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The Effect of Liquidity, Profitability, and Bankruptcy Prediction Using the Altman Z-Score Method on Stock Prices of Banking Companie

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Abstract:- This study aims to determine whether there is a positive effect of liquidity, profitability, and financial distress using the Altman Z-Score method on stock prices. The financial ratios studied are Current Ratio, Return on Equity, Return on Assets, and financial distress as independent variables and stock price as dependent variable. The population used are banking companies listed on the LQ45 Index and take 5 banking companies as samples, namely Central Asia Bank (BBCA), Negara Indonesia Bank (BBNI), Rakyat Indonesia Bank (BBRI), Tabungan Indonesia Bank (BBTN), and Mandiri Bank (BMRI) from 2015 to 2020. This research is qualitative research with a descriptive study approach using secondary data. The statistical method used in this study is the multiple regression method. The results of this study indicate that the variables Current Ratio and Return on Assets have a positive and significant effect on stock prices. While Return on Equity has a negative and significant effect on stock prices and Bankruptcy Predictions have no significant effect on stock prices in banking companies in LQ45

Keywords:- *Current Ratio, Return on Equity, Return on Assets, Bankruptcy Prediction, Stock price*

I. INTRODUCTION

Based on Indonesia's Law No. 10 of 1998, it explains that a bank is an agency that collects funds from the public in the form of savings and distributes them back to the community on credit or vice versa, which aims to improve the standard of living of many people. The economy in Indonesia began to grow and began to develop due to the existence of various types of financial institutions. Banking financial institutions are one of the most developed and growing financial institutions in Indonesia to date. The sector of the banking company can be seen that has an important and influential role in development and in the per-economic growth of a country. In other words, banking companies act as intermediaries for economic units or companies that have excess funds (surplus) to parties who need financial support (Pratama, 2010).

According to the words of G.M Veryn (2014: 5) "Banks aim to meet credit needs, by circulating means of exchange in the form of their own means of payment, with money they get from other people, as well as by circulating means of exchange in the form of demand deposits". The system of banking companies in Indonesia was developed using a dual policy system commonly known as the Dual Banking System in the Indonesian Banking Architecture (API), which continues to provide an alternative to complete banking company services for the people of Indonesia.

The role of banking is very important in maintaining the stability of economic variables to remain good, ranging from consumption, investment, to imports and exports. The role of banks in maintaining economic dynamism is very important in maintaining the health and stability of the economy.

In mid-2013, the Indonesian state experienced a weakening of the rupiah exchange rate, so this has become a concern in the business world as well as for banking companies themselves, because the weakening of the rupiah exchange rate was one of the factors that caused the currency (monetary) crisis in 1997 & 1998 Without proper political policies, stories like 1998 will repeat themselves in this country. Indonesia's economic situation during the monetary crisis experienced a setback that had a major impact on the stock market, exchange rates and the prices of other assets in several countries, of course in Asian countries, including Indonesia itself. As a result of this impact, many banking companies suffer losses, especially bank companies that have loans in foreign currency and do not have protection against the value of their loans. The outflow of capital (Capital Outflow) that hit the domestic financial market, thus impacting the Composite Stock Price Index (JCI) and the rupiah exchange rate to weaken. Fearing a repeat of the 1998 economic crisis, many investors began to question government policies.

The same thing happened in 2018 when the exchange rate of the rupiah against the United States dollar in that year surprised many people. Because at that time the Rupiah reached its lowest point, because it was above the price of Rp. 15,200/USD. This incident has exceeded the target from the government in the 2018 State Budget (APBN) which should have been Rp13,400 per USD. This condition is considered serious and worrying by some parties. This is because the position of the rupiah has exceeded that of the 1998 crisis. Faisal Basri, one of the economic observers, said that 2018 was the worst for the exchange rate. The depreciation of the rupiah against the US dollar had a major impact on two banking businesses. First, foreign exchange liquidity will experience tightening.

With the weakening of the rupiah in 2018, BEI stocks were also affected by the first trading session which caused Indonesia to fall into the red zone because many investors were released. Some of them are the share price of PT Bank Tabungan Negara (BTN) has fallen to 2.13%. This incident made investors sell the shares of this state-owned bank due to the influence of sentiment from the weakening of the rupiah exchange rate to the US dollar exchange rate (USD).

According to the website on the Kontan.co.id website, many issuer banks have achieved very good performance in 2021. This is reflected in the large profits owned by banks that grew quite high, exceeding double digits, for example, PT Central Asia Bank (BBCA), Rakyat Indonesia Bank (BBRI), Mandiri Bank (BMRI), and Negara Indonesia Bank (BBTN) managed to achieve a profit increase of more than 10%. Rakyat Indonesia Bank (BBRI) recorded a profit of Rp 32.22 trillion in 2021, which means it has an increase of 75.53%. In fact, this profit can outperform three other banks, namely BCA at Rp. 31.4 trillion, Mandiri Bank at Rp. 28 trillion, and BBNI at Rp. 10.9 trillion.

Based on the performance of the achievements by the four banks in 2021, fundamental analysis of Raditya Pradana as Kanaka Hita Solvera (KHS) fundamental analysis assesses that the impact on the stock prices of these banks is very significant. "Because when investors perform well, they then turn their attention to the sector" banks to add portfolios to their investments, so this is an increase in demand from the 4 big caps of banking,". The four banking PTs mentioned above are banking institutions that are included in the LQ45 stock list. In addition to BBCA, BBRI, BMRI, and BBTN, there is one more banking company that is included in the largest banking stock in the LQ45 stock list, namely Negara Indonesia Bank (BBNI).

The results of the bankruptcy analysis obtained, will be an important information for investors. Because a rational investor will try to invest his capital in an entity or company that is profitable and in a healthy condition and has a good reputation. In addition, usually investors can also use this information to buy and acquire an entity that is in accordance with the value of their company, so with information about high bankruptcy risk, of course, the company value will be lower, so a study is needed that can predict the possibility of bankruptcy. in the future. This impact is enough to affect a company involved in a long-term investment which will be taken by the stakeholders, especially the company investors in the banking sector.

In the current research, the researcher tries to use several variables, namely in the form of liquidity ratios and profitability ratios where the liquidity ratio can be a ratio that will determine the ability of a company to fund its business and fulfill its financial obligations in the future.

when the emergence of debt collection payments, and profitability ratios are ratios that can determine the ability and competence of a company in generating profits or profits with various decisions and policies taken. The stock price here can also reflect the value of a company in the realm of society, especially investors. Shares can also be interpreted as a result of the performance of a company to create views and value for the company. Because if there is a company performance that looks bad, it can cause this stock price to look bad for investors. Conversely, if the resulting performance of the company is satisfactory, it can reflect the optimal value of the stock price so that this can be of interest to most investors. Good company value is also closely related to the level of company profitability, where company profitability is in line with company growth. Profitability can reflect various benefits from financial investments, in other words profitability also has an impact on firm value because most of it comes from internal sources. The better the growth of a company's profitability, it means that the better the company's prospects in the future will be judged by the public or investors. Liquidity can also be said to be one of the driving factors for changes in stock prices. Because high liquidity can show the ability of the company to meet its short-term obligations, the company's liquidity can be measured by a ratio, namely the current ratio.

From several previous researchers, there are researchers who raise some of the same variables, including research by Dewi Marlinda (2020) on Return on Equity (ROE) which has a positive and insignificant impact on the value of stock prices, while (ROA) Return on Assets has a positive impact on stock prices. a negative and insignificant effect on the value of the stock price, while the results of the Current Ratio have a negative and insignificant effect on the value of the stock price. The same research was conducted by M. Fikri Ihsan (2019), which is related to the probability of Financial Distress and the results obtained are that it has negative and significant results on stock prices, but the results of liquidity have a negative and significant effect on stock prices studied using manufacturing companies that listed in the (IDX) for the 2016–2018 period.

II. LITERATUR REVIEW

❖ *THEORITICAL BASIS*

A. Liquidity (Current Ratio)

According to Kariyoto (2017:128) liquidity is a company's ability to be able to meet its financial obligations, especially obligations in the short term, or in fulfilling its financial obligations when billing is due.

$$\textbf{Current Ratio} = \frac{\textbf{Current Assets}}{\textbf{Current Liabilities}}$$

B. Return on Equity (ROE)

ROE is a ratio that is needed to be able to assess net profit after tax in relation to own capital owned to see and can reflect the company's efficiency in the use of its own capital.

The higher the ratio, the better the value for the company will be

$$\textbf{Return On Equity} = \frac{\textbf{Earning After Tax}}{\textbf{equity}}$$

C. Return on Asset (ROA)

ROA is a ratio that can show the amount of contribution or involvement of a company's assets in creating net income. So that it can be stated, that this ratio is used in assessing the

amount of net profit that generates every rupiah of funds embedded and contained in the total assets of the company.

$$\text{Return on Asset} = \frac{\text{Net Profit}}{\text{Total Asset}} \times 100\%$$

D. Financial Distress

Bankruptcy or commonly referred to as bankruptcy is a condition of a company entity when it does not have sufficient funds to run or carry out its business. According to Lesmana (2003:174), this bankruptcy usually has uncertainty whether a company will be able to continue operating if its financial situation worsens.

E. Altman Z-Score

The method of Altman Z-score is the method of one of the studies conducted by Edward Altmant conducted at New York University. The formulations carried out are several models of ratios using MDA (multiple discriminate analysis). The MDA methodology requires financial ratios related to the prediction of a company's bankruptcy in order to form and create a comprehensive model. Thus, this method (Altman Z-Score) can be used as a tool in predicting a company's bankruptcy.

$$Z = 1{,}2X_1 + 1{,}4X_2 + 3{,}3X_3 + 0{,}6X_4 + 0{,}99X_5$$

Note:
X1 = Net Working Capital/total asset
X2 = Profit Balance/total asset
X3 = EBIT/total asset
X4 = Market value to equity/book value to total liabilities
X5 = Sales/total asset

F. Stock Prices

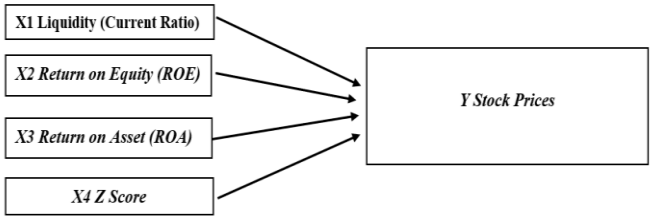
Based on research conducted by Kamaludin & Indriani (2012) if the stock is defined as an ownership of a company or a person. Different from the definition of shares by Law No. 8 1995 related to the capital market, that shares are securities that show evidence of ownership by Institutions/Individuals.

G. Signalline Theory

Signaling theory is a decision or action taken by management to be able to provide direction to investors regarding the views of management regarding the prospects of their company. This theory explains the reasons why companies are encouraged to submit information from their company's financial statements to external parties.

III. RESEARCH METHODS

A. Research Framework



B. Research Hypothesis

Based on the theories that have been submitted, literature review, previous research as well as from the above framework. So, the authors determine the hypothesis that will be proposed in this paper are:

- H1: Liquidity (Current Ratio) has a positive effect on the level of stock prices in banking companies listed on the Indonesia Stock Exchange and included in LQ45.
- H2: Profitability (ROE) has a positive effect on the level of stock prices in banking companies listed on the Indonesia Stock Exchange and included in LQ45.
- H3: Profitability (ROA) has a positive effect on the level of stock prices in banking companies listed on the Indonesia Stock Exchange and included in LQ45.
- H4: The level of bankruptcy with the Altman model has a positive effect on the price level of banking companies listed on the Indonesia Stock Exchange and entered LQ45.

C. *Reserch Design*

The research used is a descriptive type of research that uses a quantitative approach. "Descriptive research is research conducted to find out and be able to explain the characteristics of the variables studied in a situation" (Sekran, 2009:158-160).

D. Population And Sample

The population used in this study is the population of banking companies listed on the IDX (Indonesian Stock Exchange) and included in the LQ45 index. For this reason, several companies entered according to the population of 5 banking companies, (BCA) PT Bank Central Asia, (BNI) PT Bank Negara Indonesia, (BRI) PT Bank Rakyat Indonesia, (BTN) PT Bank Tabungan Indonesia, and PT Bank Mandiri (Persero).

E. Data Collection Procedure

The procedure carried out in this paper uses a purposive sampling technique. The target sample included in this study is a sample of companies that work in the banking sector and are listed on the Indonesia Stock Exchange (IDX) and are included in the LQ45 list. While the financial statements of banking companies taken and compiled for the purposes of this research are financial statements for the 2015-2020 period

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IV. RESULT

A. Descriptive Stastics

Coefficients			
No	Model	Collinearity Statistics	
		Tolerance	*VIF*
1	Likuiditas (X_1)	0,336	2,976
2	*Return on Equity* (X_2)	0,141	7,093
3	*Return on Asset* (X_3)	0,120	8,342
4	Tingkat Kebangkrutan (X_4)	0,458	2,183

Table Descriptive Statistical Results

Looking at the table above, the research was conducted on 5 banking companies. Based on the table above, the data in the table is secondary data originating from financial statements in 2015 to 2020. So, the sample used is 30 data. It can also be seen that the table above shows the values of descriptive statistical variables, such as the liquidity variable which is one of the independent variables with an average value of 1.234 during 2015-2020. So, from the table it can be seen, the highest liquidity value owned by Mandiri Bank in 2019 was 1.418 and the lowest liquidity value was owned by PT Bank Central Asia (BCA) in 2015 was 1.063.

Profitability (Return on Equity/ROE) is an independent variable contained in this study. With the average value of ROE during 2015-2020 is 16,290 with the lowest ROE of 1.00 which is owned by the company (BTN) PT. State Savings Bank in 2019. As for the highest ROE value of 29.9 by (BRI) PT. Bank Rakyat Indonesia 2015. The standard deviation of the Profitability (ROE) variable is 5.756. Profitability (ROA) Return on Assets has an average value of 2.7 in the 2015-2020 period. ROA conditions with a minimum value owned (BTN) PT. The State Savings Bank in 2019 was 0.13 and the highest was 4,190 by (BRI) PT. Bank Rakyat Indonesia in 2015. The standard deviation of ROA in the 2015-2020 period is 1.136.

The next independent variable is the Bankruptcy Rate in banking companies. With an average value during 2015-2020 of 1.775. While the lowest bankruptcy rate has a value of 0.89 by (B C A) PT Bank Central Asia in 2015 and while the highest value is 7.88 which is owned by Mandiri Bank in 2015. The standard deviation value obtained in 2015-2020 is 1 ,22. Scream or dependent variable used in this study is the stock price. The average share price in the 2015-2020 period was 4,884. The share price with the highest value was owned by PT Mandiri Bank in 2017 of 9,900. While the lowest share price is found in the company Negara Indonesia Bank (BBNI) in 2015 with a share price of 1,300. As for the value of the standard deviation of stock prices in 2015-2020 is 2.365.

B. Normality test

N	Test Statistic	*Asymp. Sig. (2-tailed)*
30	0,086	0,200

Table Normality Test Result

Referring to table above, the significance value of Asymp.Sig (2-tailed) from the normality test carried out has a value of 0.2. This value has a greater value when compared to the value of 0.05. Based on these values, it is concluded that the data used in this study has a normal distribution.

C. Multicollinearity Test

Variabel	N	Min	Max	Mean	Std. Deviasi
Likuiditas (X_1)	30	1,063	1,418	1,234	0,107
Return on Equity (X_2)	30	1,000	29,890	16,290	5,756
Return on Asset (X_3)	30	0,130	4,190	2,683	1,136
Kebangkrutan (X_4)	30	0,886	7,884	1,775	1,217
Harga Saham (Y)	30	1.300	9.900	4.884	2.365

Table Multicollinearity Test Result

Based on the test table above for the Collinearity Statistics section, the Tolerance value of all variables is greater than the value 0.10 which has a Variance Inflation Factor < 10. From these data there are no symptoms of multicollinearity in the regression model.

D. Heteroscedasticity Test

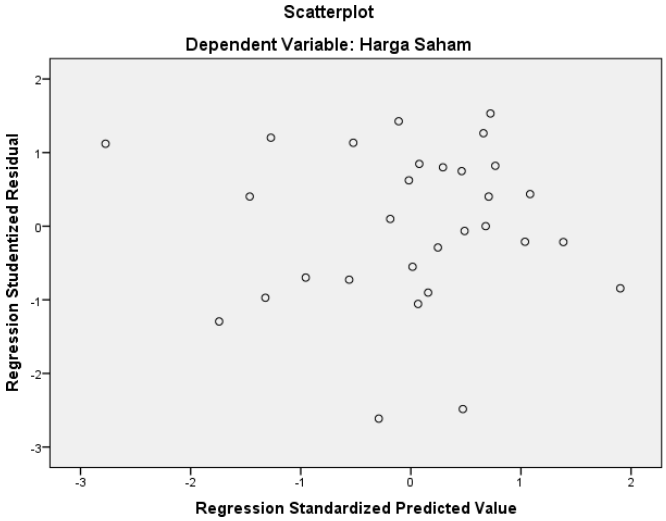

Image Heteroscedasticity Test Result

The image of the test results above shows that the points are located and scattered randomly which also have values above and below the value 0. Given that the data are randomly distributed and do not form a special pattern, so from the results and data it can be concluded that the data used did not have heteroscedasticity symptoms in the study data

E. Autocorreclation Test

Durbin-Watson
1,934

The value for Durbin-Watson shown in the table above has a value of 1.93. With these values, which are between the values of dU & (4-dU), which are between 1.739 & 2.261, which means that there are no autocorrelation symptoms in the regression model in this study.

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F. Multiple Linear Regression

Y = 10,711 + 2,813 X1 – 1,633 X2 + 1,706 X3 + 0,062 X4

Based on the regression equation, the following conclusions can be drawn:

- The constant value of 10.711 indicates the value of the Stock Price (Y) variable without being influenced by independent variables.
- The value of the regression coefficient (β1) of 2.813 shows the effect of the Liquidity variable (X1) on the Stock Price (Y).
- The value of the regression coefficient (β2) of – 1.633 shows the effect of the Return on Equity (X2) variable on the Stock Price (Y).
- The value of the regression coefficient (β3) of 1.706 shows the effect of the Return on Assets (X3) variable on the Stock Price (Y).
- The value of the regression coefficient (β4) of 0.062 indicates the effect of the Bankruptcy Rate (X4) variable on the Stock Price (Y).

G. t-Test

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	10.711	.546		19.622	.000
	Likuiditas	2.813	1.294	.444	2.174	.039
	Return on Equity	-1.633	.268	-1.922	-6.098	.000
	Return on Asset	1.706	.253	2.302	6.737	.000
	Tingkat Kebangkrutan	.062	.244	.044	.253	.803

a. Dependent Variable: Harga Saham

Image t-Test Result

Based on the results of the tests contained in the table above, it shows that the significance value obtained from the X1 variable is 0.039 while the significance value obtained from the X2 variable is 0.0 and X3 is 0.00 and for X4 is 0.803. This shows that the significance value obtained from each variable, namely X1, X2 and X3 has a smaller value than the value of 0.05, which can be concluded that the Liquidity variable X1, (ROE) Return on Equity X2 and (ROE) Return on Assets X3 has a significant influence on the Stock Price Variable or Y. Meanwhile, the significance value of the X4 variable or the bankruptcy prediction is known to have a higher value than the value of 0.05, which means that the Bankruptcy Rate (X4) does not have a significant effect or influence. which is small to the Stock Price (Y).

The existence of a positive value of the regression coefficient on the variables X1, X3 and X4 indicates that the variable Liquidity (X1), Return on Assets (X3) and Bankruptcy Rate (X4) have a positive effect on Stock Price (Y). This at the same time can show and explain if the hypotheses of 1, 3 and 4 in the study have been accepted. While the value of the negative regression coefficient on the X2 variable shows that the value of Return on Equity/ROE (X2) has a negative effect on stock prices, so it can be said that hypothesis 2 is rejected.

H. F-Test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.710	4	1.428	11.608	.000[b]
	Residual	3.075	25	.123		
	Total	8.785	29			

a. Dependent Variable: Harga Saham

b. Predictors: (Constant), Tingkat Kebangkrutan, Return on Equity, Likuiditas, Return on Asset

Image F-Test Result

Referring to the test results in the table above, it can be seen and known if the value in the calculated F obtained is 11,608 with a significance of 0.000 or <0.05. It means that the variables on Liquidity/Curren Ratio (X1), Return on Equity/ROE (X2), Return on Assets/ROA (X3) and Bankruptcy Rate using the Altman method (X4) overall/simultaneously have a significant effect to the Stock Price Variable (Y)

I. Coefficient of Determination

Based on the test results on the coefficient of determination which can be seen in the table above, if the value of the R-Square owned is 0.65, which means that the value means that the variable Liquidity/Curren Ratio (X1), Return on Equity/ROE (X2) , Return on Assets/ROA (X3) and Bankruptcy Rate using the Altman (X4) method have an influence on the dependent variable, namely Stock Price (Y) with a percentage of 65%, and the percentage or other 35% value can be interpreted that the Stock Price can be affected by other variables not examined in this study

J. Effect of Liquidity on Stock Prices

Liquidity Ratio or Current Ratio which is one of the indicators of work in the company that is used in assessing and seeing the ability of a company to be able to fulfill its obligations, of course in the short term. This can be a parameter or a measuring tool for a company.

K. Effect of Return on Equity on Stock Prices

The return on equity is also known as the return on equity/equity ratio. This indicator tests how well a company can use its resources to generate profits or return on equity they have (Kasmir 2010). The results of ROE/Return on Equity can show that this ratio is used to measure net income after tax on company equity to show how efficient the company's use of its own capital is. The higher the ratio, the better for the company.

By comparing the results of the significance value of ROE/return on equity. If it is seen from the significance value which has a value greater than the significance value that has been set at 0.05, it can be stated that the independent variable on return on equity has no effect on the dependent variable, on the contrary if the significance value obtained from the t-test results have a lower or smaller value than the value of 0.05, it can be said that the independent variable has an influence on the dependent variable. So that when viewed from the image above, we can find out if the significance value obtained from the return on equity variable is 0.00, it means that the value

has a value smaller than 0.05 and it can be concluded that the ROE value has a negative effect & However, the research results obtained are not in line with the research conducted by Adriana and Lukmanul (2016) where the variable from ROE/return on equity has a positive & significant effect on the variable stock price.

L. Effect of Return on Assets on Stock Prices

Return on Assets (ROA) from some references, this ratio is usually referred to as (ROI) Return on Investment Ratio. From this ratio, it shows the extent to which the company has produced the expected return from the assets owned and the investment made is appropriate to be invested or placed. (Munawir, 2010). By knowing this ratio, it allows us and investors and company owners to be able to assess also see whether the company is using its assets efficiently in its company operations. This is because the higher the ratio value obtained, the better the progress that companies have in order to get higher profits and vice versa, if the value of this ratio is getting lower or decreasing, it can be said that the company can be considered and judged to be less efficient. in using and utilizing the assets they have while the company's operations are running (Syamsuddin 2009).

By comparing the significance value of this return on assets owned. So, it can be seen if the significance value is higher than the predetermined significance level of 0.05 so that the value of the independent variable owned, namely return on assets, has no effect on the value of the dependent variable, as well as the significance value generated from the results. t-test, if it has a value that is smaller than the value of 0.05, it can be said that the independent variable can affect the dependent variable. Based on the picture seen previously, the significance value of the return on assets variable (ROA) has a value of 0.00, which means that when compared to this value, it has a value less than 0.05. so that a conclusion can be drawn, that ROA has a positive & significant effect on the stock price variable in this study. The results of this study when viewed, can be said to be in line and in accordance with the results of research conducted by Adriana & Lukmanul (2016) where the results of the return on assets that they get have a positive & significant influence on their stock price variables.

M. Effect of Financial Distress on Stock Prices

Prediction of bankruptcy or can be said as Financial Distress is a time when the financial condition within a company is in a bad or unhealthy condition, it can be said to be in a state of crisis. The higher the value of financial distress in a company, the greater the impact on the stock price owned by the company. (Ardian & Khoiruddin 2014) stated that the fundamental analysis he had made, it could be seen that the possibility of bankruptcy could potentially have an impact on stock prices and on stock returns.

From comparing the significance value of financial distress owned. The significance value owned is higher than the specified significance level value of 0.05. It can be said that the independent variable financial distress that has been obtained has no effect on the dependent variable, on the contrary if the significance value obtained from the t-test results has a value that is smaller than the value of 0.05. It can be said that the independent variable has an influence on the dependent variable. Based on the table above, it is known that if the significance value of the financial distress variable is 0.803, this value looks greater than the value of 0.05, it can be concluded that bankruptcy prediction has no significant or small effect on stock prices. From the results of this study, it can be said that these results are not in line with or not the same as the results of research conducted by Sadikin (2010) & Purnomo (2014) that they argue and state that the financial distress variable from bankruptcy prediction has a significant positive effect on stock returns.

V. CONCLUSIONS & SUGGESTIONS

In accordance with the results of the research that has been done regarding the impact of liquidity, ROE, ROA, and bankruptcy prediction using the modified Altman method, the authors draw several conclusions, namely:

- Liquidity has a positive and significant effect on stock prices in banking companies in LQ45.
- Return on Equity (ROE) has a negative and significant effect on stock prices in banking companies in LQ45.
- Return on Assets (ROA) has a positive and significant effect on stock prices in banking companies in LQ45.
- Financial Distress has no significant effect on stock prices in banking companies in LQ45.

Based on the conclusions and limitations of the research described above, the researchers provide the following suggestions:

1. For the next researcher

For further researchers, it is recommended to expand the research variables by using financial ratios or other factors that can affect stock prices as independent variables. It is hoped that the results of this study can be used as a reference for further researchers to develop this research by considering other variables which are other variables outside the variables that have been included in this study.

2. For Investors

Investors and potential investors are advised not to focus too much on one or two financial ratios in assessing expected returns because not all financial ratios have a partial effect on returns but must be supported by other factors.

3. For Companies

For companies it is advisable to show the company's performance which is realized with a high rate of return to maintain the confidence of investors. In addition, the company must also convey sufficient information correctly and flexibly to the financial statements so that there is no manipulation.

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