

FINANCIAL RATIO ANALYSIS TO PREDICT AND SINKING FUND BOND RATINGS

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ABSTRACT

This study aims to investigate how the effects of financial ratios and sinking fund to the bond rating . Financial ratios are used in this study is a financial ratio used in this study include liquidity ratio is proxied by Quick Ratio (QR) , which is proxied by profitability ratios Return on Assets (ROA) , the solvency ratio is proxied by the Long Term Debt to Equity (LTDE) and the ratio of the activity is proxied by Total Asset Turnover (TATO) .

The study sample consists of bonds issued by companies listed on the Stock Exchange during the period 2009-2011 and rated by PT Pefindo. Data collection methods using purposive sampling technique . The total sample is used as many as 81 companies . This study used multiple linear regression models to examine the effect of financial ratios and sinking fund to the bond rating .

The results of this study indicate the ratio of activity has significantly positive effect on bond ratings . While the liquidity ratio is positive but not significant effect . Profitability ratios had no significant negative effect on bond ratings . While the solvency ratio is significantly negative effect on bond ratings . Variable sinking fund has no significant negative effect on bond ratings .

Keyword: bond rating, liquidity, profitability, solvency, activity, sinking fund.