

## The Influence of Investment Funds and Financial Statements on the Solvency Ratio at *PT Bukit Asam Tbk* from 2011 to 2021

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### KEYWORDS

Investment Fund, financial statements and solvency ratio

### ABSTRACT

*PT Bukit Asam Tbk* is a state-owned mining and palm oil company listed on the IDX. However, it is uncertain whether its investment funds and financial statements comprising income statements, equity statements, and balance sheets have been properly audited and managed, particularly during periods of declining income. The purpose of this study is to examine the impact of investment funds and financial statements on the solvency ratio at *PT Bukit Asam Tbk*, both partially and simultaneously, during the period 2011 to 2021. This research was conducted at *PT Bukit Asam Tbk*; the data sourced from the financial reports published on the IDX. This study employed quantitative data, derived from secondary sources, and were processed using *Eviews 10* over a timeframe of 2011–2021, comprising 11 annual observations. Based on the results, the t-test indicates that not all investment fund and financial statement variables have a significant effect on the solvency ratio. This implies that business management has been less effective in managing its investment funds. The F-test, however, indicates a significant combined effect on the company's solvency. This highlights the importance of effectively managing investment funds and financial reports in order to positively influence solvency.

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## INTRODUCTION

The development of various forms of advanced technology is progressing at an increasingly rapid pace, making competition in the global market ever more intense. For this reason, companies strive to leverage technology in formulating sound decisions and policies, obtaining accurate information to improve operations as efficiently as possible. The measure used to assess the success of a financial manager in overseeing a company's finances is the company's value (Abdillah, 2013).

A company's primary objective is to maximize its income through the prosperity of its shareholders, which is represented in the share price. Company value is an investor's perception that can be gauged through stock price stability and long-term appreciation. A high share price increases the wealth of the firm's shareholders and is correlated with a high corporate value. A company with strong value will be viewed favorably by potential investors. Potential investors will see a company with high value favorably.

Factors that can affect company value consist of internal and external. Internal factors are controllable meaning they can be managed by the company such as company performance, financial decisions, capital structure, cost of equity, and related variables. External factors, meanwhile, may include interest rates, foreign exchange values, and capital markets situations.

Some of these variables have a relationship with and influence on company value, though findings in the literature remain inconsistent.

Maximizing firm value recognized as the central objective of a company depends largely on three key financial management decisions: investment, financing, and dividend policies. Among these, investment decisions play a particularly important role because they shape how a company allocates its assets and uses its resources to generate future benefits. When management commits capital to investment projects, the returns are generally expected in the long term, so the decisions must be made carefully and strategically. Efficient use of corporate resources through well-chosen investments can strengthen company performance and, in turn, build investor confidence, encouraging potential investors to buy the company's shares.

Firm value is also closely related to a company's level of profitability. When a company demonstrates strong profitability, it sends a positive signal about its prospects, which tends to attract favorable reactions from investors and can lead to an increase in its share price. Various indicators are commonly used to measure profitability such as ROA and ROE. According to Eugene F. Fama and Kenneth R. French (1998), as cited in Wibawa and Wijaya (2010), effective financial management practices contribute to higher firm value, since financial decisions in one area are interconnected with other financial decisions and affect the company's overall value.

Businesses that are profitable will attract interest from investors. When a business is profitable, its creditors, suppliers, and investors will evaluate how much money it makes from its investment and sales activities. Strong company performance will also enhance company value. A company that achieves consistently increasing profits demonstrates sound performance, generating a positive response among shareholders and driving up the share price. High profitability also signals a favorable company outlook, creating positive market sentiment, as noted by Sujoko and Soebiantoro (2007:43). Accordingly, profitability can influence company value. However, profitability measured by ROA may not always affect company value, as ROA measures profitability based on the efficiency of asset utilization, as observed by Azzahra (2008:90).

When ROA fails to reflect company value, it is typically because certain periods have seen an increase in assets without a corresponding increase in profit. Shareholders therefore perceive that management has been less effective in utilizing the company's assets, leading them to assign less weight to ROA as an indicator in their investment decision-making.

In investment activities, several factors determine whether an investment will yield gains or losses. These include per capita income, investment trends, political and security conditions, industrial and economic conditions, and the availability of infrastructure. Per capita income reflects the purchasing power of the population, which influences market demand, while investment trends drive fluctuations in investment value in line with public sentiment. Political stability and security are primary considerations for investors, alongside industrial developments and broader economic conditions that stimulate investment interest and support national economic growth. Adequate infrastructure is also an important supporting factor in attracting investment.

The success or failure of investments is highly dependent on fund management and risk management practices. An example of success is *PT Ultrajaya Milk Industry and Trading Company*, which has consistently demonstrated positive performance and made significant

contributions to the Gross Domestic Product (GDP) of the manufacturing sector. Conversely, investment failure may result from non-diversification, excessive risk-taking, and managerial errors, as illustrated by the case of *PT Asuransi Jiwasraya*. That company defaulted on policyholder claims due to high-risk portfolio management and poor corporate governance, ultimately triggering a financial crisis and a collapse of public trust. This case underscores the critical importance of transparency in financial reporting, effective risk management, and sound corporate governance.

The significance of sound investment and financial management is further reflected in the experience of *PT Adaro Energy Tbk*, which substantially improved its financial performance after experiencing a decline in the preceding period. This demonstrates that effective investment management and accurate financial reporting directly influence a company's financial health and solvency.

Several prior studies have examined the relationship between investment funds, financial statements, and company performance, yet none have specifically analyzed their collective influence on solvency ratios within the Indonesian mining sector. Sumantyo and Saputro (2019) found that investor experience positively affects investment success, though their focus was on investor behavior rather than fund management–solvency relationships. Ardianto, Harmawan, and Paramitasari (2020) demonstrated that financial reporting quality reduces overinvestment problems, but did not examine how investment funds and financial statements jointly affect solvency in mining companies. Fernandez, Almaazmi, and Joseph (2020) concluded that effective financial statement management increases profitability, without addressing solvency ratios in state-owned enterprises. Yusniastri, Endiana, and Putu (2019) identified that investment decisions positively influence firm value in manufacturing companies, while Hasanudin et al. (2021) confirmed that various financial factors affect company performance; however, neither study specifically examined solvency ratios in the mining sector. This research gap highlights the need for a study that integrates investment funds and financial statements to analyze their simultaneous and partial effects on solvency ratios in Indonesian mining companies such as *PT Bukit Asam Tbk*. The novelty of this study lies in its comprehensive examination of both investment funds and three types of financial statements — income statements, equity statements, and balance sheets — as independent variables affecting multiple solvency ratios (DAR, DER, LTDtER, TIER, and FCCR) over an 11-year period, providing a more holistic understanding of financial management effectiveness in the Indonesian mining industry.

Based on this background, the purpose of this study was to investigate how investment funds and financial statements affected PT Bukit Asam (Persero) Tbk's solvency ratio between 2011 and 2021. Both academic and practical benefits are anticipated from this research, especially as a reference for company financial policy and investment decision-making.

## **METHOD**

This study employed a descriptive and quantitative research methodology. This method seeks to characterize and evaluate the company's financial data in numerical form and assess the impact of financial statements and investment funds on PT. Bukit Asam (Persero) Tbk's solvency ratio. Quantitative research is used because data analysis is carried out statistically to test hypotheses that have been established based on the principle of positivism. PT. Bukit Asam

(Persero) Tbk, a company registered on the Indonesia Stock Exchange, is the study's population. Purposive sampling is the method employed, and PT. Bukit Asam (Persero) Tbk's financial statements from 2011 to 2021 serve as the criteria. Therefore, the research sample consists of the company's yearly financial statement data for 11 years in a row.

This study employs a documentation method for data collection, relying on secondary data sources. The data were obtained indirectly from official publications available on the website of the Indonesia Stock Exchange, specifically the published financial statements of PT Bukit Asam Tbk covering the 2011–2021 period. To analyze the data, descriptive analysis is used to present the main characteristics of the data through measures. In addition, classical assumption tests were conducted, including tests for normality, multicollinearity, autocorrelation, and heteroscedasticity. Hypothesis testing was then carried out using the t-test and the F-test.

## RESULTS AND DISCUSSIONS

### F test (Simultaneous regression coefficient test)

The F test was used to analyze the effect of Investment Funds ( $X_1$ ), Financial Management ( $X_2$ ) simultaneously on solvency ( $Y$ ).

**Table 1.** *Eviews* Data Management Results

F-statistic	6.559058
Prob(F-statistic)	0.020594

Source : *Eviews* 10 processed results

From table 1, the  $F_{\text{value of } 6.559058} > F_{\text{table}} (4.102821)$  was obtained with a probability value ( $\text{sig}$ ) =  $0.020 < 0.05$ , then  $H_0$  is rejected, meaning that jointly investment funds and profit and loss have a major impact on DAR.

**Table 2.** *Eviews* Data Management Results

F-statistic	5.203662
Prob(F-statistic)	0.035678

Source : *Eviews* 10 processed results

From table 2, the  $F_{\text{value of } 5.203662} > F_{\text{table}} (4.102821)$  was obtained with a probability value ( $\text{sig}$ ) =  $0.035 < 0.05$ ; then  $H_0$  is rejected, meaning that jointly the investment fund and equity report have a significant effect on the DAR.

**Table 3.** *Eviews* Data Management Results

F-statistic	5.421492
Prob(F-statistic)	0.032491

Source : *Eviews* 10 processed results

From table 3, the  $F_{\text{value of } 5.421492} > F_{\text{table}} (4.102821)$  was obtained with a probability value ( $\text{sig}$ ) =  $0.032 < 0.05$ ; then  $H_0$  is rejected, meaning that simultaneously the investment funds and the balance sheet statement have a significant effect on the DAR.

**Table 4.** *Eviews* Data Management Results

F-statistic	8.122526
Prob(F-statistic)	0.011854

Source : *Eviews* 10 processed results

From table 4, the F value is calculated as  $8.122526 > F_{table}$  (4.102821) with a probability value (sig) =  $0.011 < 0.05$ ; then  $H_0$  is rejected, meaning that jointly investment funds and profit and loss have a significant effect on the DER.

**Table 5.** *Eviews* Data Management Results

F-statistic	10.98237
Prob(F-statistic)	0.005081

Source : *Eviews* 10 processed results

From table 5, the F value is calculated as  $10.98237 > F_{table}$  (4.102821) with a probability value (sig) =  $0.005 < 0.05$ ; then  $H_0$  is rejected, meaning that simultaneously the investment fund and equity report have a significant effect on the DER.

**Table 6.** *Eviews* Data Management Results

F-statistic	5.854765
Prob(F-statistic)	0.027143

Source : *Eviews* 10 processed results

From table 6, the calculated F value of  $5.854765 > F_{table}$  (4.102821) with a probability value (sig) =  $0.027 < 0.05$  was obtained; then  $H_0$  is rejected, meaning that simultaneously the investment funds and the balance sheet report have a significant effect on the DER.

**Table 7.** *Eviews* Data Management Results

F-statistic	8.064402
Prob(F-statistic)	0.012084

Source : *Eviews* 10 processed results

From table 7, the F value of  $8.064402 > F_{table}$  (4.102821) was obtained with a probability value (sig) =  $0.012 < 0.05$ ; then  $H_0$  is rejected, meaning that simultaneously investment funds and profit and loss have a significant effect on LTDtER.

**Table 8.** *Eviews* Data Management Results

F-statistic	7.723218
Prob(F-statistic)	0.013554

Source : *Eviews* 10 processed results

From table 8, the F value is calculated as  $7.723218 > F_{table}$  (4.102821) with a probability value (sig) =  $0.013 < 0.05$ ; then  $H_0$  is rejected, meaning that simultaneously the investment fund and equity report have a significant effect on LTDtER.

**Table 9.** *Eviews* Data Management Results

F-statistic	12.35530
Prob(F-statistic)	0.003578

Source : *Eviews* 10 processed results

From table 9, the calculated F value of  $12.35530 > F_{table}$  (4.102821) with a probability value (sig) =  $0.003 < 0.05$  was obtained; then  $H_0$  is rejected, meaning that simultaneously the investment funds and the balance sheet report have a significant effect on LTDtER.

**Table 10.** *Eviews* Data Management Results

F-statistic	8.283996
Prob(F-statistic)	0.011243

Source : *Eviews* 10 processed results

From table 10, the F value of  $8.283996 > F_{table}$  (4.102821) was obtained with a probability value (sig) =  $0.011 < 0.05$ ; then  $H_0$  is rejected, meaning that jointly (simultaneously) investment funds and profit and loss have a significant effect on TIER.

**Table 11.** *Eviews* Data Management Results

F-statistic	5.956781
Prob(F-statistic)	0.026047

Source : *Eviews* 10 processed results

From table 11, the calculated F value of  $5.956781 > F_{table}$  (4.102821) with a probability value (sig) =  $0.026 < 0.05$  was obtained; then  $H_0$  is rejected, meaning that together (simultaneously) the investment fund and equity report have a significant effect on the TIER.

**Table 12.** *Eviews* Data Management Results

F-statistic	9.212621
Prob(F-statistic)	0.008400

Source : *Eviews* 10 processed results

From table 12, the calculated F value of  $9.212621 > F_{table}$  (4.102821) with a probability value (sig) =  $0.008 < 0.05$  was obtained; then  $H_0$  is rejected, meaning that simultaneously the investment funds and the balance sheet report have a significant effect on the TIER.

**Table 13.** *Eviews* Data Management Results

F-statistic	5.346315
Prob(F-statistic)	0.033549

Source : *Eviews* 10 processed results

From table 13, the F value is calculated as  $5.346315 > F_{table}$  (4.102821) with a probability value (sig) =  $0.033 < 0.05$ ; then  $H_0$  is rejected, meaning that simultaneously the investment fund and profit and loss have a significant effect on the FCCR.

**Table 14.1** *Eviews* Data Management Results

F-statistic	4.513689
Prob(F-statistic)	0.048727

Source : *Eviews* 10 processed results

From table 14, the  $F_{\text{value}}$  of 4.513689 >  $F_{\text{table}}$  (4.102821) was obtained with a probability value (sig) = 0.048 < 0.05; then  $H_0$  is rejected, meaning that simultaneously the investment fund and equity report have a significant effect on the FCCR.

**Table 15.** *Eviews* Data Management Results

F-statistic	5.035543
Prob(F-statistic)	0.038408

Source : *Eviews* 10 processed results

From table 15, the  $F_{\text{value}}$  is calculated as 5.035543 >  $F_{\text{table}}$  (4.102821) with a probability value (sig)=0.038 < 0.05; then  $H_0$  is rejected, meaning that simultaneously the investment fund and the balance sheet statement have a significant effect on the FCCR.

### **Coefficient of Determination (R<sup>2</sup>)**

The determination coefficient quantifies the extent to which a model can account for variable-dependent variability. A low R<sup>2</sup> value indicates that independent factors have very little capacity to explain dependent variables. The following are the results of the determination coefficient test conducted using *Eviews* V.10:

**Table 16.** *Eviews* Data Management Results

R-squared	0.621178
Adjusted R-squared	0.526473

Source : *Eviews* 10 processed results

Table 16 present the Adjusted R<sup>2</sup> (R Square) is 0.5264 or (52.64%). It means that variation of investment funds and profit and loss on DAR is 52.64%. The remaining 47.36% of the variation is influenced by other variables out of the model.

**Table 17.** *Eviews* Data Management Results

R-squared	0.565390
Adjusted R-squared	0.456738

Source : *Eviews* 10 processed results

Table 17 present the Adjusted R<sup>2</sup> (R Square) is 0.4567 or (45.67%). It means that variation of investment funds and equity reports on DAR is 45.67%. The remaining 54.33% of the variation is influenced by other variables out of the model.

**Table 18.** *Eviews* Data Management Results

R-squared	0.575439
Adjusted R-squared	0.469298

Source : *Eviews* 10 processed results

Table 18 present the Adjusted R<sup>2</sup> (R Square) is 0.469298 or (46.92%). It means that variation of investment funds and balance sheet statements on DAR is 46.92%. The remaining 53.08% of the variation is influenced by other variables out of the model.

**Table 19.** *Eviews* Data Management Results

R-squared	0.670036
Adjusted R-squared	0.587545

Source : *Eviews* 10 processed results

Table 19 present the Adjusted R<sup>2</sup> (R Square) is 0.5875 or (58.75%). It means that variation of investment funds and profit and loss on DER is 58.75%. The remaining 41.25% of the variation is influenced by other variables out of the model.

**Table 20.** *Eviews* Data Management Results

R-squared	0.733020
Adjusted R-squared	0.666274

Source : *Eviews* 10 processed results

Table 20 present the Adjusted R<sup>2</sup> (R Square) is 0.6662 or (66.62%). It means that variation of investment funds and equity reports on DER is 66.62%. The remaining 33.38% of the variation is influenced by other variables out of the model.

**Table 21.** *Eviews* Data Management Results

R-squared	0.594105
Adjusted R-squared	0.492631

Source : *Eviews* 10 processed results

Table 21 present the Adjusted R<sup>2</sup> (R Square) is 0.4926 or (49.26%). It means that variation of investment funds and balance sheet statements on DER is 49.26%. The remaining 50.74% of the variation is influenced by other variables out of the model.

**Table 22.** *Eviews* Data Management Results

R-squared	0.668446
Adjusted R-squared	0.585558

Source : *Eviews* 10 processed results

Table 22 present the Adjusted R<sup>2</sup> (R Square) is 0.5855 or (58.55%). It means that variation of investment funds and profit and loss on LTDtER is 58.55%. The remaining 41.45% of the variation is influenced by other variables out of the model.

**Table 23.** *Eviews* Data Management Results

R-squared	0.573496
Adjusted R-squared	0.002651

Source : *Eviews* 10 processed results

Table 23 present the Adjusted  $R^2$  (R Square) is 0.5734 or (57.34%). It means that variation of investment funds and equity reports on LTDtER is 57.34%. The remaining 42.66% of the variation is influenced by other variables out of the model.

**Table 24.** *Eviews* Data Management Results

R-squared	0.755431
Adjusted R-squared	0.694289

Source : *Eviews* 10 processed results

Table 24 present the Adjusted  $R^2$  (R Square) is 0.6942 or (69.42%). It means that variation of investment funds and balance sheet statements on LTDtER is 69.42%. The remaining 30.58% of the variation is influenced by other variables out of the model.

**Table 25.** *Eviews* Data Management Results

R-squared	0.674373
Adjusted R-squared	0.592966

Source : *Eviews* 10 processed results

Table 25 present the Adjusted  $R^2$  (R Square) is 0.5929 or (59.29%). It means that variation of investment funds and profit and loss on TIER is 59.29%. The remaining 40.71% of the variation is influenced by other variables out of the model.

**Table 26.** *Eviews* Data Management Results

R-squared	0.598264
Adjusted R-squared	0.497830

Source : *Eviews* 10 processed results

Table 26 present the Adjusted  $R^2$  (R Square) is 0.4978 or (49.78%). It means that variation of investment funds and equity reports on TIER is 49.78%. The remaining 50.22% of the variation is influenced by other variables out of the model.

**Table 27.** *Eviews* Data Management Results

R-squared	0.697259
Adjusted R-squared	0.621574

Source : *Eviews* 10 processed results

Table 27 present the Adjusted  $R^2$  (R Square) is 0.6215 or (62.15%). It means that variation of investment funds and equity reports on TIER is 62.15%. The remaining 37.58% of the variation is influenced by other variables out of the model.

**Table 28.** *Eviews* Data Management Results

R-squared	0.572024
Adjusted R-squared	0.465030

Source : *Eviews* 10 processed results

Table 28 present the Adjusted  $R^2$  (R Square) is 0.4650 or (46.50%). It means that variation of investment funds and profit and loss on FCCR is 46.50%. The remaining 53.50% of the variation is influenced by other variables out of the model.

**Table 29.** *Eviews* Data Management Results

R-squared	0.530168
Adjusted R-squared	0.412711

Source : *Eviews* 10 processed results

Table 29 present the Adjusted  $R^2$  (R Square) is 0.4127 or (41.27%). It means that variation of investment funds and equity reports on FCCR is 41.27%. The remaining 58.73% of the variation is influenced by other variables out of the model.

**Table 30.** *Eviews* Data Management Results

R-squared	0.557304
Adjusted R-squared	0.446630

Source : *Eviews* 10 processed results

Table 30 present the Adjusted  $R^2$  (R Square) is 0.4466 or (44.66%). It means that variation of investment funds and balance sheet statements on FCCR is 44.66%. The remaining 55.34% of the variation is influenced by other variables out of the model.

### **The Effect of Investment Funds on Debt to Asset Ratio**

Based on the t test where  $t_{\text{calculates}} < t_{\text{table}}$  ( $1.785610 < 2.228139$ ), ( $1.959111 < 2.228139$ ) and  $t_{\text{calculates}} > t_{\text{table}}$  ( $2.419280 > 2.228139$ ), indicating that investment funds have no discernible impact on DAR in *PT. Bukit Asam Tbk* for the period 2011-2021. This result proves that the investment funds in the company have not been effectively managed.

Based on relevant theory, if investment funds are managed effectively, they can have a positive impact on DAR. A higher DAR ratio, together with the experience of stock investors, positively contributes to the success of investment in a company. These findings support the results of previous research by Sumantyo and Saputro (2019), who reported that investors' experience positively contributes to the success of stock investments on the Indonesian Stock Exchange, indicating that greater investor experience increases the likelihood of successful investment outcomes. Similar conclusions were also reported by Hasanudin, Nurwulandari, Andini, Sfitri, and Ronika Kris (2021).

### **The Effect of Financial Statements on Debt to Assets**

Based on the t test where  $t_{\text{calculates}} < t_{\text{table}}$  ( $1.959111 < 2.144787$ ), ( $-1.522674 < 2.144787$ ) and ( $-1.600860 < 2.144787$ ) it means that no significant link between financial statements do and DAR at *PT. Bukit Asam Tbk* for the period 2011-2021. With these results, it proves that the parties in the company are less effective in managing the financial statements (Profit and loss, Equity Statement and Balance Sheet) owned. Based on relevant theory, if managing

financial statements effectively, it can have a positive impact on DAR. A higher level of financial statement ratios reflects better company performance because financial statements are essential tools for evaluating company success, forecasting future performance, and attracting investors.

These findings support the results of previous research by Ardianto, Harmawan, Paramitasari (2020), which found that higher financial reporting will increase the firm's investment efficiency. Another findings by Fernandez, Almaazmi and Joseph (2020) who stated that effective financial management will increase a company's profit.

### **The Effect of Investment Funds on DER**

Based on the t test where  $t_{calculates} < t_{table}$  ( $0.411409 < 2.144787$ ), ( $-2.594968 < 2.144787$ ) and  $t_{calculates} > t_{table}$  ( $4.386327 > 2.144787$ ) it means that investment funds are not a significant determinant of DER in *PT. Bukit Asam Tbk* for the period 2011-2021. With these results, it proves that the investment decision have not yet been managed effectively.

Based on relevant theory, if investment funds are managed effectively, they can have a positive impact on DER. A higher DER generally reflects a stronger depiction of a company's value. These findings supported by Yusniastri, Endiana, and Putu (2019), which reported that investment decisions positively influence firm value. This suggests that appropriate investment decisions can affect the company's future profitability, and these profits contribute to creating an optimal representation of the company's performance, which ultimately enhances firm value. However, this conclusion differs from the findings of Mayangsari (2018), who reported that investment decisions do not significantly influence firm value. Furthermore, the DER value was also found to have no effect on firm value, indicating that companies may not place substantial consideration on the DER level when making investment decisions.

### **The Influence of Financial Management on DER**

Based on the t test where  $t_{calculates} < t_{table}$  ( $-3.794752 < 2.144787$ ), ( $-2.594968 < 2.144787$ ) and  $t_{calculates} > t_{table}$  ( $3.358080 > 2.144787$ ), demonstrating that financial statements have not significant effect on the DER in *PT. Bukit Asam Tbk* for the period 2011-2021. With these results, it proves that the parties in the company are less effective in managing the financial statements (Profit and loss, Equity Statement and Balance Sheet) owned. Based on relevant theory, if managing financial statements effectively, it can have a positive impact on DER. The higher the level of the financial statement ratio, the better, because the financial statements are one of the keys where the company will be assessed as a successful company and the financial statements can also be a prediction of the company's success and attract investors.

These findings support the results of previous research by Ardianto, Harmawan, Paramitasari (2020), which states that higher financial quality reports can reduce the problem of overinvestment caused by asymmetric information.

### **The effect of investment funds on the long-term debt to equity ratio (LTDtER)**

Based on the t-test where  $t_{calculates} > t_{tables}$  ( $3.168834 > 2.144787$ ), ( $3.534549 > 2.144787$ ) and ( $2.882918 > 2.144787$ ), indicating that investment funds have a significant effect on LTDtER in *PT. Bukit Asam Tbk* for the period 2011-2021. This result proves that the parties in the company have managed investment funds effectively. In theory, if the investment fund has been managed properly, it will make the stock growth will be high quickly and it will be one of the influences of an investor to put his share capital in the company *PT. Bukit Asam Tbk*.

These findings support the results of previous research by Sumantyo and Arry (2019) who stated that the factor of the amount of share capital has the greatest influence on the success of investors in investing in stocks on the Indonesia Stock Exchange. Different conclusions by Yusniastri, Endiana and Putu (2019) The structure of share capital has no effect on the value of the company in manufacturing companies listed on the Indonesia Stock Exchange for the period 2017-2019. These results indicate that the high and low capital structure does not affect the increase in the value of the company.

#### **The Effect of Financial Statements on LTDtER**

Based on the t-test where  $t_{\text{calculates}} < t_{\text{table}}$  ( $0.710353 < 2.144787$ ), ( $-0.513895 < 2.144787$ ) and ( $-1.878668 < 2.144787$ ), demonstrating that the financial statements all have no significant effect on LTDtER at *PT. Bukit Asam Tbk* for the period 2011-2021. With these results, it proves that the parties in the company are less effective in managing the financial statements (Profit and loss, Equity Statement and Balance Sheet) owned.

Based on relevant theory, if managing financial statements effectively, it can have a positive impact on LTDtER. The higher the financial statement ratio, the more effectively a company can manage and reduce excessive investment through financial statements. These findings support the results of previous research by Ardianto, Harmawan, Paramitasari (2020), Higher financial quality reports can reduce the problem of overinvestment caused by asymmetric information.

#### **The Effect of Investment Funds on Time Interest Earned**

Based on the t test where  $t_{\text{calculates}} < t_{\text{table}}$  ( $-2.714350 < 2.144787$ ), ( $-2.670039 < 2.144787$ ) and ( $-4.233819 < 2.144787$ ), indicating that investment funds do not have a significant effect on the TIER in *PT. Bukit Asam Tbk* for the period 2011-2021. This result proves that the parties in the company manage investment funds less effectively. Based on relevant theories, if investment funds are managed effectively, they can increase TIER. These findings support the results of previous research by Thiyagarajan Savitha (2022), a good investment always provides better returns.

#### **The Effect of Financial Statements on Time Interest Earned**

The t test where  $t_{\text{calculates}} < t_{\text{table}}$  ( $-1.422749 < 2.144787$ ), ( $-0.353718 < 2.144787$ ) and ( $-1.667935 < 2.144787$ ) it means that all financial statements have no significant effect on TIER at *PT. Bukit Asam Tbk* for the period 2011-2021. With these results, it proves that the parties in the company are less effective in managing the financial statements (Profit and loss, Equity Statement and Balance Sheet) owned.

Based on relevant theory, if managing financial statements effectively, it can have a positive impact on TIER. Higher financial statement ratios indicate better financial conditions, as financial statements serve as a key tool for companies to avoid inappropriate investments. These findings support the findings of Ardianto, Harmawan, Paramitasari (2020), The importance of financial reporting quality for companies thus, managers must avoid inappropriate investments.

#### **The effect of investment funds on Fixed Charge Coverage**

The t test where  $t_{\text{calculates}} < t_{\text{table}}$  ( $-0.096650 < 2.144787$ ), ( $0.250742 < 2.144787$ ) and  $t_{\text{calculates}} > t_{\text{table}}$  ( $2.587081 > 2.144787$ ) indicating that investment funds do not always have a significant impact on FCCR at *PT. Bukit Asam Tbk* for the period 2011-2021. This result proves that the parties in the company manage investment funds less effectively. Based on relevant

theory, if investment funds are managed effectively, they can increase FCCR. These findings align with Thiyagarajan Savitha (2022), systematic investment is always profitable for investors over a certain period of time.

### **The effect of financial statements on Fixed Charge Coverage**

Based on the t test where  $t_{\text{calculates}} > t_{\text{table}}$  ( $2.938456 > 2.144787$ ), ( $2.674438 > 2.144787$ ) and ( $2.391128 > 2.144787$ ) indicating that the financial statements all have a significant effect on FCCR at *PT. Bukit Asam Tbk* for the period 2011-2021. With this result, it proves that the parties in the company are effective in managing their financial statements (Profit and loss, equity statement and balance sheet).

Based on relevant theory, effective management of financial statements can have a positive impact on TIER. The higher the level of the financial statement ratio, the better, and will result in an increase in a firm's profit. These findings align with Fernandez, Almaazmi, Joseph (2020), Effective financial management will increase a company's profits.

### **The Influence of Investment Funds and Financial Statements on Solvency**

F test inform that simultaneously investment funds and financial statements (Profit and loss, equity statements, balance sheet statements) have a significant impact on the solvency of *PT. Bukit Asam Tbk* for the period 2011-2021. This means that when investment funds and financial statements move in the same direction, they positively influence solvency. Therefore, it is important to manage investment funds and financial statements (Profit and loss, equity statements and balance sheet statements) effectively to affect solvency. Effective management of both working capital components by the company can lead to a gradual increase in solvency over time.

The conclusion of this research is in accordance with the results researched by Fernandez, Almaazmi, Joseph (2020) that quality and effective management of financial statements will increase company profits and avoid unnecessary investments. These findings support the findings of Sumantyo and Saputro (2019) The experience of stock investors has a positive effect on the success of investors in investing in stocks on the Indonesian stock exchange, The more experience of investors, the greater the chances of investor success in investing in stocks on the Indonesian stock exchange. The same results were also stated in Hasanudin's research; Nurwulandari; Andini; Sfitri; Ronika Kris (2021).

## **CONCLUSION**

This study aims to find out whether the variables of investment funds and financial statements together or individually have an influence on solvency. The F-test results demonstrate that investment funds and financial statements jointly have a significant influence on the company's solvency. This finding emphasizes the importance of effective management of investment funds and financial statements in improving solvency. Accordingly, the first hypothesis stating that investment funds and financial statements influence solvency is accepted. In contrast, the t-test results reveal that not all variables have a significant partial effect on the solvency indicators (DAR, DER, LTDtER, TIER, and FCCR) of *PT. Bukit Asam Tbk*. These findings indicate that the company has not yet managed its investment funds effectively. Proper management of financial statements can positively affect the income statement, equity, and balance sheet, resulting in increased company profits. Higher profits allow the company to finance its operational activities and open opportunities for greater

investment, which may lead to increased sales and improved solvency while maintaining the stability of the company's financial condition. Furthermore, the t-test analysis of the relationship between financial statements and solvency results in the rejection of the second hypothesis, which stated that investment funds and financial statements partially affect the company's solvency.

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