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ANALYSIS OF CASH FLOW CAPABILITY AND PROFITS FOR BANKING SUSTAINABILITY

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ABSTRACT

Financial reports play a crucial role in enhancing cash flow and profits. The focus of the issue in this study is related to cash flow and profits. The objective of this research is to assess the impact of the analysis of cash flow and profit capabilities in the banking context, by conducting a study at PT. Bank BPD Bali Singaraja Branch. This research employs various analytical techniques, including validity and reliability tests, multiple linear regression analysis, classic assumption tests, multiple correlation analyses, determination analyses, T-Test, and F-Test, with the aim of predicting cash flow. The research findings indicate that both cash flow and profits have a significant influence on future cash flow at PT. BPD Bali Singaraja Branch. These results are reinforced by hypothesis testing using the T-Test, where each t-value > t-table (3.007 > 1.667) for cash flow and (2.079 > 1.667) for profits, confirming the acceptance of both hypotheses. Partial correlation values show a moderate relationship (0.453) between cash flow (X1) and the dependent variable (Y), as well as a strong relationship (0.360) between profits (X2) and the dependent variable (Y). The impact of independent variables on dependent variables is indicated by a determination value of 27.5% and a correlation value of 0.525, demonstrating a low positive correlation between the two. The conclusion drawn from this research is that both cash flow and profits positively influence future cash flow at PT. Bank BPD Bali Singaraja Branch. The F-Test indicates that the F-value > F-table (8.543 > 3.19), indicating that cash flow and profits together have an impact on future cash flow in the bank.

Keywords: *Cash Flow, Profit, Future Cash Flow*

1. PREFACE

Introduction

The function of financial reports issued by companies as a result of the accounting process is to meet the needs of their users, especially external parties such as investors, creditors and other parties who have an interest in the company. In order for financial report information to be useful for guiding investment, credit and other similar decisions, the information must meet the requirements of being relevant and reliable. Financial reports have the potential to; reducing the level of uncertainty, and the ability to compete with existing sources of information.

The objectives of financial reporting are as follows. First, providing useful information for investors, potential investors, creditors and other users to make investment, credit and other similar decisions. Second, providing information about cash flow prospects to help investors and creditors in assessing the company's net cash flow prospects (Triyono & Hartono, 2000). Accounting information aims to provide information that is useful in assessing the amount, timing and uncertainty of a company's cash flow. Information regarding the company's ability

to generate profits can help investors and potential investors to assess the company's ability to generate cash flow in the future.

Information about a company's cash flow is useful for users of financial statements as a basis for assessing the company's ability to generate cash and cash equivalents and assessing the company's need to use these cash flows.

Profit information is a component of the company's financial reports, has the following benefits; assess management performance, help estimate representative long-term profit capabilities, predict profits and assess risks in investment or credit. According to Nuryani (2016), the results of financial report analysis will help provide an overview of key relationships and tend to provide a basis for consideration regarding the company's potential success in the future. In this case, profit has the ability to predict future cash flows so that the company can know its financial performance. Profit and cash flow are indicators to determine whether a company's financial performance has increased or decreased, namely through horizontal comparisons.

Based on observations at PT. Bank BPD Bali Singaraja Branch for the last four years, namely from 2019-2022. The data obtained from PT. Bank BPD Bali Singaraja Branch, namely profit and operational cash flow.

In 2019 PT. Bank BPD Bali Singaraja Branch had a profit of IDR 29,104,955 with cash amounting to IDR. 1,932,572. In 2020, profits increased by IDR 133,536,245 and total profits became IDR. 162,641,200 and cash decreased by Rp. 959,212 with cash amount of Rp. 973,360. In 2021, profits will still increase by IDR. 45,071,067 But cash decreased by Rp. 242,599. in 2022, profits will still increase by IDR. 7,511,999 and cash in 2022 will increase by Rp. 348,318.4.

Based on the description of the problem findings that have been explained in the background and the existence of theories that support the relationship between these variables, the researchers are interested in conducting further studies regarding "Analysis of Cash Flow and Profit Capabilities in Predicting Future Cash Flows".

Problem Formulation

Based on the background previously explained, the problem formulation can be formulated as follows:
1. Can cash flow influence future cash flow at PT. Bank BPD Bali Singaraja Branch?
2. Can profits affect future cash flows at PT. Bank BPD Bali Singaraja Branch?

Based on the problem formulation, the objectives of this research are as follows:
1. To find out whether cash flow can influence future cash flow at PT Bank BPD Bali Singaraja Branch.
2. To find out whether profits can influence future cash flows at PT. Bank BPD Bali Singaraja Branch.

2. RESEARCH METHOD

This research was conducted at PT. Bank BPD Bali Singaraja Branch. The types of data used in this research are quantitative data and qualitative data. The data sources used in this

research are primary data and secondary data. The population in this study was 48 months (4 years) from 2019-2022. This research uses an example of a saturated sampling technique using monthly financial reports for 4 years (48 months), namely from 2019-2022. The data collection technique used in this research is documentation technique. The documentation data referred to in this research are the financial reports of PT. Bank BPD Bali Singaraja Branch in the form of a report on cash expenditure and cash income and cash flow from 2019-2022. The data analysis technique used in this research is as follows: multiple linear regression analysis, classic assumption test (data normality test, multicollinearity test, test heteroscedasticity, autocorrelation test), multiple correlation analysis, goodness of fit test, determination analysis, T test analysis (T-Test)

3. RESULT AND DISCUSSION

Multiple Linear Regression Analysis

Table 1 Multiple Linear Regression Analysis Results

Model		Unstandardized Coefficients		Standardized Coefficients
		B	**Std. Error**	**Beta**
1.	(Constant)	11.854	1.844	
	Cash Flow	0.265	0.088	0.392
2.	Profit	0.156	0.075	11.854

Source: Regression Analysis Results

Based on the results of data processing in this research, the multiple linear regression equation was determined as follows:

Y = 11.854 + 0.265 + 0.156
Y = 11.854 + 0.265 (Cash Flow) + 0.156 (Profit)

The interpretation of the multiple linear regression equation from the equation model above is as follows:

1) From the multiple linear regression equation above, it can be seen that the constant value for future cash flows is 11.854, this means that if cash flows are constant then future cash flows will be 11.854.
2) From the multiple linear regression equation above, it can be seen that the regression coefficient of the cash flow variable is 0.265 and has a positive sign, which means that if there is an increase in cash flow by one, it will cause an increase in cash flow in the future by 0.265.
3) From the multiple linear regression equation above, it can be seen that the regression coefficient of the profit variable is 0.156 and has a positive sign, which means that, if there is an increase in profit by one, it will cause an increase in cash flow in the future by 0.156.

Classical Assumption Test

Data Normality Test

The statistical test used to test data normality in this research is the Kolmogorov-Smirnov normality test or sample. According to Santoso (2010), explains the output of the test of

normality, in decision making the significance number (Sig) > α = 0.05 means the data is normally distributed.

Table 2 One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		48
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	89477377
Most Extreme Differences	Absolute	.172
	Positive	.143
	Negative	-.172
Kolmogorov-Smirnov Z		1.190
Asymp. Sig. (2-tailed)		.118

Source: Classical Assumption Test Results

Based on the results of the normality test using the One-Sample Kolmogorov-Smirnov Test, it shows that the Asymp Sig. (2-Tailed) has a value of 0.271 where this value is greater than 5% (0.05) so it can be concluded that the questionnaire data used is normally distributed.

Multicollinearity Test

To determine whether or not there is a multicollinearity problem, the tolerance and VIF values are used.

Table 3 Multicollinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
	(Constant)		
1.	Cash Flow	0.948	1.054
2.	Profit	0.948	1.054

Source: Classic Assumption Test Results

Tolerance measures the variability of a selected independent variable that is not explained by other independent variables. The cutoff value commonly used to indicate multicollinearity is the Tolerance value ≤ 0.10 or the same as the VIF value ≥ 10. The test results presented in the table above show that the tolerance value is above 0.10 and the VIF value is below 10. This shows that in the regression model there is no there is multicollinearity.

Heteroscedasticity Test

Heteroscedasticity testing is carried out in a regression model, with the aim of determining whether in a regression there is an inequality in the variance of the residuals from one observation to another. Heteroscedasticity testing is carried out in a regression model using a Scatterplot graph. Based on the scatterplot graph presented above, it can be seen that the

points are evenly distributed below and above zero. So, it can be said that in the regression model there is no heteroscedasticity problem.

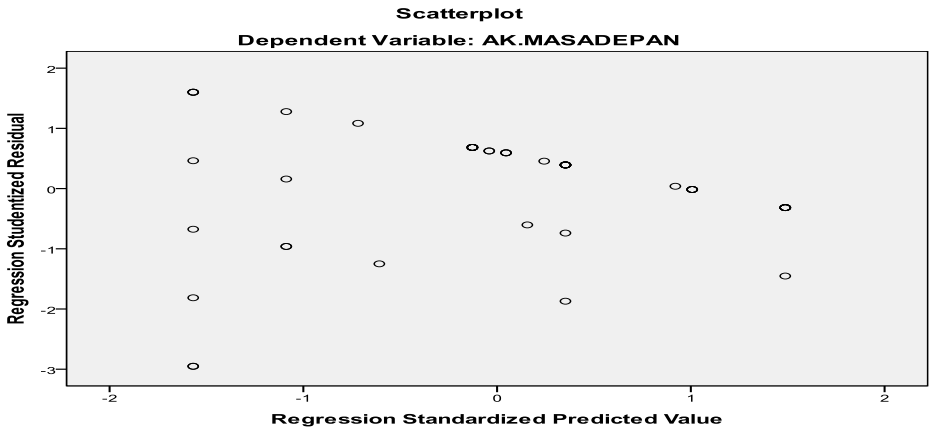

Figure 1 Scatterplot Graphics

Autocorrelation Test

Table 4 Autocorrelation Analysis Results

Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
	1	.525[a]	.275	.244	.91444	1.556

Source: Regression Analysis Results

The autocorrelation test can be interpreted as the existence of correlation between members of an observation or with other observations at different times. If correlation occurs, it is called an auto correlation problem. A good regression model is free from autocorrelation

Multiple Correlation Analysis

Multiple correlation analysis is used to determine the strength and weakness of the relationship between the independent variables together with the dependent variable. The magnitude of the correlation coefficient can be determined from the magnitude of R obtained from the calculation results.

Table 5 Multiple Correlation Analysis Results

Relationship Patterns	R	*Correlation Zero-Order*	Information
$r_{Y X_1 X_2}$	0.525	-	Currently
$r_{Y X_1}$	-	0.453	Currently
$r_{Y X_2}$	-	0.360	Low

Source: Regression Analysis Results

It is known that the r or correlation value simultaneously is 0.525, if connected with the interpretation of the correlation value according to Sugiyono (2014), the correlation coefficient is moderate. This means that there is a moderate and mutually proportional relationship between the independent variable cash flow and profit and the dependent variable of future cash flow at PT Bank BPD Bali Singaraja Branch.

The partial correlation value for cash flow can be seen in the Zero-Order Correlation value, which is 0.453, so that when connected with the interpretation of the correlation value according to Sugiyono (2014), the correlation coefficient of 0.453 is located between 0, 400 – 0.599. This means that there is a directly proportional and moderately partial relationship between the independent variable cash flow and the dependent variable cash flow in the future. The partial correlation value for profit can be seen in the Zero-Order Correlation value, which is 0.360 so that when connected with the interpretation of the correlation value according to Sugiyono (2014) correlation coefficient of 0.360 is located between 0.200 – 0.399. This means that there is a different and partial relationship between the independent variable profit and the dependent variable cash flow in the future.

Model Feasibility Test (Goodness of Fit)

Determination Analysis (error rate) = 5% and df (degree of freedom) = 48 are used so that the value of t-table = t (a, df) that is sought is t (5%, 48) is 1.667 (Sugiyono, 2014).

Table 6 Determination Analysis Results

Patterns of Influence	**R Square (R^2 x 100%)**	**Standardized Coefficient Beta**	**Correlation Zero-Order**	**Determination**
A	B	C	D	E = (C x D) x 100%
$^{p}Y X_1 X_2$	27.5	-	-	-
$^{p}Y X_1$	-	0.392	0.453	17.7
$^{p}Y X_2$	-	0.271	0.360	9.8

Source: Regression Analysis Results (Processed Data)

Determination analysis is used to determine the percentage of influence of the variables studied, namely the independent variable and the dependent variable. The value of the coefficient of determination can be seen from the R square value, which is 27.5%. The value of the coefficient of partial determination of the influence of cash flows on future cash flows. To test whether the hypothesis is accepted or not, a test will be carried out using the t-test. Based on the calculation results above, it can be seen that the t-count for the cash flow variable is 3.007, then the t-count for the profit variable is 2.079. Next, calculations will be carried out to compare the t-count values with the t-table. In this study, the criteria for acceptance/rejection of the hypothesis are:
Ho is rejected if t-count < t-table (Not Significant)
Ho is accepted if t-count > t-table (Significant)

Referring to the results of the table above, it is known that the t-count value > t-table (3.007 > = 5%) = 0.004 below 0.05, meaning the hypothesis which states that if cash flow increases then the effect of cash flow in the future it will be better at PT. Bank BPD Bali Singaraja Branch (accepted). Furthermore, the t-countα1.667) with a probability value (> t-table value (2.079 > 1β3 ≤ 0, meaning that the hypothesis is rejected and Ha: β2 ≤ β1 ≤ β = 5%) = 0.043 is below 0.05, meaning the hypothesis which states that if profits increase, the better the prediction of future cash flows from PT. Bank BPD Bali Singaraja Branch (accepted).

The formulation of the testing hypothesis using the F test (F-test) is as follows: Ho : $\beta_1 \leq \beta_2 \leq \beta_3 \leq 0$, means that the Hypothesis is rejected. Ha : $\beta_1 > \beta_2 > \beta_3 > 0$, means that the Hypothesis is accepted. In this test, F-table = F(a, dfn/dfd) is used. The magnitude of α or level of confidence (level of significance) used in this test is 5% with dfn (degree of freedom numinator = degrees of freedom of the numerator) = K - 1 = 3- 1 = 2, and dfd (degrees of freedom denominator = denominator degrees of freedom) = 48. According to table F, the magnitude of F (a, dfn/dfd) for F (5%, 2/48) is 3.19.

From the results of calculations with the help of the SPSS version 21 program, it turns out that dfn (degrees of freedom of the numinator = degrees of freedom of the numerator) = 2 and dfd (degrees of freedom of the denominator = degrees of freedom of the denominator) = 48, the F-count is 8.543.

Based on the results of the calculation above, we get F-count > F-table (8.543 > 3.19), so Ho is rejected and Ha is accepted. This is Ho : $\beta_1 \leq \beta_2 \leq \beta_3 \leq 0$, meaning that the Hypothesis is rejected. Ha: $\beta_1 > \beta_2 > \beta_3 > 0$, means that the Hypothesis is accepted.

In this test, F-table = F(a, dfn/dfd) is used. The magnitude of α or level of confidence (level of significance) used in this test is 5% with dfn (degree of freedom numinator = degrees of freedom of the numerator) = K - 1 = 3- 1 = 2, and dfd (degrees of freedom denominator = denominator degrees of freedom) = 48. According to table F, the magnitude of F (a, dfn/dfd) for F (5%, 2/48) is 3.19.

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Based on the results of the calculation above, we get F-count > F-table (8.543 > 3.19), so Ho is rejected and Ha is accepted. This means that statistically at a confidence level of 5%, the hypothesis is accepted.

4. CONCLUSIONS

From the results of the research that has been carried out, it can be concluded that:

1. The effect of cash flow on future cash flows, based on the results of research on the effect of cash flow on future cash flows at PT. Bank BPD Bali Singaraja Branch is 0.265 units or 17.7% with a correlation value of 0.453, which means there is a straight and moderate proportional relationship between cash flow and cash flow in the future and the results of hypothesis testing using the t-test show that t-count > t-table (3.007 > 1.667). This shows that cash flow influences future cash flow.

2. The influence of profits on future cash flows, based on the results of research on the influence of profits on future cash flows at PT. Bank BPD Bali Singaraja Branch, has a regression value of 0.156 units or 9.8% with a correlation value of 0.360, which means there is a straight and strong proportional relationship between profit and cash flow in the future and the results of hypothesis testing using the t-test show that t-count < t-table (2.079 < 1.667) so the hypothesis is rejected, namely "The more profits increase, the better the prediction of future cash flows from PT. Bank BPD Bali Singaraja Branch".

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