

## **ABSTRACT**

*This thesis analyzes the liquidity controversy exist in the PT XYZ. The researched company is operationally profitable. The balance sheet also represent that company is liquid, in which current assets more than current liabilities. But in fact this company has financial difficulties in paying its short term debt.*

*The Analysis is conducted by doing survey and collecting data in form of financial statement of PT XYZ for year 2006 to April 30, 2010.*

*Data processing is done by calculation the data and making visualized in form of graph to support the calculation, moreover the analysis is done by using financial ratios. Then current asset is reviewed to know the quality of those items.*

*Result analysis indicate PT XYZ has liquidity difficulties, in which represented by lower cash ratio and negative operating cash flows. This condition happened as effect of company policy in lending loan to its affiliates. PT XYZ lent all of cash advance received in 2008 and 2009 to the affiliates, but this loan is difficult to collect and is tend to became bad debt. .*

*To avoid liquidity difficulties, the company needs better manage its working capital and makes limitation fund used by the affiliates.*

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