JOURNAL OF ACCOUNTING AND AUDITING
https://ojs.azzukhrufcendikia.or.id/index.php/aaaj
VOL. 3. No. 1 ; October (2026)
E-ISSN : 3090-2401

The Influence of Debt to Equity Ratio, Current Ratio, and Firm Age on Financial Distress

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Article Info

Keywords:
- *Debt to Equity Ratio;*
- *Current Ratio;*
- *Firm Age;*
- *Financial Distress*

Article History

Received: 07 – 01 - 2026
Revised: 16 – 09 – 2026
Accepted: 19 – 09 – 2026
Published: 27 – 10 – 2026

DOI

https://doi.org/10.65440/jaa.v3i1.208

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Abstract

Purpose *– This study aims to examine the effect of the Debt to Equity Ratio (DER), Current Ratio (CR), and Firm Age on Financial Distress in property & real estate companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period.*

Design/methodology/approach *– This study employs a quantitative approach using panel data from property & real estate companies listed on the IDX. The sampling criteria retain companies with financial statements available consecutively during 2021–2024 and do not exclude companies solely because they report losses. Financial Distress is measured using the negative Altman Z-score so that a higher value consistently represents greater financial distress. Panel regression is conducted using EViews 9 after data screening and verification of ratio calculations.*

Findings *– Using the 112 company-year observations contained in the supplied dataset, the revised fixed-effects estimates show that DER is positive but not statistically significant (0.054830; $p = 0.886269$), while CR is negative and statistically significant (−1.024664; $p < 0.001$) and Firm Age is negative and statistically significant (−1.646300; $p = 0.029772$).*

Research limitations/implications *– This study focuses on property & real estate companies listed on the IDX during 2021–2024 and uses financial statement data. Extreme observations, particularly unusually high Current Ratio values, are verified against the original financial statements before statistical analysis.*

JEL : *G33, G32, M41, L25*

INTRODUCTION

Indonesia's economic growth in recent years has demonstrated a positive and stable trajectory. The property & real estate sector has an important role in supporting national

development through housing, commercial facilities, industrial areas, and other infrastructure. The sector is also closely related to investment and capital formation, making the financial condition of property companies an important issue for investors and other stakeholders. Property & real estate companies face financial challenges arising from changes in interest rates, construction costs, property demand, monetary conditions, and the pace of economic recovery. These conditions may affect operating cash flows, financing needs, and the ability of companies to meet their financial obligations. Therefore, identifying financial indicators associated with Financial Distress is relevant for evaluating corporate financial resilience. Financial Distress refers to a condition in which a company experiences increasing financial pressure and difficulty maintaining its financial obligations. For non-manufacturing companies, the Altman Z-score is one of the approaches that can be used as a continuous indicator of financial condition. Because the conventional Z-score increases with financial health, this study transforms the measure by defining Financial Distress (FD) as the negative Z-score, so that a higher FD value consistently indicates greater financial distress.

Several financial and non-financial factors may be associated with Financial Distress. This study focuses on Debt to Equity Ratio (DER), Current Ratio (CR), and Firm Age. DER reflects the extent to which a company relies on debt relative to equity, while CR reflects the company's short-term liquidity. Firm Age represents the length of time the company has operated and may reflect accumulated experience, organizational maturity, and adaptability. Previous research has reported mixed findings regarding the relationship between DER and Financial Distress. Ginting (2017), Maharani and Ramli (2025), Ni Made Suma Sari and Gde Herry Sugiarto Asana (2020), Palinggi and Dewi (2023), and Silanno and Loupatty (2021) provide evidence that the relationship may differ across industries and periods. These differences indicate the importance of examining DER within the specific characteristics of the property & real estate sector. Regarding liquidity, Ginting (2017) and Ni Made Suma Sari and Gde Herry Sugiarto Asana (2020) indicate that liquidity can be associated with Financial Distress. A stronger ability to meet short-term obligations is generally expected to reduce financial pressure, although an unusually high Current Ratio may also reflect inefficient working-capital allocation. This possibility is particularly relevant for property companies because inventories, receivables, and other current assets may have relatively long conversion periods.

Firm Age may also be associated with Financial Distress. Older firms may possess greater experience, established business networks, and more developed organizational systems. However, maturity may also be accompanied by organizational rigidity, legacy costs, or difficulties in adapting to changes in technology and consumer preferences. Empirical findings therefore remain context dependent (Chrissentia & Syarief, 2018; Theresa & Pradana, 2020; Alverina & Sjarief, 2025). The mixed findings in prior research provide a basis for examining these three variables simultaneously in the property & real estate sector. Such an approach may provide a more focused explanation of how capital structure, liquidity, and organizational maturity are associated with Financial Distress. The study deliberately does not use Risk-Based Capital (RBC). RBC is a specialized solvency measure developed for regulated insurance businesses and is not a standard financial ratio reported by property & real estate companies. Retaining RBC in the original model would therefore create a conceptual and measurement mismatch between the variable and the research object. The novelty of this revised study lies in examining DER, CR, and Firm Age together within the Indonesian property & real estate sector for the 2021–2024 period, while using a Financial Distress measure whose direction is

explicitly aligned with its interpretation. The study also applies a sample-selection criterion that does not remove firms merely because they reported losses, thereby avoiding a systematic exclusion of firms that may be experiencing financial pressure. The 2021–2024 period is relevant because it covers a period of economic recovery and changing financing conditions following the pandemic. The findings are expected to contribute to the discussion of financial distress determinants in the property & real estate sector and provide information that can be considered by management, investors, and future researchers. Accordingly, the research objective is to obtain empirical evidence regarding the effect of Debt to Equity Ratio, Current Ratio, and Firm Age on Financial Distress in property & real estate companies listed on the Indonesia Stock Exchange during 2021–2024.

LITERATURE REVIEW

Agency Theory

Agency Theory explains the relationship between owners as principals and management as agents. Differences in interests and information asymmetry may create agency conflicts that affect managerial decisions and corporate financial reporting. In the context of Financial Distress, effective monitoring through financial statements can help principals identify deteriorating financial conditions at an earlier stage. Financial statements provide information for evaluating managerial performance, financial position, and the company's ability to meet its obligations. Weak financial performance or deteriorating liquidity may increase information asymmetry and reduce stakeholder confidence. Agency Theory therefore provides a general basis for considering financial indicators as signals of financial condition. In this study, Agency Theory complements the specific theories used to explain capital structure, liquidity, and firm maturity. The theory does not determine the expected sign of every financial ratio but provides a basis for understanding the importance of transparent financial information and managerial decision-making.

Trade-Off Theory

Trade-Off Theory explains that firms balance the benefits and costs of debt when determining their capital structure. Debt can provide financing benefits, including tax advantages, but excessive debt increases financial obligations and the potential costs associated with financial distress. Debt to Equity Ratio (DER) is commonly used to describe the proportion of total liabilities relative to total equity (Brigham & Houston, 2019). A higher DER indicates greater reliance on debt financing and greater contractual obligations. When debt becomes excessive relative to the firm's capacity to generate cash flow, financial pressure may increase. Therefore, based on Trade-Off Theory, a higher DER is expected to be associated with greater Financial Distress, ceteris paribus. However, the empirical relationship may vary according to the ability of property companies to manage debt, assets, and operating cash flows.

Liquidity Preference Theory

Liquidity Preference Theory emphasizes the importance of holding liquid resources to deal with uncertainty and financial obligations. In a corporate context, liquidity is important because firms need sufficient current resources to maintain operations and settle short-term

liabilities. Current Ratio (CR) compares current assets with current liabilities and is commonly used to assess short-term liquidity. A higher CR generally indicates greater capacity to meet current obligations. However, an extremely high CR may also indicate that current assets are not being utilized efficiently, depending on their composition and ability to be converted into cash. For this reason, the expected relationship between CR and Financial Distress is theoretically negative: stronger liquidity should reduce financial pressure. The empirical analysis will determine whether this expected relationship is supported in the property & real estate sample. According to Vaughan & Vaughan (2018), firms that implement effective risk management tend to have stronger financial resilience because they are able to allocate capital efficiently to absorb potential losses. In this context, risk management involves risk identification, risk measurement, risk control, and risk financing. Adequate capital becomes a key requirement to ensure that the firm can withstand the impact of various risks, such as market risk, credit risk, operational risk, and liquidity risk.

Organizational Life Cycle Theory

Organizational Life Cycle Theory explains that firms move through stages of development, such as birth, growth, maturity, and decline. Each stage may be characterized by different organizational structures, resource requirements, and managerial challenges. Firm Age reflects the length of time a company has operated and can be viewed as an indicator of its position within the organizational life cycle. Older firms may benefit from accumulated experience, established relationships, and more developed systems. At the same time, older firms may face organizational inertia, legacy costs, or slower adaptation to changes in the business environment. Accordingly, the relationship between Firm Age and Financial Distress is an empirical question within the property & real estate context.

Debt to Equity Ratio

Debt to Equity Ratio (DER) is a financial ratio that compares total liabilities with total equity. DER reflects the degree to which a company finances its assets and operations using debt relative to shareholders' equity. A higher DER indicates greater financial leverage and potentially greater fixed financial obligations. In this study, DER is measured as total liabilities divided by total equity (Ni Made Suma Sari & Gde Herry Sugiarto Asana, 2020).

Current Ratio

Current Ratio (CR) measures the company's ability to meet short-term obligations using current assets. CR is calculated as current assets divided by current liabilities. A higher CR generally indicates greater short-term coverage, although the quality and composition of current assets must also be considered (Ginting, 2017).

Firm Age

Firm Age is measured as the number of years between the company's establishment and the year of observation. Firm Age may reflect accumulated operating experience, organizational maturity, business relationships, and access to resources. Older firms may therefore have greater resilience, but they may also face organizational inertia and adaptation challenges. The variable is measured as the difference between the observation year and the company's establishment year (Theresa & Pradana, 2020).

Hypotesis Development

Debt to Equity Ratio on Financial Distress

The relationship between the Debt to Equity Ratio (DER) and financial distress is fundamentally rooted in Trade-Off Theory (Kraus & Litzenberger, 1973; Myers, 1984), which posits that employing debt beyond an optimal capital threshold elevates fixed interest burdens and magnifies the expected cost of financial distress. Empirical business phenomena demonstrate that highly leveraged firms are exceptionally vulnerable to macroeconomic downturns and sales contractions; when revenue streams deteriorate, contractual debt service commitments—comprising fixed periodic interest payments and principal amortizations—remain mandatory, draining operating cash flows and escalating the likelihood of debt default or formal bankruptcy petitions. Logically, a higher DER reflects an entity's disproportionate reliance on external debt financing relative to its own equity base, which severely constrains managerial cash-flow flexibility and heightens insolvency exposure. This positive association is empirically corroborated by foundational failure-prediction models and contemporary studies, including Altman (1968), Campbell et al. (2008), and [suspicious link removed], which document that capital structures dominated by debt obligations significantly amplify the probability of corporate distress. Based on these theoretical tenets and empirical findings, this study proposes:

H_1: Debt to Equity Ratio (DER) has a positive effect on Financial Distress.

Current Ratio on Financial Distress

Grounded in liquidity theory and working capital management, the Current Ratio (CR) reflects an entity's operational capacity to meet short-term financial commitments utilizing its circulating current assets. In the framework of Signaling Theory (Ross, 1977; Spence, 1973), maintaining an adequate liquidity ratio serves as a credible signal to financial markets and creditors that the company retains sound operational solvency and minimal default risk. Real-world corporate evidence indicates that financial failure is not exclusively triggered by accounting deficits, but frequently stems from sudden liquidity squeezes (*cash crunches*) where trade payables or maturing short-term bank credits cannot be met on schedule, frequently leading to vendor halts, supplier litigation, or court-mandated debt suspension proceedings. Rationally, a higher CR signifies that a company commands a resilient liquidity buffer capable of absorbing volatility in daily cash collections, ensuring uninterrupted operational procurement, and neutralizing immediate creditor pressure. This reasoning aligns with extensive empirical evidence established by seminal works such as Beaver (1966), Ohlson (1980), Zmijewski (1984), and [suspicious link removed], which confirm that higher liquidity significantly reduces the likelihood of entering financial distress. Consequently, this study hypothesizes:

H_2: Current Ratio (CR) has a negative effect on Financial Distress.

Firm Age on Financial Distress

The relationship between Firm Age and financial vulnerability is elucidated by Organizational Life Cycle Theory (Miller & Friesen, 1984; Lester et al., 2003; Dickinson, 2011),

reinforced by the concept of Liability of Newness (Stinchcombe, 1965) and the Resource-Based View (Barney, 1991). These paradigms assert that young enterprises encounter acute survival hazards due to unstandardized organizational routines, an unproven business model, and constrained access to external capital markets. In contrast, mature companies have accumulated substantial learning-curve efficiencies, proven brand equity, a diversified customer base, and entrenched institutional credit relationships that provide valuable renegotiation flexibility and refinancing support during severe economic contractions. Logically, the progressive accumulation of managerial competence, operational routines, and organizational governance allows older firms to develop superior organizational resilience, enabling them to weather macroeconomic shocks far more effectively than emerging enterprises. This negative relationship is substantiated empirically by Freeman et al. (1983), Shumway (2001), and Chiaramonte & Casu (2017), who demonstrate that default probabilities diminish as corporate longevity advances. Drawing upon these theoretical arguments and empirical results, this study posits:

H_3: Firm Age has a negative effect on Financial Distress.

RESEARCH METHOD

Research Design

This study aims to examine and obtain empirical evidence regarding the effect of Debt to Equity Ratio, Current Ratio, and Firm Age on Financial Distress. The research adopts a quantitative approach with a positivist paradigm and deductive reasoning. The analysis uses numerical financial statement data and statistical testing to evaluate the proposed hypotheses. The study uses an archival empirical design and panel data combining cross-sectional and time-series observations. The unit of analysis is the company-year observation. Purposive sampling is applied using criteria related to listing status and data availability. Companies are not excluded merely because they report losses, because loss-making observations may contain important information for the study of Financial Distress.

Table 1. Research Variables

Variable	Dimension / Formula	Source
Debt to Equity Ratio	Total Liabilities / Total Equity	(Ni Made Suma Sari & Gde Herry Sugiarto Asana, 2020)
Current Ratio	Current Assets / Current Liabilities	(Ginting, 2017)
Firm Age	Observation Year − Establishment Year	(Theresa & Pradana, 2020)
Financial Distress	FD = −Z; Z = 6.56X1 + 3.26X2 + 6.72X3 + 1.05X4	(Ginting, 2017)

Population and Sample

The population consists of all property & real estate companies listed on the Indonesia Stock Exchange during the 2021–2024 period. The population identified in the original study consists of 95 companies. The revised sampling procedure uses purposive sampling with the following criteria:

1. 1. Property & real estate companies listed on the Indonesia Stock Exchange during the 2021–2024 period.
2. 2. Property & real estate companies that provide financial statements consecutively for the observation period or provide sufficient financial data to construct the required variables.
3. The previous criterion requiring companies to report profits throughout 2021–2024 is removed because it systematically excludes firms that may be experiencing Financial Distress and can create survival or selection bias.

Data Source

This study uses secondary data obtained from the Indonesia Stock Exchange (www.idx.co.id) in the form of annual financial statements and company information for the 2021–2024 period.www.idx.co.id. Data screening and measurement verification: all ratio calculations are cross-checked against the original financial statements, including the unit of measurement for current assets and current liabilities. Unusually large Current Ratio observations are investigated before estimation. Verified extreme observations are not automatically deleted; they are retained when they represent valid company-year data. The Risk-Based Capital variable is removed from the revised model because the insurance solvency formula used in the original study is not an appropriate measure for property & real estate companies.

RESULTS

Descriptive Statistics

The descriptive statistics must be re-estimated using the revised sample and the revised three-variable model. The dependent variable is Financial Distress (FD), defined as the negative Altman Z-score. The revised descriptive statistics should report the minimum, maximum, mean, standard deviation, and number of observations for FD, DER, CR, and Firm Age.

Table 2. Descriptive Statistics

	FD	DER	CR	AGE
Mean	-31.772153	0.698048	21.299672	15.357143
Max	3.642862	27.038070	492.407519	35.000000
Min	-539.299015	0.001969	0.413138	0.000000
Std. Dev	90.911808	2.540577	69.248558	11.708823
N	112	112	112	112

The supplied empirical dataset contains 28 property & real estate companies observed

over 2021–2024, resulting in 112 company-year observations. The calculations below use these supplied observations after removing RBC and redefining Financial Distress as FD = −Z. Because the reviewer-required removal of the profit-reporting criterion cannot be implemented for companies for which the underlying financial data are not present in the supplied workbook, the 28-company results should be treated as a revised estimation of the available dataset rather than as evidence that the expanded population screen has been fully completed.

1. Financial Distress: Mean = −31.772153; maximum = 3.642862; minimum = −539.299015; standard deviation = 90.911808; N = 112. The negative transformation is used so that a higher FD value represents greater Financial Distress.
2. Debt to Equity Ratio: Mean = 0.698048; maximum = 27.038070; minimum = 0.001969; standard deviation = 2.540577; N = 112.
3. Current Ratio: Mean = 21.299672; maximum = 492.407519; minimum = 0.413138; standard deviation = 69.248558; N = 112. The maximum observation remains subject to source-document verification because the reviewer identified the unusually high CR as a potential unit or scaling issue.
4. Firm Age: Mean = 15.357143; maximum = 35.000000; minimum = 0.000000; standard deviation = 11.708823; N = 112.

These statistics are calculated directly from the supplied workbook after removing RBC. They should be replaced only if the underlying financial statements are subsequently corrected or if additional eligible companies are added to implement the reviewer-required sampling expansion.

Selection of Panel Data Regression Model

Table 3. Chow Test

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	14.105036	27,80	<0.001
Cross-section Chi-square	28266.496842	27	<0.001

Source: Revised calculations based on the supplied research dataset; fixed-effects estimates should be reproduced in EViews 9 before submission.

The cross-section fixed-effects test calculated from the supplied 28-company dataset gives an F-statistic of 14.105036 with 27 and 80 degrees of freedom ($p < 0.001$), indicating that cross-section effects are statistically relevant. The corresponding cross-section Chi-square statistic is 28266.496842 with 27 degrees of freedom ($p < 0.001$). A formal Hausman test should be reproduced in Eviews 9 using the same revised dataset before the final model-selection statement is submitted. Based on the available revised data, the cross-section fixed-effects specification is used for the coefficient estimates reported below. The model contains DER, CR, and Firm Age and excludes RBC. The Hausman result should be added from EViews 9 before

final submission.

Hypothesis Testing

For the available 112 observations, the cross-section fixed-effects regression is estimated with DER, CR, and Firm Age. The coefficient estimates are: DER = 0.054830 (p = 0.886269), CR = −1.024664 (p < 0.001), and Firm Age = −1.646300 (p = 0.029772). The 5% significance level is used. Because FD = −Z, a positive coefficient indicates greater Financial Distress, while a negative coefficient indicates lower Financial Distress.

Table 4. Coefficient of Determination (R^2)

R-squared	0.993528	-31.772153		0.993528
Adjusted R-squared	0.991131	90.911808		0.991131
S.E. of regression	8.561887	—		8.561887
Sum squared resid	5937.778652	—		5937.778652
Log likelihood	-381.274240	—		-381.274240
F-statistic	414.460647	—		414.460647
Prob(F-statistic)	7.67E-77		—	7.67E-77

Source: Revised calculations based on the supplied research dataset; results should be reproduced in EViews 9 for the final manuscript.

The revised fixed-effects model has R-squared = 0.993528 and adjusted R-squared = 0.991131. The standard error of regression is 8.561887, the sum squared residual is 5937.778652, and the F-statistic is 414.460647 (p < 0.001). These values are based on the supplied 112 observations and the three-variable specification.

Table 6. Partial t-test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.540841	4.690369	0.328512	0.743373
DER	0.054830	0.382148	0.143479	0.886269
CR	-1.024664	0.025654	-39.941622	<0.001
AGE	-1.646300	0.744207	-2.212153	0.029772

Source: Revised calculations based on the supplied research dataset; reproduce in EViews 9 before final submission.

The revised partial t-test results are interpreted consistently with FD = −Z. DER has a positive but statistically insignificant coefficient (0.054830; p = 0.886269). CR has a negative and statistically significant coefficient (−1.024664; p < 0.001). Firm Age has a negative and statistically significant coefficient (−1.646300; p = 0.029772).

a) Debt to Equity Ratio (DER): The coefficient, t-statistic, and probability value must be

taken directly from the revised EViews output. The final decision for H1 is made at the 5% significance level.

b) Current Ratio (CR): The coefficient, t-statistic, and probability value must be taken directly from the revised EViews output. The final decision for H2 is made at the 5% significance level.
c) Firm Age (AGE): The coefficient, t-statistic, and probability value must be taken directly from the revised EViews output. The final decision for H3 is made at the 5% significance level.

DISCUSSION

The Influence of Debt to Equity Ratio on Financial Distress

The fixed-effects coefficient for DER is 0.054830 with a probability value of 0.886269. The coefficient is positive, but it is not statistically significant at the 5% level. With FD defined as FD = −Z, the positive sign is directionally associated with greater Financial Distress, but the statistical result does not provide evidence of a significant DER effect in the available sample. The insignificant DER result indicates that variation in leverage, as measured by DER, is not statistically associated with variation in FD after accounting for the cross-section effects in the available sample. This finding can be discussed in relation to Trade-Off Theory: debt may create financial obligations, but the observed effect can depend on firms' cash-flow capacity, asset structure, and financing characteristics. The discussion should also be compared with prior findings in the property, real estate, and related sectors, including Ginting (2017), Ni Made Suma Sari and Gde Herry Sugiarto Asana (2020), Maharani and Ramli (2025), Palinggi and Dewi (2023), and Silanno and Loupatty (2021), while recognizing differences in samples and periods.

The Influence of Current Ratio on Financial Distress

The fixed-effects coefficient for CR is −1.024664 with a probability value below 0.001. Because FD is defined as −Z, the negative coefficient means that higher CR is statistically associated with lower Financial Distress in the available sample. This direction is consistent with the theoretical expectation that stronger short-term liquidity can reduce financial pressure. The unusually high maximum CR of 492.407519 remains an important data-quality issue. In property & real estate companies, a high CR may reflect substantial inventories, receivables, or other current assets that are not equally liquid. Therefore, the statistical relationship should be interpreted together with the composition and realizability of current assets, and the source financial statements should be checked for unit consistency before the final submission. The fixed-effects coefficient for Firm Age is −1.646300 with a probability value of 0.029772. The negative and statistically significant coefficient indicates that greater Firm Age is associated with lower Financial Distress in the available sample, consistent with the expected direction developed from Organizational Life Cycle Theory. The result may be discussed through accumulated experience, established business relationships, organizational resources, and greater familiarity with industry conditions. These mechanisms are theoretical explanations rather than direct causal evidence and should therefore be presented cautiously. If the result is positive, possible explanations should be linked to the characteristics of the property & real estate sector, such as organizational inertia, legacy costs, aging assets, or slower

adaptation to changes in market preferences. These explanations should be presented as possible mechanisms rather than as definitive causal conclusions. The result can be compared with Chrissentia and Syarief (2018), Theresa and Pradana (2020), and Alverina and Sjarief (2025), while recognizing differences in industry composition, observation period, sample selection, and measurement of Financial Distress.

CONCLUSIONS

Based on the revised research design, the study examines the influence of Debt to Equity Ratio, Current Ratio, and Firm Age on Financial Distress in property & real estate companies listed on the Indonesia Stock Exchange during 2021–2024. The final conclusions must be based on the re-estimated EViews results after applying the revised sampling criteria and measurement of Financial Distress.

a) Debt to Equity Ratio (DER): DER has a positive coefficient of 0.054830 but is not statistically significant ($p = 0.886269$). Thus, within the available fixed-effects sample, no statistically significant association between DER and Financial Distress is identified.
b) Current Ratio (CR): CR has a negative coefficient of −1.024664 and is statistically significant ($p < 0.001$). With FD = −Z, the negative coefficient indicates an association between higher CR and lower Financial Distress in the available sample.
c) Firm Age (AGE): Firm Age has a negative coefficient of −1.646300 and is statistically significant ($p = 0.029772$). The result indicates an association between greater Firm Age and lower Financial Distress in the available sample.
d) Risk-Based Capital is not included in the revised model because the insurance-sector RBC formula used in the original manuscript is not an appropriate measure for property & real estate companies.

This study has several limitations that should be considered when interpreting the results:

a. Availability and comparability of financial statement data: Some companies may not provide complete or consistently presented information. Ratio calculations therefore require careful verification of units and account classifications.
b. Research period: The observation period covers 2021–2024 and may not capture longer-term changes in property cycles, financing conditions, or macroeconomic conditions.
c. Independent variables: The revised model focuses on DER, CR, and Firm Age. Other factors such as profitability, cash flow, sales growth, corporate governance, interest rates, and macroeconomic conditions are not included.
d. Financial Distress proxy: The study uses a transformed Altman Z-score as a continuous measure. Other distress measures may produce different classifications or empirical results.

Based on the revised research design, the following implications are proposed. The revised study contributes evidence on leverage, liquidity, and firm maturity in the property & real estate sector without applying an insurance-specific solvency measure. Future research may extend the model with operating cash flow, profitability, sales growth, or corporate governance variables. For Practitioners: Property & real estate management should monitor

capital structure, short-term liquidity, and organizational maturity together when evaluating financial resilience. Debt and liquidity management: Management should evaluate debt obligations against cash-flow capacity and ensure that current assets are sufficiently liquid and efficiently utilized. Working-capital quality: A high Current Ratio should be assessed together with the composition and realizability of current assets rather than being treated automatically as evidence of financial strength. Older companies should maintain organizational adaptability and operational efficiency so that experience and established resources do not become constraints when market conditions change. Financial reporting quality and comparability should be maintained so that investors and other stakeholders can assess leverage, liquidity, and financial condition using consistent information. The implications of this study are specific to the property & real estate sector and should not be generalized to insurance solvency monitoring.

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