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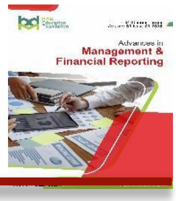

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The company's financial performance in terms of liquidity and profitability

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The author(s) declares that the research was conducted without any commercial or financial relationships that could be construed as a potential conflict of interest.

ABSTRACT

Purpose: This study analyzes PT Fastfood Indonesia, Tbk (KFC) 's financial condition through liquidity and profitability ratios. The goal is to evaluate the company's liquidity management and the efficiency of using assets and equity capital to generate profits.

Research Design and Methodology: This study uses a quantitative descriptive design with secondary data from the financial statements of PT Fastfood Indonesia, Tbk (KFC). The analysis was carried out by calculating the current ratio, quick ratio, cash ratio, return on assets (ROA), and return on equity (ROE) and comparing them with industry standards.

Findings and Discussion: The results show that the company's current ratio is poor, indicating potential difficulties in meeting short-term obligations. However, the quick ratio and cash ratio show sufficient liquidity. Regarding profitability, ROA indicates the efficient use of assets, while ROE suggests the company's inability to optimize equity capital to generate profits.

Implications: These findings suggest improving the current ratio and ROE to improve financial stability. This study also contributes to the literature related to the financial performance of franchise companies, with suggestions for further research involving more companies and considering external factors.

Introduction

The primary purpose of establishing a company is to make a profit. This profit results from the company's business activities within a certain period. The profits generated can then be used for additional funding and maintaining the company's survival (Tunas, 2016). However, to achieve optimal profits, companies must avoid performance and depend not on external factors such as market conditions or consumer demand. Good performance reflects the company's ability to utilize resources to achieve its business objectives, including generating sustainable profits. Therefore, assessing company performance is critical for the company and external parties interested in investing or cooperating with it (Astuti, 2018). Company performance assessment has a strategic role in providing a comprehensive picture of the company's condition. For company management, performance appraisal can be used to measure the extent to which the implemented business strategy has successfully achieved the predetermined targets. In addition, the performance appraisal results can also be used as evaluation material to make improvements and development in the future. For example, if the assessment results show weaknesses in operational efficiency, management can immediately design strategies to improve this efficiency so that the company's profitability can be

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improved. On the other hand, for external parties such as investors, banks, or business partners, information on company performance is crucial in making economic decisions. Investors will likely choose to invest in companies that show exemplary performance because they are considered to have higher profit prospects in the future. Similarly, banks will be more confident in providing loans to companies with healthy financial performance because they are deemed better able to repay the loan. The assessment of company performance is not limited only to economic aspects. In recent decades, there has been an increasing awareness of the importance of non-financial aspects in assessing company performance. These non-financial aspects include the quality of human resources, employee welfare, production quality, and public trust in the company. These indicators are important because they reflect how the company operates, generate profits, and maintain good relationships with employees, consumers, and the wider community. For example, companies with good employee welfare programs tend to have higher levels of employee satisfaction and productivity, which, in turn, can improve the company's overall performance. Similarly, companies with a good reputation in the eyes of the public tend to find it easier to attract new customers and retain existing ones, thereby increasing sales and profitability. However, while non-financial aspects play an essential role in assessing company performance, assessing performance through these aspects tends to be more difficult due to their subjective nature. For example, the level of employee welfare can be measured in various ways, and each individual's perception of that welfare may vary. Similarly, the company's public trust level can be affected by multiple external factors that are not entirely under the company's control. Therefore, many companies prefer to use financial aspects as the primary tool in assessing their performance.

Financial ratio analysis is one of the most frequently used tools for assessing company performance. This analysis involves comparing various financial indicators such as liquidity, solvency, and profitability to provide an overview of the company's financial condition (Hajar, 2019). Liquidity measures a company's ability to meet its short-term obligations with its current assets. On the other hand, solvency measures the company's ability to meet all its short-term and long-term commitments with its assets. Meanwhile, profitability measures the company's ability to generate profits using its capital. These three indicators provide a comprehensive picture of a company's financial health and ability to survive in the long run. Financial ratio analysis has many advantages over other performance assessment methods. First, this analysis is based on objective data, namely the company's financial statements, which can be measured quantitatively. This makes the results of financial ratio analysis easier to compare between one company and another or between one period and another. For example, by comparing liquidity ratios from year to year, management can see whether the company's ability to meet its short-term obligations has increased or decreased. Similarly, by comparing profitability ratios with similar companies, management can evaluate whether their company is more efficient in generating profits than its competitors. Second, financial ratio analysis provides valuable information for external parties interested in the company. For example, investors can use profitability ratios to assess whether the company has the potential to generate stable profits in the future. On the other hand, banks may use liquidity and solvency ratios to determine the credit risk associated with lending to the company. Thus, financial ratio analysis is beneficial not only for company management but also for external parties who have an interest in the company. However, financial ratio analysis also has limitations that need to be considered. One of the main limitations is that this analysis only provides an overview of the company's financial condition at a particular time and does not necessarily reflect the company's overall performance. For example, a company with a high liquidity ratio may appear financially healthy, but its profitability may not be optimal if it cannot manage its inventory well. Similarly, a company with a high solvency ratio may appear financially stable. Still, if it cannot generate sufficient profits, its ability to survive in the long run may be questionable. Therefore, financial ratio analysis should be done cautiously and combined with other analytical tools to provide a more comprehensive picture of the company's performance.

Although various studies have been conducted to evaluate the financial performance of companies through financial ratio analysis, most of these studies focus on specific sectors or generic aspects. For example, research conducted by Septhina (2016) found that the Current Ratio and Cash Ratio variables have a significant positive effect on financial performance, while the Quick Ratio has

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no considerable impact. This research shows that good liquidity can improve the company's financial performance, but not all liquidity indicators have the same effect. This shows the importance of choosing the right indicators in financial ratio analysis to get accurate results. However, these studies are often limited to specific sectors, such as manufacturing or services, and only a few have examined the financial performance of companies in the context of franchise business models. Franchising is one of Indonesia's fastest-growing business models, especially after 2003 when many foreign companies began to enter the Indonesian market. This business model offers various advantages, such as access to more outstanding capital, more experienced human resources, and more structured management. However, research linking the development of franchising businesses with the financial performance of companies is still limited, so there is a gap in the literature that needs to be filled. Research on the financial performance of franchise companies is fundamental because this business model has unique characteristics. Franchise companies usually have a more complex organizational structure than non-franchise companies because they manage relationships with many parties, including franchisees, suppliers, and consumers. In addition, franchise companies must comply with various regulations in multiple jurisdictions, which may affect their financial performance. Therefore, more in-depth research on the financial performance of franchising companies is needed to understand how this business model affects the liquidity, solvency, and profitability of companies. In addition, research on the financial performance of franchise companies can also provide valuable insights for businesspeople and policymakers. For example, the study results can be used by company management to identify factors that affect their financial performance and design more effective strategies to improve liquidity, solvency, and profitability. On the other hand, policymakers can use the results of this study to formulate policies that support the development of franchise businesses in Indonesia, such as tax incentives or training programs for franchisees. Thus, research on the financial performance of franchise companies has academic relevance and a significant practical impact.

Based on identifying gaps in the literature, the research questions posed in this study are: "How is the financial performance of PT Fastfood Indonesia, Tbk (KFC) seen from its liquidity and profitability ratios?" This question is vital because PT Fastfood Indonesia, Tbk (KFC) is one of the largest franchise companies in Indonesia, and its financial performance can provide a broader picture of the condition of the franchise industry in this country. This study aims to analyze the financial performance of PT Fastfood Indonesia, Tbk (KFC) using financial ratio analysis, particularly liquidity and profitability, to provide a comprehensive picture of the company's financial condition. This research is expected to make new contributions to studying the financial performance of franchise companies in Indonesia. First, this study will fill a gap in the literature by examining the financial performance of franchised companies, which has yet to be widely explored in previous studies. Second, this study will provide deeper insights into how liquidity and profitability affect the financial performance of franchise companies, which can be used by company management to design more effective business strategies. Third, this study can also provide a basis for future research to further explore the relationship between franchise business models and corporate financial performance. The novelty of this study lies in its approach that combines financial ratio analysis with the franchise business context, which allows researchers to identify specific factors that affect the financial performance of franchise companies. In addition, this study also uses the latest data from PT Fastfood Indonesia, Tbk (KFC), which provides an accurate and relevant picture of the company's current financial condition. Thus, this research offers theoretical contributions to the study of financial performance and practical contributions that businesspeople and policymakers can use to support the development of the franchise industry in Indonesia.

Literature Review

Financial Management

Financial management is an essential management function for companies. Because of the importance of financial management, many experts study it. Here are some definitions of financial management according to experts. Financial management (financial management), according to Martino & Agus (2010), financial management (financial management is All company activities related to obtaining funds and managing assets according to overall company goals. Furthermore, according to Horne and Wachowicz (2012), Mubarakah translates as "Financial management related to asset acquisition, funding and asset management based on several general objectives." Meanwhile, Irham Fahmi (2013) argues that Financial Management is a combination of science and art that discusses, studies, and analyzes how a financial manager uses all company resources to raise funds, manage funds, and distribute funds to provide profit or prosperity for shareholders and business sustainability for the company. Financial management is (management) regarding acquiring, funding, and managing assets to achieve company goals. From this definition, according to Martono and Agus (2010), there are 3 (three) main functions in financial management, namely: 1) Investment Decision (Investment Decision). The investment decision is a decision on how the company will manage assets. The investment decision is the most important of the three other decisions. This is because investment decisions directly affect the amount of investment profitability and the company's cash flow for the future. 2) Funding Decision (Financing Decision). This funding decision involves several things. First is determining the source of funds needed to finance the investment. Sources of funds that will be used to finance the investment can be short-term debt, long-term debt, and capital. Second, the best spending considerations are determined, often called the optimal capital structure. Optimum capital structure is a consideration of long-term debt and equity with minimal average mall costs. 3) Assets Management Decision. If assets have been obtained with proper funding, then these assets require efficient management. The financial manager's responsibility is to allocate funds for the procurement and utilization of assets. This responsibility requires financial managers to pay more attention to managing current assets than fixed ones. Financial management is obtaining funds, using funds, and managing assets efficiently, which requires goals or objectives. According to Gendro Wiyono (2017), the purpose of financial management is "Maximizing company value (maximizing shareholder prosperity) as measured by the company's share price." Meanwhile, according to Brigham and Houston (2015), the purpose of financial management is: "Maximizing shareholder wealth in the long term, but not to maximize accounting measures such as net income or EPS. The objective of financial management is to maximize company value or shareholder wealth.

Financial Statements

Financial reports result from a recording process, a summary of financial transactions during the relevant financial year (Siregar, 2017). Financial Accounting Standards states, "Financial reports are part of the financial reporting process. Complete financial statements usually include a balance sheet, a statement of changes in financial position (which can be presented in various ways such as example as a statement of cash flows or statement of funds flows), notes also include schedules and additional information relating to the report, for example, segment financial information industry and geography as well as disclosure of the effect of price changes." From this understanding, financial reports are made as part of a complete financial reporting process to be accountable for the tasks assigned to management. The purpose of financial statements, according to Sembiring (2018), is as follows: a) Provide information about the type and amount of assets (assets) currently owned by the company. b) Provide information about the company's type, number of obligations, and capital. c) Provide information about the type and amount of income earned in each period. d) Provide information about the amount and types of costs incurred by the company in a certain period. e) Provide information about changes in the company's assets, assets, and capital. f) Provide information on the company's management's performance over time. g) Other financial information. One of the essential tasks of management or investors after the end of the year is to analyze the company's financial statements while the understanding of financial statement analysis by some experts is According to Yameen (2016), is: "Financial report analysis is the application of analytical tools and techniques to general purpose financial statements and related data to produce estimates and conclusions that are useful in business analysis. Meanwhile, according to Munawir (2004), financial statement analysis is A study of relationships and tendencies or trends to determine the financial position and results of operations and development of the company concerned.

Financial Ratio Analysis

According to Mirnawati (2015), financial ratio analysis means that financial ratios compare the numbers in the financial statements by dividing one number by another. Meanwhile, according to Fahmi (2018), financial ratio analysis is: "Financial ratio analysis is an instrument for analyzing company performance that explains various relationships and financial indicators aimed at showing changes in financial conditions or operating performance in the past and helping to describe trends in patterns of these changes, to then indicates the risks and opportunities inherent in the company concerned. Based on these definitions, financial ratio analysis is an instrument for analyzing company performance that explains various relationships and financial indicators to show changes in a company's financial condition. Four ratios can be used to assess a company's financial performance: liquidity, activity, leverage, and profitability. According to Martono and Agus (2010), the four ratios are a. Liquidity Ratio (Liquidity Ratio). The ratio shows the relationship between the company's cash and other current assets with current liabilities. This ratio measures a company's ability to meet its financial or short-term obligations that must be met immediately. b. Activity Ratio (Activity Ratio). The activity ratio is also known as the efficiency ratio, which is the ratio that measures the efficiency of a company in using its assets. c. Leverage Ratio (Leverage Ratio). The ratio measures how much the company uses funds from debt (loans). d. Profitability Ratio (Profitability Ratio). The ratio shows the company's ability to gain profits from its capital. According to Arab (2015), there are two ways to compare company financial ratios. The two methods are 1) Time Series Analysis—comparing the same company's current and future ratios. Suppose the financial ratios are carried out over several years. In that case, the composition of changes can be studied to determine whether there has been progress or a setback in the company's performance and financial condition over the years. The more observations the analyst has, the better. This Time Series analysis can be seen as the effect of variables such as macroeconomic variables (recession, inflation), industry variables (industry changes, regulations), and microeconomic variables (strategic changes, new management) on financial data while looking at specific patterns from their finances. 2) Cross-sectional approach. Comparison of the ratios of a company with other similar companies and comparable to the industry's average ratio. Ideally, the companies selected for comparison have identical products (meet the exact needs or are substitutes for one another) and have the same strategy, size, and age.

H_1: The liquidity ratio has a significant effect on firm value.
H_2: The profitability ratio has a significant effect on firm value.

Research Design and Methodology

This research is a type of quantitative research. In this study, researchers will examine the financial performance of food companies registered on the IDX, namely PT. Fastfood Indonesia, Tbk. (KFC) in 2010 - 2019 9, based on liquidity and profitability ratios analysis. The data collection method used was a document study. Document study is a data collection method that does not address the research subject directly. Document study is a type of data collection that examines various valid documents for analysis. The data source in this research is secondary data in the form of financial reports obtained from the internet site (www.idx.co.id). Data analysis techniques used in this study are as follows: 1. Liquidity Ratio. Calculating the liquidity ratio consists of the current and quick ratios. 2. Profitability Ratio. Calculating the profitability ratio consists of economic profitability and capital profitability. 3. Average Industry Ratio. They compare the calculation results of the two ratios with the cross-section method to determine the company's performance.

Findings and Discussion

Findings

Current Ratio

A current ratio measures liquidity capability, namely the ability to pay debts that must be met immediately with current assets. Based on calculations from Table 1, the overall results of PT. Fastfood Indonesia, Tbk (KFC) 's current ratio during 2010–2019 showed that the highest current ratio was 198.5% in the third quarter of 2019, and the lowest current ratio was 127.99% in the third quarter of 2013. From the calculation of the current ratio, the increase in the current ratio occurred during the last year, namely in the second quarter of 2019 of 176.41% to the third quarter of 2019 of 198.5%, indicating that the company can fulfill its current obligations with its current assets. This can be proven in PT's financial statements. Fastfood Indonesia, Tbk (KFC), in the balance sheet, reports that the results of current assets are increasing compared to its current liabilities, which can be seen in 2019, the second quarter of Rp. 1,266,483,967, and in 2019, the third quarter of Rp. 1,151,244,715, while current liabilities in 2019, the second quarter, amounted to Rp. 717,935,590, and current liabilities in the third quarter of 2019 amounted to Rp. 579,965,630. Assessment of the financial performance of PT Fastfood Indonesia, Tbk (KFC): During the last year, 2010–2019, the average current ratio was 166.55%. Thus, the current ratio is IL liquid (unsuitable) because the extensive calculation results and the average still need to be below the data-time series as a benchmark. This can happen because cash is not used as well as possible.

Table 1. Current Ratio PT. Fastfood Indonesia, Tbk (KFC) During

Year		Current asset	Current liabilities	Current Ratio
2010	TW I	IDR 234,151,039,225	IDR 174,825,469,463	133.93%
	TW II	IDR 268,944,515,014	IDR 200,666,574,502	134.03%
	TW III	IDR 300,392,128,588	IDR 218,736,363,797	137.33%
2011	TW I	IDR 301,050,631,125	IDR 188,102,742,331	160.05%
	TW II	IDR 369,694,108,591	IDR 227,677,602,770	162.37%
	TW III	IDR 477,068,787,295	IDR 290,999,253,368	163.94%
2012	TW I	IDR 481,183,141,070	IDR 274,924,003,144	175.02%
	TW II	IDR 518,284,287,296	IDR 305,490,003,674	169.66%
	TW III	IDR 534,636,072,533	IDR 311,844,783,738	171.44%
2013	TW I	IDR 570,879,402	IDR 320,531,796	178.10%
	TW II	IDR 664,999,876	IDR 365,596,240	181.89%
	TW III	IDR 727,957,704	IDR 568,731,187	127.99%
2014	TW I	IDR 724,323,310	IDR 397,626,817	182.16%
	TW II	IDR 789,499,599	IDR 451,949,142	174.68%
	TW III	IDR 763,614,343	IDR 427,503,741	178.62%
2015	TW I	IDR 763,158,207	IDR 425,086,492	179.53%
	TW II	IDR 835,761,961	IDR 476,256,623	175.48%
	TW III	IDR 813,243,521	IDR 455,637,814	178.48%
2016	TW I	IDR 862,245,053	IDR 468,643,526	183.98%
	TW II	IDR 920,903,934	IDR 552,287,728	166.74%
	TW III	IDR 855,311,639	IDR 476,469,440	179.51%
2017	TW I	IDR 945,107,166	IDR 504,925,060	187.17%
	TW II	IDR 1,024,839,605	IDR 630,293,151	162.59%
	TW III	IDR 943,903,627	IDR 489,671,151	192.76%
2018	TW I	IDR 1,016,541,921	IDR 791,168,710	128.48%
	TW II	IDR 1,047,555,467	IDR 810,330,736	129.27%
	TW III	IDR 1,078,804,517	IDR 784,745,114	137.47%
2019	TW I	IDR 1,162,019,022	IDR 614,924,182	188.96%
	TW II	IDR 1,266,483,967	IDR 717,935,590	176.41%
	TW III	IDR 1,151,244,715	IDR 579,965,630	198.50%
Average Current Ratio				**166.55%**

Quick Ratio

Quick Ratio (Acid Test Ratio) is the ability to pay debts that must be met immediately with more liquid current assets. Shows the company's ability to meet its obligations without considering inventory. Based on the calculation of the Quick Ratio in Table 2, it can be seen that the quick ratio of PT is calculated. Fastfood Indonesia, Tbk (KFC) in 2010-2019. The magnitude of the quick ratio generated in 2010-2019 was the highest in 2019 third quarter of 165.42% in the third quarter and the lowest in the 2010 third quarter of 95.16%. From the calculation of the quick ratio, it can be seen that the increase in the quick ratio that occurred during the last year, namely in the second quarter of 2019, was 146.57% to the 2019 third quarter 165.42%, indicating that the company is still able to pay off its short-term obligations without including inventory. This can be proven in PT's financial statements. Fastfood Indonesia, Tbk (KFC) in the balance report that the amount of inventory in 2019 second quarter is IDR 1,052,293,416 and in 2019 the third quarter is IDR 959,364,640 while current assets in 2019 second quarter are IDR 717,935,590 and in 2019 quarter third amounting to IDR 579,965,630. Assessment of financial performance of PT. Fastfood Indonesia, Tbk (KFC) during the last year, 2010-2019, the average quick ratio was 131.11%. Thus, the quick ratio is considered liquid (good) because of the extensive calculation results and the average above the time series data as a benchmark. This increase shows that the company can still pay its short-term liabilities guaranteed by current assets without including inventories.

Table 2. Quick Ratio PT. Fastfood Indonesia, Tbk (KFC) During 2010-2019

Year		Current asset	Current liabilities	Quick Ratio
	TW I	IDR 184,397,969,218	IDR 174,825,469,463	105.47%
2010	TW II	IDR 204,728,750,899	IDR 200,666,574,502	102.02%
	TW III	IDR 208,155,893,772	IDR 218,736,363,797	95.16%
	TW I	IDR 222,760,439,649	IDR 188,102,742,331	118.42%
2011	TW II	IDR 281,097,616,073	IDR 227,677,602,770	123.46%
	TW III	IDR 382,425,485,115	IDR 290,999,253,368	131.42%
2012	TW I	IDR 384,194,575,432	IDR 274,924,003,144	139.75%
	TW II	IDR 424,740,257,428	IDR 305,490,003,674	139.04%
	TW III	IDR 395,592,053,093	IDR 311,844,783,738	126.86%
	TW I	IDR 445,203,786	IDR 320,531,796	138.89%
2013	TW II	IDR 538,143,835	IDR 365,596,240	147.19%
	TW III	IDR 577,674,142	IDR 568,731,187	101.57%
	TW I	IDR 574,123,431	IDR 397,626,817	144.38%
2014	TW II	IDR 621,148,749	IDR 451,949,142	137.44%
	TW III	IDR 599,211,032	IDR 427,503,741	140.16%
	TW I	IDR 600,185,104	IDR 425,086,492	141.19%
2015	TW II	IDR 669,607,734	IDR 476,256,623	140.59%
	TW III	IDR 646,324,535	IDR 455,637,814	141.85%
	TW I	IDR 649,793,458	IDR 468,643,526	138.65%
2016	TW II	IDR 710,698,408	IDR 552,287,728	128.68%
	TW III	IDR 655,280,206	IDR 476,469,440	137.53%
	TW I	IDR 762,190,823	IDR 504,925,060	150.95%
2017	TW II	IDR 799,154,777	IDR 630,293,151	126.79%
	TW III	IDR 755,169,424	IDR 489,671,151	154.22%
	TW I	IDR 806,247,523	IDR 791,168,710	101.91%
2018	TW II	IDR 779,516,354	IDR 810,330,736	96.19%
	TW III	IDR 872,836,497	IDR 784,745,114	111.23%
	TW I	IDR 955,192,916	IDR 614,924,182	155.34%
2019	TW II	IDR 1,052,293,416	IDR 717,935,590	146.57%
	TW III	IDR 959,364,640	IDR 579,965,630	165.42%
		Average Quick Ratio		**131.11%**

Cash Ratio

This ratio measures the ability of the company's cash and securities to cover current debts. To fulfill short-term obligations because it only takes into account the most liquid components of current assets. The higher the liquidity ratio, the better the company's short-term financial condition and vice versa. Based on the Cash Ratio in Table 3, the cash ratio of PT is calculated. Fastfood Indonesia, Tbk (KFC) in 2010-2019. The cash ratio generated in 2010-2019 was the highest in 2011 in the third quarter at 199.46% and the lowest in 2018 at 70.75%. From the cash ratio calculation, the cash ratio decline occurred during the last year, namely in 2019; the first quarter was 119.71% in 2019, and the second quarter was 116.01% due to the cash value tending to be smaller, followed by increasing current liabilities. This can be proven in PT's financial statements. Fastfood Indonesia, Tbk (KFC), in the balance sheet report that the amount of cash in 2019 first quarter was Rp. 736,131,699, and in 2019, the second quarter was Rp. 832,900,366, while current debt increased from the 2019 first quarter of Rp. 614,924. 182 to 2019 Second quarter of IDR 717,935,590. Assessment of financial performance of PT. Fastfood Indonesia, Tbk (KFC), during the last year, 2010-2019, the average cash ratio was 111.72%. Thus, the cash ratio is considered liquid (good) because of the extensive calculation and the average above the time series data as a benchmark. This means the average cash ratio from 2010 to 2019 can still guarantee its financial term obligations due to the large average cash ratio and time series.

Economic Profitability

Economic profitability, also called Return on Assets (ROA), is a company's ability to earn profits by using all its assets.

Table 3. Cash Ratio PT. Fastfood Indonesia, Tbk (KFC) During 2010-2019

Year		(Cash + Cash Equivalents)	Current liabilities	Cash Ratio
	TW I	IDR 168,235,620,022	IDR 174,825,469,463	96.23%
2010	TW II	IDR 187,545,967,340	IDR 200,666,574,502	93.46%
	TW III	IDR 178,020,889,176	IDR 218,736,363,679	81.38%
	TW I	IDR 202,498,833,913	IDR 188,102,742,331	107.65%
2011	TW II	IDR 260,451,501,648	IDR 227,677,602,770	114.39%
	TW III	IDR 347,634,054,511	IDR 290,999,253,368	119.46%
	TW I	IDR 343,885,842,043	IDR 274,924,003,144	125.08%
2012	TW II	IDR 381,798,420,812	IDR 305,490,030,674	124.97%
	TW III	IDR 312,302,583,750	IDR 311,844,783,738	100.15%
	TW I	IDR 373,665,281	IDR 320,531,796	116.57%
2013	TW II	IDR 468,167,841	IDR 365,596,240	128.06%
	TW III	IDR 491,500,062	IDR 568,731,187	86.42%
	TW I	IDR 492,400,111	IDR 397,626,817	123.83%
2014	TW II	IDR 532,069,384	IDR 451,949,142	117.73%
	TW III	IDR 500,877,748	IDR 427,503,741	117.16%
	TW I	IDR 518,462,171	IDR 425,086,492	121.97%
2015	TW II	IDR 568,770,593	IDR 475,256,623	119.67%
	TW III	IDR 546,772,377	IDR 455,637,814	120.00%
	TW I	IDR 547,652,201	IDR 468,643,526	116.86%
2016	TW II	IDR 615,698,661	IDR 552,287,728	111.48%
	TW III	IDR 558,597,456	IDR 476,469,440	117.24%
	TW I	IDR 606,349,539	IDR 504,925,060	120.08%
2017	TW II	IDR 620,827,881	IDR 630,293,151	98.49%
	TW III	IDR 566,085,788	IDR 489,671,778	115.61%
	TW I	IDR 603,069,294	IDR 791,168,710	76.23%
2018	TW II	IDR 573,340,264	IDR 810,330,736	70.75%
	TW III	IDR 641,616,632	IDR 784,745,114	81.76%
	TW I	IDR 736,131,699	IDR 614,924,182	119.71%
2019	TW II	IDR 832,900,366	IDR 717,935,590	116.01%
	TW III	IDR 657,491,342	IDR 579,965,630	113.37%
		Average Cash Ratio		**111.72%**

Based on Table 4, the return on PT assets can be calculated. Fastfood Indonesia, Tbk (KFC) in 2010-2019. The amount of return on assets generated in 2010-2019 was the highest in the 2011 third quarter at 19.58% and the lowest in the 2018 first quarter at 0.52%. From the calculation of the return on assets, it can be seen that the increase in return on assets that occurred during the last year, namely in the second quarter of 2019, was 2.37% to the third quarter of 2019 of 3.88% indicating that companies can generate net profit with their assets. This can be proven in PT's financial statements. Fastfood Indonesia, Tbk (KFC), on the income statement and balance sheet report that the amount of net profit in 2019 second quarter was IDR 63,560,104 and in 2019 the third quarter was IDR 100,381,723 followed by an increase in total assets in the 2019 second quarter of IDR 2,675,511,707 to the 2019 third quarter of IDR 2,582,593,463. Assessment of the financial performance of PT Fastfood Indonesia, Tbk (KFC) during the last year, namely 2010-2019, overall, the average return on assets was 6.6%. Thus, the return on assets is considered efficient (good) because of the magnitude of the calculation and the average above the time series data as a benchmark. The increase in 2010-2019 shows that the company's ability to generate net profit based on its assets is quite good. So that the assets owned can spin faster to get profits.

Own Capital Profitability

The profitability of own capital is also called Return on Equity (ROE). This ratio measures a company's ability to generate profits based on specific share capital. Table 5 shows the calculation of the return on equity of PT. Fastfood Indonesia, Tbk (KFC) in 2010-2019. The return on equity generated in 2010-2019 was the highest in the 2011 third quarter at 23.25% and the lowest in the 2017 first quarter and 2018 first quarter at 0.74%. From the calculation of the return on equity, the increase in return on equity that occurred during the last year, namely in the second quarter of 2019,

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was 6.27% to the third quarter of 2019 of 8.47%, indicating that the company is inefficient in using its capital.

Table 4. Return on Assets of PT. Fastfood Indonesia, Tbk (KFC) During the Year 2010-2019

Year		Net profit before tax	Total assets	ROA
2010	TW I	IDR 35,040,080,269	IDR 641,082,055,252	5.46%
	TW II	IDR 71,583,334,931	IDR 691,199,056,750	10.36%
	TW III	IDR 124,598,126,352	IDR 733,196,726,875	16.99%
2011	TW I	IDR 40,403,422,526	IDR 778,190,439,578	5.19%
	TW II	IDR 89,681,714,440	IDR 860,323,264,353	10.42%
	TW III	IDR 192,819,630,531	IDR 984,415,816,794	19.58%
2012	TW I	IDR 52,626,751,653	IDR 1,041,062,431,699	5.06%
	TW II	IDR 108,505,030,142	IDR 1,120,398,914,036	9.68%
	TW III	IDR 214,904,220,821	IDR 1,179,331,153,711	18.22%
2013	TW I	IDR 46,947,415	IDR 1,270,665,374	3.69%
	TW II	IDR 131,091,127	IDR 1,388,414,476	9.44%
	TW III	IDR 229,610,580	IDR 1,475,903,528	15.56%
2014	TW I	IDR 48,873,397	IDR 1,571,405,966	3.11%
	TW II	IDR 100,687,795	IDR 1,676,339,566	6.01%
	TW III	IDR 181,668,761	IDR 1,684,257,638	10.78%
2015	TW I	IDR 15,602,454	IDR 1,775,588,214	0.88%
	TW II	IDR 49,011,685	IDR 1,039,734,492	4.71%
	TW III	IDR 107,559,555	IDR 1,052,240,702	10.22%
2016	TW I	IDR 16,542,312	IDR 1,984,876,264	0.83%
	TW II	IDR 68,770,602	IDR 2,057,202,143	3.34%
	TW III	IDR 149,990,245	IDR 2,068,221,558	7.25%
2017	TW I	IDR 9,741,369	IDR 2,183,341,257	0.45%
	TW II	IDR 30,134,649	IDR 2,273,539,446	1.33%
	TW III	IDR 88,449,076	IDR 2,200,658,154	4.02%
2018	TW I	IDR 12,113,794	IDR 2,327,970,135	0.52%
	TW II	IDR 57,472,583	IDR 2,363,399,767	2.43%
	TW III	IDR 140,444,342	IDR 2,405,510,333	5.84%
2019	TW I	IDR 13,689,782	IDR 2,560,390,128	0.53%
	TW II	IDR 63,560,104	IDR 2,675,511,707	2.37%
	TW III	IDR 100,381,723	IDR 2,582,593,463	3.88%
		Average Return on Assets		**6.6%**

Table 5. Return on Equity of PT. Fastfood Indonesia, Tbk (KFC) During 2010-2019 year

Year		Net profit before tax	Total assets	ROA
	TW I	IDR 25,115,349,833	IDR 402,473,809,897	6.24%
2010	TW II	IDR 51,321,080,161	IDR 428,679,540,225	11.97%
	TW III	IDR 88,978,180,144	IDR 446,255,390,208	19.94%
	TW I	IDR 29,867,410,918	IDR 512,412,609,113	5.83%
2011	TW II	IDR 66,404,196,770	IDR 548,949,394,965	12.09%
	TW III	IDR 138,489,004,033	IDR 595,597,952,228	23.25%
	TW I	IDR 40,233,087,088	IDR 679,338,619,635	5.92%
2012	TW II	IDR 83,169,053,762	IDR 722,274,586,309	11.51%
	TW III	IDR 163,993,595,872	IDR 766,060,378,419	21.41%
	TW I	IDR 35,949,284	IDR 837,613,243	4.29%
2013	TW II	IDR 99,935,992	IDR 901,599,951	11.08%
	TW III	IDR 175,439,806	IDR 777,103,765	22.57%
	TW I	IDR 37,707,166	IDR 868,425,649	4.34%
2014	TW II	IDR 77,855,254	IDR 1,676,339,566	4.64%
	TW III	IDR 139,748,551	IDR 924,491,468	15.12%
	TW I	IDR 12,708,242	IDR 1,003,431,049	1.26%
2015	TW II	IDR 49,011,685	IDR 1,039,734,492	4.71%
	TW III	IDR 107,559,555	IDR 1,052,240,702	10.22%
	TW I	IDR 13,985,730	IDR 1,114,957,505	1.25%
2016	TW II	IDR 54,928,523	IDR 1,096,046,141	5.01%
	TW III	IDR 117,936,716	IDR 1,159,054,334	10.17%
	TW I	IDR 8,865,559	IDR 1,202,029,246	0.74%
2017	TW II	IDR 26,676,006	IDR 1,159,985,539	2.29%
	TW III	IDR 72,270,123	IDR 1,205,579,653	5.99%
	TW I	IDR 8,294,853	IDR 1,121,998,304	0.74%
2018	TW II	IDR 43,193,062	IDR 1,058,433,972	4.08%
	TW III	IDR 106,935,659	IDR 1,106,775,712	9.66%

2019	TW I	IDR 37,234,440	IDR 1,230,667,998	3.03%
	TW II	IDR 75,751,726	IDR 1,207,455,705	6.27%
	TW III	IDR 104,597,859	IDR 1,234,572,386	8.47%
Average Return on Equity				**8.46%**

Discussion

Financial Condition Viewed from Liquidity Ratio

The results of the liquidity ratio calculation show that the current ratio condition is in an inadequate and inefficient state. This is due to the increase in the company's current liabilities, which is greater than its current assets. This imbalance indicates that the company may face difficulties meeting its short-term obligations using available current assets, which may negatively affect its financial stability. This condition aligns with previous research by Pratama (2016), which found that a low current ratio reflects potential financial risks that need to be addressed with better management policies. On the other hand, the calculation of quick and cash ratios shows more positive results, with excellent and efficient conditions. The quick ratio, which measures the company's ability to meet short-term obligations without selling inventory, shows that the company has adequate liquidity. Similarly, the cash ratio, which only considers cash and cash equivalents as a liquidity component, indicates that the company is in a solid position to meet short-term obligations. The results of this study are consistent with previous research by Prabowo & Maslikha (2014) and Septhina (2016), who also found that a high quick ratio and cash ratio are indicators of healthy liquidity in the company. This condition indicates that although the company may face challenges managing its current liabilities, its liquidity is still reliable overall.

Financial Condition Seen from the Profitability Ratio

The results of the calculation of the profitability ratio show that the return on assets (ROA) is in a good and efficient condition. A high ROA indicates that the company can generate net income by optimally utilizing its assets. This suggests that the company's asset management is running effectively, where each unit of assets used significantly contributes to the company's net profit. This finding aligns with research conducted by Prabowo & Maslikha (2014), which also found that high ROA indicates the efficient use of assets in increasing company profitability. However, the results of calculating profitability ratios based on return on equity (ROE) show unsatisfactory results, with poor and inefficient conditions. A low ROE indicates that the company cannot optimize the use of its equity capital to generate net income. This could be a sign that the company faces problems in capital management, where the available capital needs to provide an adequate rate of return for shareholders. The results of this study are consistent with the findings of Pratama (2016), who also found that low ROE reflects the company's non-optimal performance in utilizing equity to increase profitability overall. However, companies show efficiency in asset utilization, and challenges in managing equity capital must be addressed immediately to improve financial performance in the future.

Conclusion

This study analyzes the financial condition of PT Fastfood Indonesia, Tbk (KFC) through liquidity and profitability ratios to provide a comprehensive picture of the company's performance. The results show that the company's current ratio could be better and more efficient, reflecting its potential difficulty meeting its short-term obligations. However, the quick and cash ratios show more positive results, signaling the company's strong liquidity. In terms of profitability, the company shows efficiency in using its assets, with return on assets (ROA) in good condition. However, return on equity (ROE) shows that the company needs to optimize its equity capital to generate adequate profits, which reflects suboptimal performance in utilizing capital.

This research provides significant value in both science and business practice. Scientifically, this study fills the gap in the literature regarding the analysis of the financial performance of franchise companies in Indonesia, especially in the context of liquidity and profitability ratios. The findings can serve as a reference for future research exploring the relationship between franchise business models and corporate financial performance. In terms of practice, the results of this study are essential for the management of PT Fastfood Indonesia, Tbk (KFC) to evaluate their financial strategies, especially in improving the current ratio and return on equity, so that the company can achieve better economic stability and increase value for shareholders.

This study has several limitations that need to be considered. First, this study only uses financial data from PT Fastfood Indonesia, Tbk (KFC), so the results may not be generalizable to other franchise companies. Second, this study focuses on financial ratio analysis without considering external factors such as market conditions or government regulations that can affect the company's economic performance. For future research, it is recommended that researchers expand the scope of research by involving other franchise companies and considering these external factors. In addition, a longitudinal study can be conducted to see the company's financial performance development over a more extended period.

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