

Financial Feasibility Analysis Of Regional Public Companies (Perumda) Puspahastama Purbalingga District

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ABSTRACT

This research is entitled Financial Feasibility Analysis of the Puspahastama Regional Public Company, Purbalingga Regency. The objectives of this research are 1) Analyze the level of financial feasibility of Perumda Puspahastama 2) Analyze the level of sensitivity of Perumda Puspahastama to changes in benefits and costs. This type of research is quantitative which is presented in tabular form, grouping and classifying data. The research results show that Perumda Puspahastama is feasible with a positive NPV value at a discount factor of 9%, namely Rp. 9,210,001,190, the IRR is greater than the applicable interest rate (9%) namely 35.32%, and the Net B/C Ratio is greater than one, namely 3.58%. Sensitivity analysis was declared feasible with four main variables which included a 20% decrease in income, a 12% increase in grain prices accompanied by a 12% increase in income, a 10% increase in diesel prices with an increase in income and costs of 2%, variables increased by 13 % which with an increase in income of 13%. Meanwhile, the combined results are still decent with a decrease in income of 20%, an increase in grain prices of 12%, diesel prices of 10%, and variable costs of 13%.

Keywords: Perumda Puspahastama, NPV, IRR, Net B/C Ratio

INTRODUCTION

Badan Usaha Milik Daerah (BUMD) as economic units that cannot be separated from the regional economic system, aim to assist and support the general policies of the Regional Government in order to improve community welfare by working on the economic sector (Sutanti, 2022)². In a business or business, whether

owned by an individual or regionally, of course you have to understand the characteristics of the pace of economic aspects which are the benchmarks for the development of a business or enterprise, especially income. There are several factors that influence the income of an industry. First, the basic price produced and the production costs incurred.

Revenue or income is the difference between the costs incurred in a production process. If it is related to these two things, the problem faced by producers is the production costs incurred in supplying raw materials (Sujanto, 2020)¹.

High income is always expected for every company so as to produce maximum production. To get maximum income, the company must be able to increase production and reduce production costs. Therefore, king rose water guava farmers must be able to obtain farming inputs efficiently.

Farming Income is used to measure receipts and costs incurred for rewards obtained from the use of production factors. The success of a company can be measured, if the input received is greater than the output costs incurred during the production process, then greater income will be obtained so that the company can become a source of income for the company (Adi, 2019)³.

Therefore, if the company being run is not efficient then production results will be low. In

order to develop this company, it is necessary to know how much profit the business provides, and in the long term whether the business is worth running. This is related to the amount of capital that will be spent by the company, because capital owners will enter new business fields or develop their businesses if these business fields can provide decent profits. So far, it is not yet known how much benefit the Puspahastama Perumda can provide, so research was carried out on business feasibility at the Puspahastama Regional Public Company, Purbalingga Regency (Istiqomah, 2018)⁴.

With quite large costs and the need for adequate investment, the existing conditions at Perumda Puspahastama certainly affect the amount of revenue and income received. Looking at this aspect, researchers are interested in making observations regarding the financial aspects of Perumda Puspahastama Purbalingga Regency when viewed from the perspective of the financial feasibility that occurs there.

MATERIALS AND METHODS

This research was carried out at Perumda Puspahastama which is located at Jl. Raya Kedung Jati KM 1 Dusun III Bukateja District, Purbalingga Regency. This location was chosen purposively with consideration because the regional company is one of the regional agricultural production companies that uses modern machinery and therefore requires quite a large investment.

The data used in this research are primary data and secondary data. The types of primary data obtained are selling prices, input prices, investment cost components, operational costs and fixed costs. This data was obtained directly in the field as well as direct interviews with the management of Perumda Puspahastama or in other words using a purposive method. Meanwhile, secondary data was obtained from company documents, government

agencies and several libraries related to this research.

The data obtained is in the form of quantitative data. Quantitative data is used to determine the company's financial condition, such as NPV, IRR, B/C Ratio, and Sensitivity Analysis. This quantitative analysis is presented in tabulation form which groups and classifies data to make it easier to carry out data analysis. Data processing was carried out with the help of a calculator and computer program Microsoft Excel.

To find out whether the implementation of a project is profitable or not, it is necessary to carry out a project evaluation by calculating the benefits and costs required throughout the life of the project (Aini, 2017)⁵. After identifying all the benefits and costs, calculations can be carried out to obtain the value of the investment criteria.

RESULTS AND DISCUSSION

The investment required to establish Puspahastama is IDR 4,580,000,000 (Four Billion Five Hundred Eighty Million Rupiah). Used for

asset costs amounting to IDR 4,100,235,793 while for initial capital amounting to IDR 479,764,207. The source of funds used to set up this business all

came from the Purbalingga Regency Government which was given at the beginning of the establishment of Puspahastama, namely in 2004.

The fresh money capital that is budgeted every year as turnover capital is IDR 479,764,207 until now in 2023.

Table 1. Puspahastama Expenditure Table for the 2020-2023 Period

No	Expenditure	Year			
		2020	2021	2022	2023
1	Variabel Cost	2.105.904.666	2.430.962.230	2.687.962.361	3.541.758.731
2	Depreciation Cost	104.169.404	104.169.404	104.169.404	104.169.404
3	Fee	622.631.312	622.631.312	622.631.312	622.631.312
4	Fix Cost	143.403.559	142.153.683	143.370.960	144.732.525
5	Installments	16.402.028	16.402.028	16.402.028	16.402.028
6	Debt Interest	164.020	164.020	164.020	164.020
7	Tax	40.842.013	42.363.177	43.722.197	63.718.686
	Total	3.042.555.456	3.370.655.348	3.630.373.519	4.524.162.868

Source: Primary Data, 2024 (Processed)

Table 2. Income Recapitulation Table for the 2020-2023 Period

Income Recapitulation		
No	Year	Income
1	2020	4.856.630.968
2	2021	5.082.272.759
3	2022	5.250.011.172
4	2023	7.515.486.327
	TOTAL	22.704.401.226

Source: Primary Data, 2024 (Processed)

Based on Table 2, it can be seen that the average income of Puspahastama after deducting tax per month is IDR 473,008,359. If we look at the average annual sales results for this company, it is

IDR 5,676,401,226. Income is obtained from the sale of rice as the main income, rice bran and groats as a side income from Puspahastama.

Table 3. Financial Feasibility Analysis Results

No	Financial Tools	Analysis Results	Conclusion
1	<i>Net Present Value (NPV)</i>	9.210.001.190	Feaseble
2	<i>Internal Rate of Return (IRR)</i>	35,32 %	Feaseble
3	<i>Net Benefit Cost Ratio (Net B/C)</i>	3,58%	Feaseble

Source: Primary Data, 2024 (Processed)

The calculation of the financial feasibility of this business is obtained from data resulting from reducing the benefit cash flow from the cost cash flow. The net benefit after tax plus depreciation is then discounted at an investment interest rate of 8.75% or if rounded up to 9% which is the average

interest rate for Commercial Bank investment credit for the 2020-2023 period.

The Puspahastama company has an NPV value of IDR 9,210,001,190, meaning that the Puspahastama company can provide profits or profitability in investment of IDR 9,210,001,190

for 19 years based on the current time value of money with an interest rate of 9%. The IRR figure is 35.32%, which indicates that it exceeds the bank's interest rate (9%) or in other words, the rate of return on investment is 35.32%, so that operational activities in any form can be evaluated at an accurate rate of return. So the Puspahastama company is worth developing if it is compared to saving the money in a bank, because it has the value of obtaining a high return

value. A large IRR value indicates that the project or investment will be profitable if continued. On the other hand, if the IRR value is small, it indicates that the initial investment costs will lead to poor prospects. The Net B/C Ratio is 3.58%, which means that for every Rp. 1,000,000 in costs incurred, it will provide a profit of Rp. 2,580,000. The results of the calculation of NPV, IRR and Net B/C Ratio with 100% own capital.

Table 4. Sensitivity Analysis Results for Revenue Dropped 20%

No	Financial Tools	Analysis Result	Conclusion
1	<i>Net Present Value (NPV)</i>	5.436.657.462	Feaseble
2	<i>Internal Rate of Return (IRR)</i>	27,30 %	Feaseble
3	<i>Net Benefit Cost Ratio (Net B/C)</i>	2,84%	Feaseble

Source: Primary Data, 2024 (Processed)

This is assumed to be a decrease in revenue of 20% due to seeing several competitors of similar companies located around the Company, both in local cities and outside the city.

Puspahastama is feasible, this is proven by a positive NPV value, IRR exceeding the applicable interest rate (9%), and a Net B/C Ratio value exceeding one. For this reason, a 20% decrease in income does not affect the feasibility of investing

in Puspahastama. However, if you refer to the IRR and Net B/C Ratio figures above, it is 27.30% and 2.84%, it can be estimated that the change occurred during the decline. 20% of income will have an impact on Puspahastama, which is quite vulnerable to feasibility if accompanied by changes in other variables. This problem refers to the minimal value obtained in the analysis value when compared with the feasibility assessment criteria.

Table 5. Sensitivity Analysis Results for Grain Prices Rising 12% and Income Rising 12%

No	Analysisi Tools	Analysis Result	Conclusion
1	<i>Net Present Value (NPV)</i>	10.806.235.722	Feaseble
2	<i>Internal Rate of Return (IRR)</i>	38,39%	Feaseble
3	<i>Net Benefit Cost Ratio (Net B/C)</i>	2,92%	Feaseble

Source: Primary Data, 2024 (Processed)

The 12% jump in grain prices accompanied by a 12% increase in income was obtained from reviewing the highest and lowest approximate values obtained by the rupiah against the dollar in 2020-2023. This basis is reviewed on a review of the distribution of variable costs each month.

So based on investment feasibility, Puspahastama's sensitivity to grain price spikes of 12% has no influence on the company's investment feasibility. From the feasibility value, it can be seen that the change in the price of grain increasing by 12% is quite good when compared with the change in income decreasing by 20%.

Table 6. Sensitivity Analysis Results for Solar Prices Rising 10% and Revenues Rising 2%

No	Analysis Tools	Analysis Result	Conclusion
1	<i>Net Present Value</i> (NPV)	9.416.125.372	Feaseble
2	<i>Internal Rate of Return</i> (IRR)	35,67%	Feaseble
3	<i>Net Benefit Cost Ratio</i> (Net B/C)	2,64%	Feaseble

Source: Primary Data, 2024 (Processed)

The 10% increase in the price of diesel fuel in the form of diesel was accompanied by a 2% increase in income. This is based on developments in the price of diesel fuel during the era of President Joko Widodo's administration which experienced fluctuations, changing several times from 2014 to 2023.

Puspahastama is sensitive to a 10% increase

in diesel prices and a 10% increase in revenue has no effect on the feasibility of investing in Puspahastama. From the feasibility results, a change in the price of diesel fuel of 10% is slightly better when compared with a slight change in income down by 20% but smaller when compared with a change in the value of grain of 12% which is accompanied by a change in revenue of 12%.

Table 7. Results of Sensitivity Analysis for Changes in Variable Prices Increased by 13% and Income Increased by 13%

No	Analysis Tools	Analysis Result	Conclusion
1	<i>Net Present Value</i> (NPV)	10.939.696.628	Feaseble
2	<i>Internal Rate of Return</i> (IRR)	38,64%	Feaseble
3	<i>Net Benefit Cost Ratio</i> (Net B/C)	2,94%	Feaseble

Source: Primary Data, 2024 (Processed)

The increase in variable costs is 13%, accompanied by an increase in income of 13%, which is used to refer to the average national inflation rate for 2020-2023.

From the feasibility value, it shows that changes in variable costs increased by 13%

accompanied by an increase in income of 13%, which is slightly better when compared with changes in income decreases of 20%, changes in grain increases of 12% and changes in the increase in diesel fuel of 10%.

Table 8. Overall Analysis Results of Changes in Sensitivity

No	Analysis Tools	Analysis Result	Conclusion
1	<i>Net Present Value</i> (NPV)	Rp56.480.434.061	Feaseble
2	<i>Internal Rate of Return</i> (IRR)	58,50%	Feaseble
3	<i>Net Benefit Cost Ratio</i> (Net B/C)	11,80%	Feaseble

Source: Primary Data, 2024 (Processed)

The results of the analysis above show that Perumda Puspahastama's income is very dependent on the raw materials used, namely grain. This is proven by the Net Present Value which has a very large investment value when combined with other changes, namely IDR 56,480,434,061 and has a much higher IRR value when compared to factor

discounts or interest rate levels which are only worth at 9%. This shows that Perumda Puspahastama has great potential as a place for investment, but subject to changes in costs above those contained in the sensitivity analysis used above. The B/C Ratio value also shows a value that is far from the feasibility limit, namely 11.80%, which means that for every Rp. 1,000,000 in costs incurred, it will provide a profit of Rp. 10,800,000

CONCLUSION

The results of the financial feasibility analysis with 100% own capital were declared feasible, as evidenced by the positive NPV value at a discount factor of 9%, namely Rp. 9,210,001,190, the IRR is greater than the applicable interest rate (9%) which is 35.32%, and the Net B/C Ratio value is greater than one, namely 3.58%.

The sensitivity analysis value of 100% of personal funds states that it is feasible for all main

variables including a 20% decrease in income, a 12% increase in grain prices accompanied by a 12% increase in income, a 10% increase in diesel prices accompanied by a 2% increase in income, and variable costs increased by 13% which was also accompanied by an increase in income of 13%. Meanwhile, the combined results are still decent with a decrease in revenue of 20%, a jump in grain prices of 12%, diesel prices of 10%, and variable costs of 13%.

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