

CHAPTER I INTRODUCTION

1.1 Research Background

Financial statements is a form of accountability of management to the shareholders. And also the financial statements are the end result of the accounting process carried out by a company. With a report consisting of balance sheet, income statement, and statement of changes in equity, it will be known or obtained a description of a company's financial position and the results that have been achieved the company.

Profit or gain is a measure of the success of a company's operations. The company is said to be healthy if it has a large enough ability to generate profits throughout his life, and that should not be overlooked capabilities which are big enough to meet all its financial obligations. If the factor is able to be implemented properly by the company's management during the operation, then the life of the company can be maintained and developed optimally in accordance with the goals and objectives that have been set. These financial statements are the source of the information used as a basis for decision making by the shareholders, creditors, economists and the government in terms of the respective interests, as well as a foundation for financial ratio analysis for detailing the achievements of the company's operations. With the financial statements illustrate the development of the company, so they are interested in the development of the company conducting an analysis or interpretation of financial data reflected in the financial statements.

In order to know the progress of the company, then a company is necessary to determine the financial condition and financial condition of a company will be known from the financial statements is a very important tool to obtain information the financial position and results - results that have been achieved by the company concerned.

To know the financial condition of a company, then the company needs to conduct an analysis of the financial statements. Analysis of the financial statements is required by the company, because by analyzing the company's financial report the condition can be known whether the company was making progress or setbacks.

The financial report is a very important tool for provide data on the financial position and results - results achieved by the companies concerned, financial data would be more meaningful to the parties - the interested parties if no data were compared for three periods more, and further analysis so as to determine whether the company's progress or setbacks. Information on the company's financial condition is usually seen in the financial statements that present data - data about the financial position, results of operations and changes in financial position of the company.

Financial statement analysis includes a study of relationships and trends to determine whether the financial condition, results of operations, and the company's financial progress satisfactory or unsatisfactory. Financial data needs to be compiled and simplified then analyzed and interpreted so as to give the company towards its development.

Knowing the weaknesses of financial statements can be repaired, and the results are good enough can be maintained in the future. Knowing the company's health condition is also very important to be done by the investor, bankers, and creditors in making investment decisions and credit. They are concerned about the prospects of future profits, development of the company and to determine collateral investments and working conditions or short-term financial condition of the company. From the analysis report the finance, investors, bankers, and creditors will be able to determine the steps which should be taken. The government was very concerned about the financial statements companies, in addition to determining the amount of tax to be borne by company.

By looking at the importance of the financial statements of a company especially for corporate leaders, the authors take the title **Comparative Evaluation of the Financial Performance of Unilever Company with Financial Analysis to the Procter & Gamble Company.**

1.2 The Identification of problems and Restrictions of Problem

1.2.1 Identification of Problems

Based on the above background, the problems can be identified as follows:

1. The financial performance can be seen from the analysis of financial statements.
2. Analysis of the financial statements is required by the company, because by analyzing the company's financial report the condition can be known whether the company was making progress or setbacks.

1.2.2 Restrictions of Problem

Based on the description above, the authors limit the scope of the problem in the analysis of the company's financial statements based on the company's financial ratios and financial performance is measured based on company size and age of company Unilever and Procter & Gamble.

1.3 Target Problem

Based on the background of the above problems, the authors propose a problem as follows:

1. How is the financial performance of the Unilever company and Procter & Gamble company based on financial ratio analysis ?
2. Is the analysis of the financial statements relating to the management achievement ?

1.4. Objectives and Motivations of the Research

1.4.1 Research Objective

1. To determine the condition of the company's performance of Unilever Company and Procter & Gamble Company
2. To determine how the relationship between analysis of financial statements with the achievement of the company's management

1.2 Research Motivation

- A. Benefits for authors

1. This study is expected to be useful as an enhancer of knowledge as well in order to put into practice the knowledge that has been obtained by researchers following the lecture.
2. Provide training in the process of learning about the business world practice.

B. Benefits for companies

1. The results are expected to be input that can be used as a consideration to take decisions that are considered necessary, in order to improve the company's financial development in the future will come.
2. Obtain advice from researchers in respect of the analysis done so that the company can operate better.

C. Benefits for readers

1. As a reference material for research to be done next.
2. The results of this study can be useful to contribute ideas readers and can be used as an ingredient to increase knowledge.