ABSTRACT

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THE EFFECTIVENESS & RELATIONSHIP OF ECONOMIC VALUE ADDED (EVA) WITH WORKING CAPITAL & REPORTED EARNING IN HOTEL ALILA

(xvii + 100: 14 Table; 13 Chart; 2 Picture, 7 Appendix)

Economic Value Added measurement is a financial performance measure that is used to project the true benefit of economic profit that can assess the company value fairly. The components that are considered in the measurement are Net Operating After Tax (NOPAT), Weighted Average Cost of Capital (WACC), and Invested Capital. These measurements help the company to know whether this company is actually creating a real value to the investor, or not.

To create a better EVA with effective working capital, company need to know what components that effect the creation of value added of the company. That is why, in this research the writer main objective, are to understand the concept of Economic Value Added (EVA) as a measure of financial performance in Hotel Alila, and evaluating the effectiveness of the use of working capital Hotel Alila.

Based on the result of the analysis of the Working Capital and Economic Value Added, it can be conclude that on 2010 the increase of EVA was not so significant was caused by the high cost of capital, which is not matched by the company's ability to generate profits, which is why the Weighted Average Cost of Capital (WACC) the company was increasing to 8.14% (the largest in the period 2008 - 2010). While the invested capital is undergoing a very significant increase from year to year, in the amount of Rp. 7,621,789,910.26 (2008) become Rp. 13,241,882,033.00 (2010).

References : 21 (2000-2011)

Key Word : Economic Value Added, EVA, Working Capital Turnover