related costs and derivative production plans determine the need for capital investment, (Cravens and Piercy, 2003).

The next step, which is the financing plan that initiates the adjustment mechanism because of the emergence of financial problems that lead to repeated planning process. By defining the five elements of financial planning are income planning, cost related planning, investment planning, needs planning, and financing planning. The final stages of this financial plan framework by testing using sensitivity analysis, scenario analysis, and simulation. This method applies to elements and components of financial planning. Since all cash flows must be estimated beforehand, proper forecasting methods should be used.

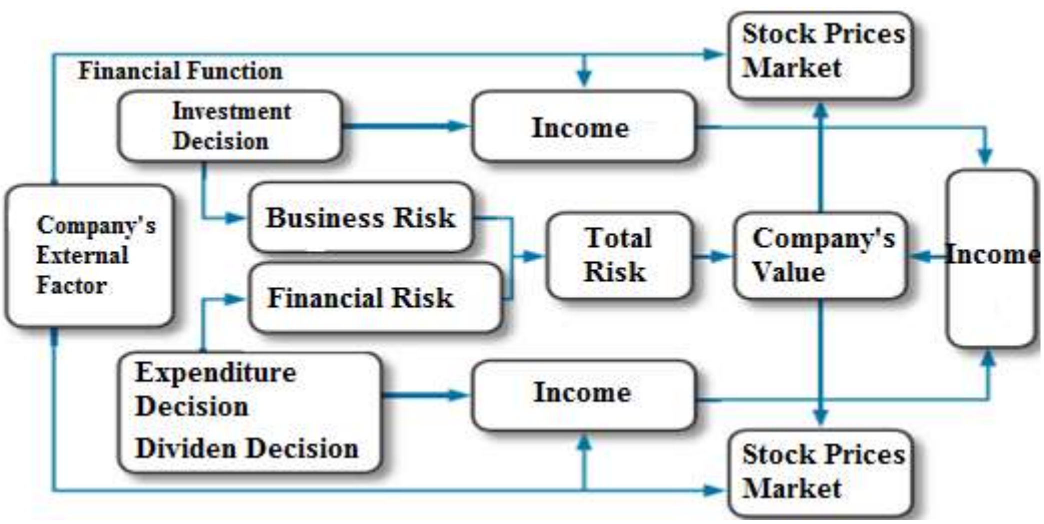

Figure 2. Relationship of Financial Functions with Corporate Objectives

Source: Cravens and Piercy (2003)

The relationship between financial functions and corporate objectives can be illustrated in Figure 2. In the figure it appears that internal factors of the company, in this case related to the financial function, ie. investment decisions, funding, and dividends will affect the expected revenue.

Planning of Revenues

In accordance with the conceptual framework of corporate finance, where the first thing to do is to plan revenue, plan investment policy, load planning and operating costs of the company, capital needs planning, and financial planning of the company's operations. This financial planning that will be the foundation for the company's financial strength in order to achieve the company's goal to gain an ever-growing profits can be realized.

The first step in determining the income planning policy is to determine the sales target from the beginning of the company's operations in the first year (Y-0) to the sixth year (Y-7), taking into account market demand, market acceptance and market growth of Kopita products.

Table 1. Income Plan (Pessimistic)

Year	**Y-0**	**Y-1**	**Y-2**	**Y-3**	**Y-4**	**Y-5**	**Y-6**	**Y-7**
(IDR Million)								
Price (IDR / bottle)	16,000	16,000	18,000	18,000	18,000	20,000	20,000	20,000
Volume	1,130,400	2,260,800	2,311,040	2,773,248	3,327,898	3,444,374	3,788,811	4,167,693
Sales (in Million IDR)	18,086.40	36,172.80	41,598.72	49,918.46	59,902.16	68,887.48	75,776.23	83,353.85
Sales Growth	0	0	0.15	0.20	0.20	0.15	0.10	0.10

Source: Aceh Sharia Bank Annual Report (in millions of rupiah)

From specified sales targets, initially in sales volume, will then be converted into revenue targets on a fixed price basis. PT Four Jaffee Indonesia (FJI) has drawn up a Kopita product revenue plan starting from YY 0, which stipulates that the selling price of the product is Rp 16,000 / bottle, which will be adjusted every three years following the market price growth and also the national economic growth rate, at the end of Y-7, the selling price will arrive at Rp. 20,000 / bottle with initial forecast of only 30% of the factory capacity of 1,130,400 as a policy of introducing the market and filling out the existing outlets as shown in the above table.

In value, the total sales will lead to significant increase in Y-2, by 29% sales growth. In the second year of operation, although the amount increased 100%, but actually only because in the first year the new plant operates for 6 months, and the next year has been fully operational for 12 months, but still no growth.

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Table 2. Income Plan

No	Outlet	Number of Outlet		Product / Outlet (bottle)	Total / Month (bottle)	Notes
		Java	Outside Java			
1	Alfamart	6,600	4,400	12	79,200	
2	Indomaret	6,600	4,400	12	79,200	
3	Spreading & Promotion				30,000	Spreading Promotion was done by MD, SPR, and SPV
Total					188,400	

Source: Data adapted for this study (2018)

Forecast of PT. FJI is based on the market segmentation policy determined by the sales and marketing sectors, through a well-known retail distribution network in Indonesia which currently has 11,000 network outlets, but is targeted only for Java area where only 60% of total outlet network is owned, and there are spreading and promotions by sales & merchandisers set a target of 30,000 bottles per month of initial operation, bringing the total initial target set to just 188,400 bottles per month.

Outside Java market, which covers 40% of the network, is not yet a target of PT. FJI, this is because the market segmentation is still in the office circles and millennial generation that is in urban areas. If indeed as the market grows and the more familiar KOPITA products in all corners of Indonesia, it will be a concern of management to fulfill it, by increasing the capacity of existing factories and resources.

Other income plans consist of non-operating sections consisting of items that originate from transactions outside the company's main operations. In this case the company recorded revenue from the sale of solid waste in the form of residual raw material packaging, dregs from the rest of the production and return goods are sold at half price normal, and also the rest of the project material sold as the category of scrap metal.

Bank interest income is the income earned from the bank on the company's funds deposited in the bank for a certain period. To project the amount of bank interest income, the company sets the proportion of cash and cash equivalents in the balance sheet of 10% of total assets or equity. Cash and cash equivalents consist of cash, checking accounts (bank) and time deposits with maturities of six months or less at the time of placement and not used as collateral for the loan.

Amount of value of the proportion of cash and cash equivalents, the company allocates 10% for cash and placement of funds in the bank by 90% in the form of current accounts and short-term deposits. Interest income is calculated on the effective interest rate and is assumed to be 0.2% of sales revenue.

Planning of Expenses

Costs incurred as a result of operations are included in cost of goods sold (HPP), Marketing Costs, Administration and General Costs, and other expenses in the form of loan interest. Planning related costs incurred during the operation of the company will be discussed in detail for each cost following policies to be taken by management, (Laslo, 2010).

Based on the timing of charges and revenues, the costs are classified into: (i) product cost, ie all accumulated costs of production incurred until finished goods, whereby the costs become assets until the time sold, and the time sold the production cost will be the burden (cost of goods sold / cost of goods sold); (ii) the cost of the period (period cost), all period costs incurred during one period will be directly expense, such as selling expenses and general administrative expenses.

Administration and General Costs represent costs which contribute a large portion where the components of Administration and General costs include salary, bonus and training of workers. Bonuses will be awarded to employees who are not included in the program's sales incentives and shared if the company generates a net profit in the current year of 1x of salary. Bonus will begin to be paid in Y-2. As for the training has been reserved for Rp. 2 million per person per year.

In addition, Sales expense is a burden associated with the business of acquiring buyers (customers) and businesses serving customers. The company set a sales expense budget of 5.8% of total net sales. From this amount the company allocates the budget on: salaries, wages, and employee benefits; promotion and advertising, transportation, leasing, professional services; official travel and transportation; telephone electricity and water, shrinkage; and others.

The company's policy for sales expense components is to apply aggressive marketing costs in which the sales expenses plan is divided into two categories: (i) initial costs aimed at introducing KOPITA in this stage is not yet known by the public, so the portion of the cost is higher than cost of sale and (ii) registration fee to distributors, in which case management will cooperate with Indomart and alfamart network.

Components of marketing costs incurred for marketing programs to distributors in the form of discounted prices and also promo sales either in the form of cash back or in the form of

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products, as well as incentive policies of 2.5% to salesmen from sales targets, advertising branding costs in conventional media as well social media as well as the costs incurred for market entry in the modern market and integrated supply channels.

Cost of Goods Sold (COGS) represents all costs incurred in order to produce a product from the production process until the product is ready for sale, has three basic structural elements: (i) inventory (Inventory); (ii) direct labor costs; (iii) overhead costs. The inventory elements include raw materials inventory, work in process or WIP inventory and finished good inventory.

Direct labor costs are wages paid to workers directly involved in product processing activities. While overhead costs are costs that arise other than the elements mentioned above, usually termed an indirect cost consisting of components of raw material costs (packaging and raw material products) and conversion costs in the form of indirect employee salaries, energy costs used include gas, electricity and water, machine maintenance and operating expenses, which outline the costs incurred for other than the cost of materials and employees directly involved in the conversion.

Investment Planning Policy

Investment for the initial business establishment of PT. Four Jaffee Indonesia covers all the resources needed to run the company over a period of 10 years since the company was established. All plant assets are planned to have sufficient installed capacity to support the company's operations up to 10 years ahead and be able to meet market demand during the first phase of growth. This is in line with the company's policy of starting its production by just launching a variant of Kopita products as a market penetration product, with a sales target of 282,600 Bottles / month. The company's investment strategy will adapt and adapt to changes that occur in the company, eg if the company changes its production strategy by starting to sell and producing several product variants, then additional investment is required which must be supported by the company's finances.

Initial stages of establishment, the company implemented a balanced Investment Strategy (Balance Investment Strategy) that the company will distribute dividends and will also hold corporate profits to support the launch of new product variants in the future. Initial investment made in Y-0 in the form of physical activities and the procurement of production facilities which includes the purchase of machinery and utilities purchase land and buildings located in the area Tigaraksa Biz Point, which is a warehouse area that is already supported by adequate facilities and infrastructure as a place of operation of the company. Initially set for land

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and buildings is a ten-year lease system, but after being evaluated further, it was finally decided to invest in land and buildings.

Capital and Operational Planning

The need for capital to conduct business consists of two types of capital investment and working capital. Both types of capital are different, both in use and time. Investment capital is used for long term and can be used repeatedly, usually more than one year old. While working capital is used for short and multiple times in one production process.

The term of working capital is usually not more than one year. This working capital planning includes working capital management policy, cash management, receivable management, inventory, accounts payable and also includes dividend policy management. Operational policy aims to support the running of the company's operations primarily to regulate all current assets and current liabilities of the company. The ultimate goal of this management is to obtain the optimal use of working capital, meaning that working capital is in accordance with the needs of the company to support operational activities. It is expected that all assets can be used to support the company's financial activities that can ultimately support the company's sales activities.

The first component of working capital is cash, is the most liquid form of assets, which can be used immediately to meet the financial obligations of the company. Therefore the main problem for cash management is to provide adequate cash, not too much so that profits are not reduced too much, but not so little that it will disrupt the company's liquidity. (Nidar, 2015). The company's cash should always be in a positive and smooth condition. This means that all existing cash surplus will only be stored in the form of demand deposits and deposits. This is to facilitate the company if at any time require funds for operations and investments, Assets owned by the company in the form of liquid assets and easily disbursed.

Another factor that influences the precautionary motive is the possibility of showing additional cash immediately. Loan flexibility is particularly dependent on the strength of corporate relationships with banking institutions and other credit sources. The need for cash usage is largely usable by controlling liquid assets such as short-term government securities.

Companies should pay attention to cash, where cash is needed as a lubricant of the company's operations. Understanding of the time from the start of cash is spent on various materials or materials until collected as cash back is called the concept of a cash conversion cycle or cash conversion cycle, very important in the discussion of short-term financial planning. Cash Conversion Cycle (CCC) is the average time between cash disbursements for productive resources and cash receipts from product sales. In other words, the cash conversion cycle is

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the average time the company's funds are tied to current assets. The shorter the CCC the less capital used to fund current assets or working capital.

The large amount of cash in the fifth year that reached 17 billion, and also the optimistic scenario from the marketing department that will begin to increase its sales target, it is planned to re-invest the funds for additional plant capacity by purchasing the land and building assets, as well as the addition process machines and packing machines.

Receivables are given to distributors. The financial team is required to monitor the length of this receivable, so as not to burden the company's working capital requirements. Currently based on the projected sales targets are given the ARDOH (Account Receivable Day on Hand) policy of 45 days (1.5 months). In the future, we need to make a breakthrough by working with large distributors to use discounting payment system, as well as bank guarantee from distributors. So the company can get the payment (cash) more quickly with a discount rate that can be accepted by the company. This scenario may involve a third party (bank) as the party who receivables with recourse to the company. The target of the management of these accounts is in the fourth year of operation where accounts payable and trade receivables are in a balanced position, which keeps cash flow liquid.

Currently sales are made in cash and credit. Sales on credit cause the company to have accounts receivable. The number of companies that sell goods and / or merchandise on credit is due to credit sales as an attempt to increase (or to prevent a decrease) in sales. Increasing sales of the company, expected profit will also increase. However, having accounts receivable also raises various costs for the company. PT. FJI establishes a 30-day receivables policy for distributors working on a B to B basis, but by providing collateral in the form of deposits in a designated bank account.

Companies need to conduct an economic analysis of accounts receivable, meant by economic analysis is an analysis that aims to assess whether the benefits of having a larger receivable or smaller than its cost. If it is estimated that the benefits are greater, then the economic ownership of the receivable (or sale of credit), is justified. The analysis is one part of the management of accounts receivable. Another problem is the control of accounts receivable.

Control of accounts receivable, the company needs to establish its credit policy. This policy then serves as the credit standard. If then in the implementation of credit sales and collection of receivables are not in accordance with predetermined standards, then the company needs to make improvements (Malka, 2011). Activities to ensure that the results are in accordance with the plan, is the essence of the control function.

The Company has inventory with a view to maintaining the smooth running of operations. For industrial companies, merchandise inventory allows companies to meet buyer

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demands. As for industrial companies, the supply of raw materials and in-process goods aims to facilitate production activities, while finished goods inventory is intended to meet market demand. However, it does not mean that the company should provide as much inventory for such purposes.

The high inventory allows the company to meet sudden demand. Nevertheless high inventory will cause the company need more working capital also. If the company is able to predict precisely the need for raw materials (or finished goods), the company can provide inventory on time according to the required amount. At no time is needed inventory amount can be reduced or even zero. This technique is known as just in time or zero inventory. For financial management it is necessary to understand the impact of using a stock policy on the financial aspects (Nidar, 2015).

The company is granted a 30-day paying period from its suppliers, and this can be seen from the APDOH (account payable day on hand) of the company maintained at that rate. If possible, an approach should be made to use LC with conditions for imported raw materials or use SKBDN for local raw material purchases. This means companies can pay with tenor a longer time.

Several alternatives to prolong the tenure of payment through several scenarios are still in talks with suppliers. It needs to be calculated to find the optimal raw material price and can cover the cost for the issuance of LC / SKBDN. For the next year, along with the company's bargaining rate due to increased order volume, it is certainly possible for longer tenors.

PT Policy. FJI, which also partners with coffee farmers and collectors in each coffee-producing area, specified that there are several supplier criteria that can be paid within a month, or even COD (cash on delivery). This is despite contradictory to the concept applied by PT. FJI on business debt management, but this is still done in connection with the company's commitment that will continue to support the coffee farmers in the region.

The shareholder loan is taken because the company's financial condition is still not able to take a loan to the bank. These shareholder loans still require higher yields than market interest rates. This condition resulted in the finance team having to find alternative cheaper source of financing, this is reflected in the WACC table showing the change of loan from shareholders to the bank. This is more because companies are looking for cheaper sources of financing by utilizing company assets.

This condition is required in the second year after the operation, when the cash position can not cover the working capital requirement, this shareholder loan policy is the most feasible alternative, although the interest expense of the company is higher.

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Bank Loan Policy

It is necessary to anticipate the company's working capital requirements by using company assets, but it is more profitable because the current required yield is cheaper than other sources of financing such as equity and shareholder loans. This bank loan is in the form of long-term loan to support the development of working capital of the company. For loan withdrawal used Promissory Notes as an underlying document.

This bank loan is provided by pledging the company's current assets in the form of deposits placed in one of the national commercial banks. The use of time deposits as collateral is due to the company's financial condition which is still not possible to obtain a loan with fixed assets as collateral. The Company will make interest payments on a monthly basis and the loan principal will be paid when the company is able to replace the deposit guarantee with fixed assets.

The Company provides dividends to shareholders of the net operating profits at the time the company has earned a profit and secures a financial position for the continuity of the operation of the company as a form of compensation for the funds placed. The policy at this stage of growth, in the first year of dividend distribution will be spent 40% of the company's profits and will then increase to 70% of the proceeds to shareholders and the remaining 30% will be held for future development plans. This policy may be amended through shareholder meeting decisions, after the cash evaluation recorded in the cash change statement.

Funding Planning

Planning in the funding policy is with the WACC (Weighted Average Cost of Capital) model and the company's capital structure policy. In this case the company must be able to maximize the capital owned and combine with other funding sources in order to create a capital cost that is considered the most optimal in accordance with the ability of the company.

In the working capital management the company uses an approach that prioritizes long-term loans to fund all the needs of the permanent operating assets and some of the needs of seasonal operations. This approach is done to reduce the risk of the company's inability to repay the loan than if the company uses more short-term loans. This working capital management policy will increase shareholder value. The elements included in the management of working capital are cash, accounts receivable, accounts payable, inventory, taxes payable, and various costs of money to be paid

The funding source of the company initially took the form of capital payments from shareholders and shareholder loans. Shareholders here are individuals who have an interest in developing their business capabilities. Shareholders must understand that this industry industry

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must have some halal certification and food safety and the company can not produce and sell the product if it has not received permission from the Food and Drug Administration (BPOM).

The next stage of funding source obtained from retained earnings as a result of the company's operations with initial percentage of 100% in the 3rd year when the position of operations have started positive income. In the following year the percentage of retained earnings starts from 60%, and continues to decrease until the 7th year to 30%, and will be held with a 30% percentage until it is decided by the new policy RUPS. Other options to be taken are the issuance of new shares and other third party loans (eg banking or other parties interested in investing in this business).

In the stages of establishment, two capital structure options will be established and each of which there are deficiencies and advantages that ultimately must still be taken the most appropriate decision for the business of PT. This FJI. Funds from shareholders will be paid in time adjusted to the projected cash flow of the company.

The perception of some investors that the beverage industry has a high risk that in the end will be asked for higher returns than is common in the market, making the founders of the company decided to use personal funds as initial capital of the business. The founders also have confidence that this business will succeed because currently in Indonesia effervescent coffee products is a new product that has not been a competitor who developed this industry.

To calculate WACC which is the cost of company capital, it is necessary to know the expected return on investment by shareholder (Ke = Re). In the consumer goods industry, based on the average data collected from several food industry companies in Indonesia that have been listed on the Indonesia Stock Exchange is 20%, this data is the value of Rm food industry. .

Based on the condition and structure of the financing it can be projected WACC from the period of Y-0 to Y-7 is at the beginning of the standing company obtained WACC of 18.9% because at this time funding sources still depend on paid up capital / equity in line with the company's operations, the company gets a shareholder loan which is ultimately converted to a bank loan with a guarantee of deposits (current assets of the company). The company's WACC at the end of the period has increased in line with the company's increasing equity due to retained earnings accumulated over the years. The Company takes this retained earnings policy as a reserve for future business development funds. Although there is an increase in WACC at the end of the period but generally still below the cost of capital if only using equity as a source of business financing. The average WACC for this scenario is 17.5%. At the end of the period WACC gained 17.7%, one and a half percent below WACC using equity as a source of financing.

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Financial Projection Analysis

Financial statements (financial statements) are the end products of a series of recording and processing of business transaction data (Hery, 2016: 2). The financial statements are used as a tool to communicate financial data or corporate activities to stakeholders, which indicate the condition of a company's financial health or company performance. The main financial statements consist of (i) Income Stetement; (ii) Balance Sheet Report; and (iii)Statement of Cash Flows.

As a new company will be established financial statements can be made based on the data financial assumptions used in business planning. To analyze the company's financial projection will be an investment feasibility analysis and financial ratio analysis. To analyze the investment feasibility will be calculated using IRR, ROI, NPV, and WACC average. Assumptions used by the company as a projected basis: (i) Sales growth: growth is adjusted to average food & beverage growth of 17%; (ii) COGS / HPP has increased in line with national sales and inflation rates. This is in line with the needs of raw and supporting materials that follow sales; (iii) sales expense: The share of sales expense will increase every year, in line with the inflation rate and sales growth, but not significantly because it prioritizes the concept of digital marketing; and (iv) Administrative and General costs: Administrative and general costs will increase along with company growth and organization expansion.

Return On Investment (ROI) shows the company's ability to generate profits from the assets that dipergunakaan. Return on Investment Analysis (ROI) has a very important meaning as one of the financial analysis techniques that are comprehensive. ROI analysis is already an analytical technique commonly used by corporate leaders to measure the effectiveness of the overall operations of the company. ROI itself is one form of profitability ratios that measure a company's ability with the overall funds invested in the assets used for the company's operations to generate profits. Thus Return On Investment (ROI) connects the profits derived from the company's operations by the amount of investment or assets used to generate the operating profit (Munawir, 2004).

Return On Investment is a ratio that shows the return (return) on the amount of assets used in the company or a measure of management efficiency. This ratio shows the results of all the assets it controls by ignoring the funding source and usually this ratio is measured by a percentage (Kasmir, 2010).

Net Present Value is the difference between disbursement and discounted income by using social opportunity cost of capital as a discount factor, or in other words, an estimated future cash flow discounted at the moment. To calculate NPV data is needed on the estimated investment cost, operating cost, and maintenance as well as the estimated benefits of the

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planned project. So the NPV calculation relies on a discounted cash flow technique (Kasmir, 2003). Net Present Value (NPV) or net present value is the comparison between PV net cash and PV Investment over the life of the investment. Meanwhile, according to Ibrahim (2003: 142) Net Present Value (NPV) is a net benefit that has been discounted by using social opportunity cost of capital (SOCC) as a discount factor.

IRR or Internal Rate of Return is an evaluation instrument used to decide whether a capital owner wants to invest or not, where IRR> the required level of profit, the project is accepted, but if IRR <the required level of profit, the project is rejected. IRR is more an indicator of the efficiency of an investment, as opposed to the NPV, which indicates a value or a money quantity. IRR is an effective annual compounded return rate that can result from an investment or yield of an investment. A project / investment can be done if the rate of return is greater than the return received if we invest elsewhere (banks, bonds, etc.).

Financial ratio analysis is needed to determine asset performance and company achievement. It is an activity to review the company's performance and anticipate future conditions based on our projected financial ratios. There are three groups of ratios that become the reference to see the performance of the company are: (i) Liquidity ratio; (ii) Profitability ratios; and (iii) the ratio of Liability (Leverage).

Projected Analysis of Financial Statements

The results of the projected financial statements of the company are described in the Balance Sheet Report, Income Statement, Cash Flow Statement, Statement of Changes in Equity and Investment Feasibility Analysis Report. Presenting information about shareholder assets, liabilities, and equity, the statement of financial position is the basis for calculating the rate of return and evaluating the company's capital structure. The information in the statement of financial position may also be used to assess the company's risk and future projected future cash flows. In this case, the statement of financial position can be utilized to analyze the liquidity, solvency, and flexibility of the company's finances.

Reports the financial position (balance sheet) is a systematic report on the position of a company's assets, liabilities and equity at a certain date. The purpose of the balance sheet report is to describe the company's financial position. Based on the assumptions used in financial planning, the company may present the projected statement of financial position. In the financial position statement of PT. FJI, in general can indicate the company's financial condition is quite good and stable. Position of financial statements from PT. FJI for pessimistic scenario which will be the basis of operation and calculation looks like below:

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Additional policies to be taken by PT. FJI is to make land and building investment after the depreciation value of the existing lease of the building is exhausted, or until the useful life of 10 years. For inventories there is an annual increase from Y-0 to Y-7, this is certainly in sync with the increase of trade receivables and trade debt also increasing. This is due to the rise in the national growth rate and the rate of inflation occurring in our country. It also affects the operating expenses that must be borne by the company.

PT. FJI assumed substantial burdens on the administration and the public, at a cost of 1.2 billion at the start of the year. Percentage of this is 10% of total COGS. The amount of administrative and general costs at the beginning of the establishment of this factory due to an additional cost burden when the installation process of production machinery and utility machines.

The addition of the value in the income statement is derived from interest income, which is derived from interest on deposits of cash and deposits deposited in several national government and private bank accounts. The assumption of interest income is in line with the amount of cash value accumulated over eight years, from Y-0 to Y-7. In the end of course, the main purpose is the amount of profits recorded by the operations of PT FJI company during its operational.

CONCLUSION

The initial step of this financial frame work breakdown starts with the assumption of quantitative projection, PT. Four Jaffee Indonesia collects and analyzes information, conducts a comprehensive market analysis to determine market needs, evaluates relevant external threats and opportunities, and internal strengths and weaknesses. In accordance with the conceptual framework of corporate finance, where the first thing to do is to plan revenue, plan investment policy, load planning and operating costs of the company, capital needs planning, and financial planning of the company's operations. Costs incurred as a result of operations are included in cost of goods sold (HPP), Marketing Costs, Administration and General Costs, and other expenses in the form of loan interest. Investment for the initial business establishment of PT. Four Jaffee Indonesia covers all the resources needed to run the company over a period of 10 years since the company stands. Capital needs to do business consists of two types of capital investment and working capital.

A bank loan policy is needed to anticipate the company's working capital needs by using company assets, but it is more profitable because the current required yield is cheaper than other sources of financing such as equity and shareholder loans. The results of the projected financial statements of the company are described in the Balance Sheet Report, Income

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Statement, Cash Flow Statement, Statement of Changes in Equity and Investment Feasibility Analysis Report. Presenting information about shareholder assets, liabilities, and equity, the statement of financial position is the basis for calculating the rate of return and evaluating the company's capital structure. The information in the statement of financial position may also be used to assess the company's risk and future projected future cash flows. In this case, the statement of financial position can be utilized to analyze the liquidity, solvency, and flexibility of the company's finances.

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