

# **THE EFFECT OF FINANCIAL RATIO ON THE GROWTH OF EARNINGS ON FOOD AND BEVERAGE COMPANIES IN INDONESIA STOCK EXCHANGE**

**BY :**

**TRIAS OMEGA YUNANI  
43205010131**

## **ABSTRACT**

Earnings can be used as a parameter in measuring the success of the company are reflected in performance management. For investors profit forecast is often used as the basis in making investment decisions. Financial ratios have a future-oriented nature and can be used to give an overview of the company's financial condition so that we can know how much the level of profit that has been achieved.

This study aims to provide empirical evidence regarding the effect of financial ratios on the growth of earnings on food and beverage companies listed in Indonesia Stock Exchange in the year 2007 to 2010. The population in this study were food and beverage companies listed on the Stock Exchange during the period 2007 to 2010. Research method used is purposive sampling.

Based on research results obtained by the t-test results indicate that financial ratios have a significant effect was partially current ratio and debt to equity ratio has a significant influence on profit growth. While the ratio of total assets turnover and operating profit margin of no significant impact on profit growth. F test results indicate that the current ratio, debt to equity ratio, total asset turnover, operating profit margin, collectively have a significant influence on changes in earnings. Thus, the second hypothesis proved. Testing hypotheses using multiple linear regression analysis with the results. By looking at the independent variables are the investors and creditors can make predictions about how much the level of profit and risk that investors and creditors gained in investing and lending for a period of one year to come.

*Keywords: Current Ratio, Debt To Equity Ratio, Total Assets Turnover, Operating Profit Margin.*