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Financial Statement Analysis Ratios for Evaluating Performance Efficiency of Saudi manufacturing companies (Case Study: Saudi Arabian Oil Company - A Saudi Joint Stock Company) (Study in Financial Analysis)

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Abstract

Purpose of Research: The purpose of this research was to analyze and interpret the financial ratios of the Saudi Arabian Oil Company (Saudi Joint Stock Company) to assess the company's strengths and weaknesses and provide any conclusions or recommendations that would be appropriate in light of the findings.

Research Design: The research method is the "financial analysis" of the financial statements: consolidated balance sheet and consolidated statement of income of Saudi Arabian Oil Company, which is historical data from (2017–2021), and draw conclusions.

Methods for Collecting Data: Both secondary and primary sources must be used to gather data for this research.

- *Secondary Data Sources: The information found in books, periodicals, theses, articles, and a few useful websites was represented by secondary sources. The theoretical framework was established after carefully examining the pertinent literature.*
- *Primary Data Sources: The study's required data is being gathered from the financial statements: consolidated balance sheet and consolidated statement of income of Saudi Arabian Oil Company's annual reports (2017-2021).*

Findings: This study revealed that the company's capacity was adequate to pay its short-term obligations at maturity by cash without sell of any other current assets. The business generated (2017-2021) enough gross profits to cover all costs, and generated net income. The company's net profit significantly decreased in 2020 due to a decline in net sales and an increase in financing costs; the reduction in net sales is attributed to the coronavirus (covid-19).

Recommendations: The researcher recommended using financial ratios to conduct research on other businesses that engage in similar activities to the Saudi Arabian Oil Company, exploring how the coronavirus (covid-19) affects the performance of commercial, industrial, and service companies, and teaching university students how to analyze a company's performance efficiency by using financial ratios.

Keywords: *Financial Ratios, Performance Efficiency, Saudi Arabian Oil Company, and Saudi Stock Exchange.*

1. INTRODUCTION

Financial statement analysis is an essential topic for the examination of the company's financial statements and other information can help firms plan for the future and make the best investment decisions by highlighting the advantages and disadvantages of prior

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business initiatives, analyzing their financial status, and predicting future trends (Wang and Zhou, 2016).
The importance of financial ratio analysis has increased as a result of many common factors, including the fierce competition between various economic endeavors, their growing significance in the financial markets, and the phenomenal advancement of information technology and its many applications, which calls for the provision of analytical tools and suitable financial indicators to keep up with the growth of the volume and speed of completion of various economic operations (Alqam, 2021).

Financial analysis techniques, such as financial ratios, are useful for planning, controlling, achieving effective performance, and making the most use of available resources. Because some Saudi businesses do not employ financial management tools like financial ratios, they may not be as effective in their planning, control, and performance, which may prevent them from making the best use of their resources; So this research attempts to present a study for their benefit.

Financial analysis ratios are used to compare a company's current financial situation to its past performance in order to assess performance efficiency. They also assist in interpreting the relationship between the items on the income statement and the statement of financial position.

1.1 Research Problem:

The financial statements information doesn’t help for planning purposes or evaluating performance efficiency without using a tool for financial analysis, such as financial ratios and comparison of financial statements data for the present year to earlier years, which enhance the finding of strengths and weaknesses and evaluating performance efficiency, so the analysis and interpretation of financial ratios to assess the primary issue is the company's strengths and shortcomings in this study.

1.2 Research Objective:

This study aimed to analyze and interpret the financial ratios of the Saudi Arabian Oil Company (Saudi Joint Stock Company) to assess the company's strengths and weaknesses and provide any conclusions or recommendations that would be appropriate in light of the findings.

1.3 Research significance:

This research's significance is evident in its goal, which is to evaluate and investigate a crucial matter in the accounting process: analyzing and interpreting financial ratios. To the researcher's knowledge, experimental published research has yet to address the financial statement analysis ratios for evaluating performance efficiency (Case Study: Saudi Arabian Oil Company - A Saudi Joint Stock Company).

2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK:

2.1 Literature Review:

Sultan (2014) aimed to analyze the financial statements and evaluate the results in terms of profitability and effective asset utilization. The study focused on the history and present performance of the Baghdad beverage industry company. The study only uses secondary data from the company's audited annual reports for ten years (from 2004 to September 2013). To understand how the industry performed, the researcher used five financial ratios; in particular, the study's accounting ratios and financial report analysis used profitability measures, which could impact the company's financial success. The expense ratio, capital turnover ratio, Return on Equity (ROE), Return on Assets (ROA), and Profit Margin (PM). This study demonstrates the connected period's financial strengths and weaknesses of the Baghdad soft drink industry, which occurred between

June 2007 and June 2009. As a result, all relevant profitability ratios declined, which negatively impacted performance during the previous two years of the soft drink sector in Baghdad. The most thorough way to assess a company's profitability is through its return on equity (ROE), which takes into account all of the financial, operational, and investment decisions that have been made.

Buvaneswari and Lakshmi (2015) aimed to analyze Sriram Perfumes' production, sales, profit trends, operations, and profitability to provide recommendations for improving the financial structure and stability. The key sources of secondary data were the annual statement of financial condition and the income statement account. Figures are collected from the annual reports of the selected units. Additionally, this study incorporated additional information and points of view from business journals, magazines, accounting records, etc. The study findings: The Trichy-based Sriram Perfumes improved during the course of the five-year test from 2010 to 2014. Sriram Fragrances, Trichy has been maintaining a strong financial position, but there is still room for growth if the company concentrates on reducing costs and selling and administrative expenses; the company should increase gross profit and sales volume, The business has managed to maintain and even grow its market share despite price cuts for several of its products, creating excellent profit margins that have helped it maintain a sound financial position. The company was able to meet its full requirements for capital expenditures and a higher level of net working capital commitment thanks to a higher volume of activities and operating cash flows.

Blaao (2016) aimed to measure the Commercial Banks' capacity to attain profitability using profitability indicators. The researcher concentrates on the analytical method to ascertain the financial standing of banks and the understanding of power and weakness centers; consequently, a financial assessment of commercial banks from 2013 to 2015 has been carried out. The study findings: Despite the sharp increase in the amount of money available to record returns. It is crucial that banks assess their investments because this indication paints a clear picture of the futility of investing in the funds. Increasing deposits in commercial banks totaling 78 billion dinars were countered by lower returns. Where profit was 213 million dinars, this shows a flaw that contributed to the weakening of the profits from the deposits. A poor rate of return on assets, like those of its predecessors, shows a clear flaw in how commercial banks operate in order to make money. Profitability ratios revealed a flaw in commercial banks, demonstrating the importance of this indicator in identifying flaws and weaknesses in these institutions and how it helps to repair flaws so they do not recur in the future. The researcher recommended using financial analysis to fight financial misconduct and improve the administrative system. Work on making the best use of the money you have and strive to make investments that will yield the most money. Create investment portfolios that are suited to the needs of commercial banks in order to diversify investment sources.

Ganapathi et al. (2018) aimed to assess the TNPL company's financial results in order to establish the profitability of the business, research the firm's short- and long-term financial position, and formulate suggestions based on the financial statement analysis. The balance sheet, which is historical data, will be analyzed as part of the study's analytical research design, and conclusions will be drawn from it. The research used secondary data from Tamilnadu Newsprint and Paper Limited (TNPL) for analysis. During the study period, gross profit and net profit fell, indicating that businesses with effective management in manufacturing and trade activities. The study findings: The paper mill's current ratio needs to be revised. Every year, the ratio exceeds the ideal value for the preceding five years, i.e., a number greater than 2, the paper mill's liquidity situation is acceptable, the net profit ratio demonstrates that the paper mill is in a good situation, the owner's funds are greater than the total amount of fixed assets, as evidenced by the fixed asset to net worth ratio, the drop in gross profit and net profit during the

research period points to the company's ineffective management of its manufacturing and trade operations, and the firm's liquidity ratio has not improved its liquidity position during the past five years. It demonstrates that the company needed more liquid assets. The researcher recommended increasing the purchase of paper wood and production while controlling the costs of selling and administration.

Ningsih and Sari (2019) aimed to ascertain how publicly traded companies in the automotive and component sub-sectors are affected by financial ratios in terms of firm value. The financial ratios utilized for research include the current ratio (CR), debt to total assets (DAR), and return on assets (ROA). The value is determined using the price-to-book value (PBV). In this study, quantitative data analysis was utilized as the analysis method to quantitatively examine the simultaneous (together) or partial (individually) impact of independent variables on the dependent variable. The study findings: The finding of the partial analysis test show that, because CR and DAR have significance values above 0.05, 0.0875, and 0.084, respectively, the company's value in the automotive and component industries is unaffected by them. Since ROA's significance value is 0.00>0.05, it is clear that ROA affects the firm's worth. As evidence that concurrent test results influence the firm value jointly in automobile and component companies, the value of F has a coefficient of 0.000. The researcher recommended to researchers can look into industries like banking, the car industry, or companies listed on stock exchanges using additional variables that may impact business results.

Safitry et al. (2021) aimed to assess the Wiru Village government's financial performance from 2018 to 2020. The study employs financial analysis tools along with a qualitative methodology. The study findings: In Wiru village, the self-reliance percentage is quite low between 2018 and 2020, in 2018, the effectiveness ratio was highly effective, In 2019 and 2020, the efficiency ratio was inefficient, the growth ratio reduced from 2018 to 2019, and the dependency ratio is very high, the growth ratio has increased from 2019 to 2020.

Kuraesin et al. (2021) aimed to investigate how certain financial ratios, like leverage, liquidity, activity, and profitability, may affect the likelihood of financial disaster. The population of this study consists of all 30 food and beverage firms listed on the Indonesia Stock Exchange between 2017 and 2020. Using a technique known as purposive sampling, which involves choosing samples based on specific criteria, samples from six food and beverage firms were taken. Eighteen observations in total were processed and Evaluated. The research's methodology is logistic regression. The study findings: Financial distress might be predicted significantly better using the activity ratio and leverage ratio, while neither the profitability ratio nor the liquidity ratio were significantly associated with the anticipation of financial distress.

Astuti et al. (2021) aimed to investigate how financial ratios affect the ability to predict financial crisis for manufacturing companies listed on the Indonesian Stock. All manufacturing businesses listed on the Indonesian stock exchange from 2015 to 2019 made up the research population. Purposive sampling was used for the research sample. Logistic regression analysis was employed in the data analysis process. The study findings: Financial distress is simultaneously influenced by liquidity, leverage, and activity profitability, financial distress is improved by partial profitability, and financial distress in manufacturing companies listed on IDX has been severely impacted by liquidity, leverage, and activity from 2015 to 2019.

Arifiana and Khalifaturofi’ah (2022) aimed to examine how financial ratios affect the ability to foresee financial distress in manufacturing enterprises. Purposive sampling is the method of sampling that was utilized in this investigation. 87 manufacturing companies that were listed on the Indonesia Stock Exchange (BEI) between 2016 and 2020 make up the research sample. The method of data analysis is logistic regression. The study findings: Predicting financial trouble is negatively and strongly impacted by

profitability and activity ratio, additionally, neither the liquidity nor leverage ratio significantly affects the ability to forecast financial distress. This study suggests manufacturing enterprises must boost activity and profitability to prevent financial distress.

Mathiang and Susilowati (2022) aimed to examine how the performance of food and beverage manufacturing businesses listed on the Indonesian stock exchange between 2018 and 2020 is impacted by the liquidity ratio, leverage ratio, and activity ratio. The number of businesses that met the established criteria and were eligible for the study was 10 (ten). The purposive sampling method was utilized, in which the researcher chose the sample based on previously established criteria. The documentation approach was utilized to collect data for this investigation., and the current ratio, debt-to-equity ratio, inventory turnover ratio, and return on assets were employed in the descriptive quantitative analysis of the data. The study findings: Since the success of businesses that manufacture foods and drinks is not significantly impacted by the current ratio, debt-to-equity ratio, or inventory turnover ratio, the performance of the dependent variable Return measures firms utilized for this study on assets (ROA) is the key metric.

Hussein et al. (2023) aimed to assess the companies' liquidity in the primary using financial ratio analysis. Based on an analysis of the information on their financial accounts, one of the SMEs has been chosen for evaluation. It has been proposed that the cash flow statement of this corporation be utilized for this purpose because it provides the majority of the relevant information. The data supported the idea that financial ratio analysis can aid investors in selecting the company to purchase their shares by demonstrating that liquidity is just as crucial as profit in luring investors to buy the company's shares since it ensures the company's secrecy. The study findings: According to the current ratio, the company has not had any liquidity concerns, but the quick ratio shows that there have been some problems over the past three years (2017, 2018, and 2021); similarly, they need more cash to meet their liabilities, but the company makes excellent use of its meager resources, the company will profit from this since it will attract investors who will buy its shares, raising the share price and impacting the company's value, furthermore, given their dominant market position, creditors may have faith in them and refrain from organizing to obtain credit from them, which might ultimately alleviate any liquidity concerns.

Differences between a research paper and previous studies:

The use of financial ratios in the financial analysis of the oil sector in the Kingdom of Saudi Arabia has yet to be directly addressed in previous studies. Previous studies' sectors varied somewhat, such as the government, the paper, food, beverage, perfume, and banking industries in different countries.

Most previous studies concentrated on defining the broad parameters of financial analysis and the concepts and procedures that accompany it. While some focused on financial ratios, the current study discusses how financial analysis ratios and indicators affect the Saudi Arabian Oil Company's performance efficiency.

While some earlier studies obtained data from financial reports as secondary data for three years, some for five years, and others for ten years, this study's primary data came from financial statements over five years.

Financial ratios relating to the statement of financial position and those connected to cash flows were both used in several prior research. In contrast, the financial ratios associated with the income statement and the statement of financial position were used in this study.

2.2 Theoretical Framework:

2.2.1 Financial Statement Analysis Overview:

Analyzing financial statements allows you to gauge a company's past, present, and projected future performance. One can make better financial decisions by reviewing financial statements (Robinson et al., 2020). A company's liquidity, predictability, and solvency are three characteristics that must be assessed while analyzing its financial accounts (Subramanyam, 2014).

2.2.2 Financial Statement Analysis Tools:

The tools used in financial statement analysis are as follows (Weygandt et al., 2015):

2.2.2.1 Horizontal Analysis: Assesses several financial statement information across a period of time.

2.2.2.2 Vertical Analysis: Financial statement data can be assessed by expressing each line item as a percentage of a base amount.

2.2.2.3 Ratio Analysis: “expresses the relationship among selected items of financial statement data.” Ratio analysis is an effective method for examining financial performance, and its application has advanced to the point where computerized financial statement analysis tools now include the creation of financial ratios as a component of their overall research (Kieso et al., 2020).

In this study, the researcher will use only the “Ratio Analysis” tool for evaluating the performance efficiency of (Saudi Arabian Oil Company).

A ratio is used in financial research as an index or benchmark for assessing a firm's financial status and performance. Ratio analysis is essential for determining a company's financial strengths and weaknesses in comparison to those of other companies in the same industry. It also reveals if the company's financial status has improved or gotten worse over time (Spiteri, 2020).

2.2.2.3.1 Limitation of Financial Ratio:

It is necessary to consider some limitations while analyzing financial ratios, which are as follows (Faello, 2015):

1. Since it requires more information to assess an organization's state, a single financial ratio cannot be utilized to assess an organization's success. Instead, it is necessary to evaluate the facility using a number of ratios. However, if the financial analysis simply focuses on a small part or a particular aspect of the firm's financial situation, one or two ratios may be enough to produce the desired results.
2. Financial statements must be used by a specific date when being compared. If not, the comparison could result in inaccurate findings and judgments.
3. When performing ratio analysis, it is advisable to use audited financial statements as information in unaudited financial statements may require to appropriately reflect the facility's financial status.
4. The financial ratios of one facility must be compared to the financial ratios of another facility over the same period to reduce the effect of economic inflation on the results.

2.2.2.3.2 Type of Ratios:

The importance of liquidity and profitability ratios is greater since they offer knowledge about the facility that is helpful for the entity's immediate activities (Besley and Brigham, 2008).

2.2.2.3.2.1 Liquidity ratios:

Determine the company's capacity to settle it's maturing debt and meet any immediate financial requirements. Particularly for short-term creditors like lenders and suppliers, liquidity analysis is crucial (Spiceland et al., 2020).

1. Current Ratio:

It is a used metric for determining the liquidity and ability of a corporation to pay short-term debt (Gordon et al., 2019). The ability of current assets to pay current obligations implies a margin of safety, and the high ratio is a reliable sign of the company's liquidity (Hantono, 2018). The ratio is computed by dividing current assets by current liabilities (Lo and Fisher, 2020).

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

2. Acid-Test Ratio (Quick Ratio):

It is a gauge of a business's short-term, current liquidity. Total cash, short-term investments, and net accounts receivable can be divided by current liabilities to arrive at this ratio. As a result, it is a crucial addition to the current ratio (Schmidlin, 2014) and (Higgins et al., 2023).

$$\text{Acid-Test Ratio} = \frac{\text{Cash + Short-term investment + Account Receivable (Net)}}{\text{Current Liabilities}}$$

Cash, short-term investments, and accounts receivable (net) are all quite liquid as compared to inventories and prepaid expenses. The inventory and pre-paid expenses might be challenging to transfer to cash. The acid-test ratio, therefore, measures liquidity in the present (Wahlen et al., 2020).

There are several causes for removing inventory (Brigham and Daves, 2007) and (Gibson, 2009):

1. Some stock types are challenging to sell since they go well with other products.
2. Most often, Inventory is offered for sale on credit (or turned into ready-to-purchase items and then offered for sale on credit). Before it is converted into cash, it becomes an account receivable. The quick ratio is equivalent to the current ratio for businesses that do not trade in inventory.
3. Net Working Capital Ratio:

For internal control purposes within the company, this measurement is useful. When a company obtains long-term debt, the loan agreement usually stipulates a minimum level of net working capital that it must maintain. By requiring the company to maintain strong liquidity, this condition protects creditors (Dar and Dar, 2017).

Current Assets less Current Liabilities equals Net Working Capital.

2.2.2.3.2.2 Profitability Ratios:

There are numerous ways to estimate profitability, and they often consider the company's sales profitability as well as the quantity of assets, owner interests, and equity. The management and creditor owners of the company are interested in increasing profits because doing so reduces the risk of bankruptcy. The Common-Size Income Statement is a common tool for evaluating company profitability. There is no doubt that when the company does not achieve profits, the creditors and shareholders become concerned about the future of the company and about getting their money back (Gitman and Zutter, 2012).

Several profitability ratios are coming from this group, the most popular of which are:

1. Gross Profit Ratio:

When comparing the period's gross profit to the sales generated during that same period, we use the gross profit margin. It is formulated as (Chapman, 2011):

$$\text{Gross Profit Ratio} = \frac{\text{Gross Profit (Net Sales – Cost of Good Sold)}}{\text{Net Sales}}$$

2. Net Profit Ratio Margin:

This ratio calculates the percentage of each dollar of sales that remains after all expenses, including interest and taxes, have been met (Husna and Desiyanti, 2016).

Given the return on sales, this ratio is a frequent and important indicator of a company's operational success; the proportion varies by industry (Hasanaj and Kuqi, 2019).

$$\text{Net Profit Margin Ratio} = \frac{\text{Net Income}}{\text{Net Sales}}$$

3. STUDY DESIGN AND METHODOLOGY:

3.1 Research Design:

The research method is the financial analysis of the financial statements: consolidated balance sheet and consolidated statement of income of Saudi Arabian Oil Company, which is historical data from (2017–2021), and draw conclusions.

3.2 Research Hypothesis:

The analyzing and interpreting financial ratios assess the company's strengths and weaknesses by contrasting the current year's financial ratios with those from previous years.

3.3 Methods for Collecting Data:

Both secondary and primary sources must be used to gather data for this research.

3.3.1 Secondary Data Sources:

The information found in books, periodicals, theses, articles, and a few useful websites was represented by secondary sources. The theoretical framework was established after carefully examining the pertinent literature.

3.3.2 Primary Data Sources:

The study's required data is being gathered from the financial statements: consolidated balance sheet and consolidated statement of income of Saudi Arabian Oil Company's annual reports (2017-2021).

4. APPLIED APPROACH TO USING FINANCIAL RATIOS IN EVALUATING PERFORMANCE EFFICIENCY.

4.1 General Saudi Arabian Oil Company information:

The Saudi Arabian Oil Company, based in Dhahran, Kingdom of Saudi Arabia (the "Kingdom"), produces, transports, and sells crude oil and natural gas (the "Upstream"), as well as making, distributing, and selling petroleum products (the "Downstream"). The Company was established on November 13, 1988, by Royal Decree No. M/8, which approved the Company's original Articles; however, its records date back to May 29, 1933, when the Kingdom awarded a concession to the Company's predecessor, allowing it to conduct things like search for hydrocarbons in the Kingdom.

4.2 The Results of Calculating Financial Ratios of Saudi Arabian Oil Company:

The study is based on five years of financial statements: consolidated balance sheet and consolidated statement of income of Saudi Arabian Oil Company's annual reports from 2017 to 2021 (See appendix).

Table (1) Summary of Accounts Values Used in Financial Ratio Analysis From (2017 - 2021) of Saudi Arabian Oil Company

Account Name	Saudi Riyal, year 2017	Saudi Riyal, year 2018	Saudi Riyal, year 2019	Saudi Riyal, year 2020	Saudi Riyal, year 2021
Total Current Assets	253,203	382,659	408,196	398,879	611,241
Total Current Liabilities	149,050	183,712	215,571	243,211	303,828
Cash	81,242	183,152	408,196	398,879	299,579
Short-term Investment	6,184	194	45,467	6,801	27,073
Net Accounts Receivable	86,892	93,818	93,526	85,183	140,373
Net Income	284,619	416,518	330,693	183,763	412,396
Gross Profit	657,428	936,998	698,385	512,643	918,058
Net Sales	990,659	1,334,778	1,236,785	862,091	1,501,758

Table (1) indicates to account values used in financial ratios analysis from 2017 to 2021; the accounts are Total Current Assets, Total Current Liabilities, Cash, Short-term Investment, Net Accounts Receivable, Net Income, Gross Profit, and Total Sales.

1. Current Ratio Analysis:

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

Table (2) Current Ratio Analysis Results From (2017 - 2021) of Saudi Arabian Oil Company

Account Name	Saudi Riyal, year 2017	Saudi Riyal, year 2018	Saudi Riyal, year 2019	Saudi Riyal, year 2020	Saudi Riyal, year 2021
Total Current Assets	253,203	382,659	408,196	398,879	611,241
Total Current Liabilities	149,050	183,712	215,571	243,211	303,828
The current Ratio equals Current Assets / Current Liabilities	1.7	2.08	1.9	1.64	2.01

Table (2) indicates the business's current assets were more than its current liabilities by 198,947 in 2018; the company had the highest current ratio of 2.08 times, which indicates that it can meet its current financial obligations and pay its current liabilities with current assets. Additionally, the current obligations of the company are less than its current assets, which is a positive sign that it can easily meet its current liabilities with its current assets. Due to its maximum current assets and liabilities in 2021 and an excess of 307,413 after deducting current liabilities from current assets, the company had a favorable current ratio. On the other hand, the corporation had sufficient liquid assets in 2018 and 2021 to meet the current obligation twice, with the current ratio. 2021 is lower than 2018 by 0.07. In contrast, the corporation can meet its current obligations less than twice and more than once in the years 2017, 2019, and 2020. Finally, a current ratio greater than one indicates sufficient liquid assets for the company to cover its current liabilities without experiencing financial troubles.

2. Acid-Test Ratio:

$$\text{Acid-Test Ratio} = \frac{\text{Cash + Short-term investment + Account Receivable (Net)}}{\text{Current Liabilities}}$$

Table (3) Acid-Test Ratio Analysis Results From (2017 - 2021) of Saudi Arabian Oil Company

Account Name	Saudi Riyal, year 2017	Saudi Riyal, year 2018	Saudi Riyal, year 2019	Saudi Riyal, year 2020	Saudi Riyal, year 2021
Cash	81,242	183,152	408,196	398,879	299,579
Short-term Investment	6,184	194	45,467	6,801	27,073
Net Accounts Receivable	86,892	93,818	93,526	85,183	140,373
Total Current Liabilities	149,050	183,712	215,571	243,211	303,828
Acid-Test Ratio equals Cash+ Short-term Investment + Net Accounts Receivable / Current liabilities	1.16	1.50	2.53	2.01	1.53

Table (3) indicates that cash and short-term investments were the company's most liquid assets in 2019, and it also had the greatest acid-test ratio compared to the four years. The company's acid-test ratio exceeded 2 times in 2020, which indicates that it can pay its debts by using its most liquid resources, so the company's two greatest years for using liquid assets to pay for current liabilities were 2019 and 2020. As compared to the four years. 2017 had the lowest Acid-Test ratio.

When cash increases, the company can pay its obligations without waiting to convert other current assets to cash. Cash is the most liquid asset for the company to fulfill its current obligations.

3. Net Working Captial Ratio:

Current Assets less Current Liabilities equals Net Working Capital.

Table (4) Net Working Captial Ratio Analysis Results From (2017 - 2021) of Saudi Arabian Oil Company

Account Name	Saudi Riyal, year 2017	Saudi Riyal, year 2018	Saudi Riyal, year 2019	Saudi Riyal, year 2020	Saudi Riyal, year 2021
Total Current Assets	253,203	382,659	408,196	398,879	611,241
Total Current Liabilities	149,050	183,712	215,571	243,211	303,828
Net Working Capital equals Current Assets less Current Liabilities.	104,153	198,947	192,625	155,668	307,413

Table (4) indicates that the year 2021 had the highest net working capital by 307,413, and current assets exceeded twice current liabilities; as a result, The company has additional current assets that were sufficient to cover its current liabilities. Since current assets also exceeded more than twice the current liabilities in 2018 by 198,947, the company's net working capital was higher than it was in 2020, 2019, and 2017 which can cover current obligations only once. Net working capital is the surplus that remains after deducting all current liabilities from current assets.

4. Gross Profit Ratio:

$$\text{Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Net Sales}}$$

Table (5) Gross Profit Ratio Analysis Results From (2017 - 2021) of Saudi Arabian Oil Company

Account Name	Saudi Riyal, year 2017	Saudi Riyal, year 2018	Saudi Riyal, year 2019	Saudi Riyal, year 2020	Saudi Riyal, year 2021
Gross Profit	657,428	936,998	698,385	512,643	918,058
Net Sales	990,659	1,334,778	1,236,785	862,091	1,501,758
Gross Profit Ratio = Gross Profit / Net Sales	66.36%	70.20%	56.47%	59.46%	61.13%

Table (5) indicates that the year with the highest gross profit ratio was 2018, 70.20%, and the lowest gross profit ratio was 2019, 56.47%. Notably, every year had gross profits sufficient to pay for selling and administrative expenses, financing costs, income tax, and creating net income. The gross profit ratio shows how much of each Saudi Riyal of revenue the business keeps as gross profit.

5. Net Profit Ratio:

$$\text{Net Profit Ratio} = \frac{\text{Net Income}}{\text{Net Sales}}$$

Table (6) Net Profit Ratio Analysis Results From (2017 - 2021) of Saudi Arabian Oil Company

Account Name	Saudi Riyal, year 2017	Saudi Riyal, year 2018	Saudi Riyal, year 2019	Saudi Riyal, year 2020	Saudi Riyal, year 2021
Net Income	284,619	416,518	330,693	183,763	412,396
Net Sales	990,659	1,334,778	1,236,785	862,091	1,501,758
Net Profit Ratio = Net Income / Net Sales	28.73%	31.21%	26.74%	21.32%	27.46%

Table (6) indicates the Net Profit Ratio for 2018 was 31.21%, the highest ratio of all the years, meaning that for every Saudi Riyal in net sales, there was a profit of 31.21%. (31.21 Halala) and a profit of 28.73% was made in 2017 for each Saudi Riyal of net sales (28.73 Halala); the difference between the net profit ratios for 2017 and 2018 is 2.48%, indicating that the business generated a profit of 2.48 more Halala for each Riyal of in net sales in 2018 than it did in 2017. The year with the lowest Net Profit Ratio was 2020 by 21.32%, due to a decrease in net sales and net income. The net profit ratio indicates the profit made for every Saudi Riyal in net sales.

LIMITATIONS AND FUTURE RESEARCH SUGGESTIONS:

Limitations:

1. The study's conclusions depend on the integrity of primary data gleaned from the published report, and the financial statement needs to update to reflect the shifting prices level.

2. The study selected the Saudi Arabian Oil Company operating in Saudi Arabia, and the period covered by this study spans five years, from 2017 to 2021.

For future research:

It is advised that for future researchers, the number of objects is raised in order to collect more samples for study so that data will not significantly reduce when some of the data are not regularly distributed, it is strongly advised to extend the study time so that it can reflect the long-term state of the company in general, and it is advised to do an additional study using a sample of oil firms along with other industries to ensure that the findings are thorough, also it is advised to do a study of oil companies in other countries.

CONCLUSIONS AND STUDY RECOMMENDATIONS:

Study's conclusions:

The study's findings of the financial statement analysis (consolidated balance sheet and consolidated statement of income) of Saudi Arabian Oil Company from 2017 to 2021 indicate the following:

1. The company's capacity was adequate to pay its short-term obligations at maturity due to the current assets being greater than the current liabilities.
2. Cash has a much higher value than other current assets, so the company's capacity was adequate to pay its short-term obligations without selling any other current assets.
3. The business generated (from 2017 to 2021) enough gross profits to cover all costs, including (financing costs and income tax), then generated net income.
4. The company's net profit increased in 2018 due to an increase in net sales, then decreased in 2019 due to the decline in net sales and an increase in operating costs and financing costs.
5. The company's net profit significantly decreased in 2020 due to a decline in net sales and an increase in financing costs. The reduction in net sales is attributed to the coronavirus (covid-19) before the net profit increased significantly in 2021 due to the rise in net sales.

According to the findings, in the researcher's opinion, the Saudi Arabian Oil Company achieved performance efficiency.

Study's recommendations:

The researcher can determine the following amount of recommendations based on the findings:

1. Using financial ratios to conduct research on other businesses that engage in similar activities to the Saudi Arabian Oil Company.
2. Exploring how the coronavirus (covid-19) affects the performance of commercial, industrial, and service companies.
3. Teaching university students how to analyze a company's performance efficiency using financial ratios.

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