REGMPE

Revista de Empreendedorismo e Gestão de
Micro e Pequenas Empresas

The Importance of Cash Flow Statement for Micro and Small Enterprises in the Decision Making Process

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abstract

The objective of this article is to present the importance of using the Cash Flow Statement in the decision-making process in Micro Enterprises and aims to increase the view of Micro and Small Entrepreneurs, in which the quality of management contributes with optimal results or capable of improvement for future decisions. With growth and changes in the market, there is an increase in competitiveness among companies, thus requiring efficiency from the Micro and Small Entrepreneur in the tool they will use to improve operational performance and achieve success on the decisions made. The survival capacity of the Micro and Small Company is linked to the management model used, in which the Entrepreneur finds himself in the difficult mission of organizing the entire process that involves the development of the company and, planning and budgeting are absent before any decision is made. The use of planning streamlines decisions that contribute to the improvement of communication and relationships of those involved in the operations carried out in the development of the company, and to budget the company's inputs and outputs implies in the planning resourcefulness so that there are no flaws in decision making, making the control of Cash Flow, a great ally of Micro and Small Entrepreneurs.

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Souza, RM, Alves, AT, Santos, LBA, Jesus, SRP, Lay, EGE; The Importance of Cash Flow Statement for Micro and Small Enterprises in the Decision Making Process.Magazine of Entrepreneurship and Management of Micro and Small Enterprises V.4, Nº3, p.1-17, Sep / Dez. 2019. Article received on 10/10/2019. Last version received on 12/11/2019. Approved on 05/12/2019.

Keywords: *Cash flow. Decision making. Planning.*

1. INTRODUCTION

Most small businesses, when starting their activities, fail mainly in the first or second year. This is mainly due to cash flow problems. From the perspective of the small business, cash flow is the most important financial measure, as it determines the value of small businesses, as well as determining their survival. This is vital in the current financial turmoil. Most small business owners do not have the local priority and importance of cash management. This is the main cause of the failure of most small businesses in the early years of operation.

Thus, in order to have an effective cash flow management, it is necessary to have an accounting system that controls cash flow and provides information on how much credit is needed in relation to the costs, expenses and revenues of the business. to control costs and ways to improve revenues and the period of resource collection. If any new business does not have enough capital for its own financial information system, it can use external help to better manage its cash flow.

Thus, entrepreneurs must have clear, quantified objectives, as well as a business and marketing plan; review them continuously so that they can reduce their expense in the cost structure and business operations and using their strength in relation to competitors to maintain market share and profitability. In addition, they must consider virtual commerce (e-commerce) as a tool of international visibility and potential for earnings and income.

In view of this, with the globalization of markets it can provide “niche market” sectors that can be profitable for small businesses, which can obtain loans from specialized financial institutions, at a competitive interest rate.

In this context, it appears that financial management is essential for small companies in the first two years of operation. If they do not produce adequate cash flows to cover costs, they will not be able to survive and grow in the future. Thus, it is necessary for the small company to adopt strategies to control cash flow and make decisions to assist its economic growth, increasing the chances of survival in the market. Thus, the following research question is identified: “How can an efficient and effective DFC help in the management of Micro Companies and how can the use of DFC in Micro and Small Companies contribute to the decision-making process? In the development of the research, we seek to answer the questions and encourage Micro and Small Entrepreneurs to use DFC as another tool for their management.

Therefore, in order to answer the problem raised, the research has the general objective of studying the importance of demonstrating cash flow in small companies influencing decision making. Research actions involve the execution of the following specific objectives to achieve the main objective: (i) Analyze the historical evolution of accounting; and (ii) Demonstrate the main cash flow requirements of a small business.

In short, the relevance of the work consists in showing that the DFC is a tool that demonstrates information about the movements that occurred during a certain period and contributes to business management, which can help to improve the prospects in the market, since the growing administrative process states the complexity of business management, in which it is necessary to know which tool to use to improve operational performance in relation to the market that is always changing. The analysis of this demonstration helps the Micro and Small Entrepreneur to evaluate the capacity that Micro and Small Business has to generate satisfactory results for all users involved in the execution of the activity and contributes to the decision-making process.

2. THEORETICAL FRAMEWORK

2.1 History and Evolution of Accounting

Accounting is an excellent instrument for identifying, recording, accumulating, analyzing, interpreting and reporting business operations to partners, shareholders and investors in general, in addition to managers.

According to Kroetz (2001, p. 24) accounting is a social science, it is vital to understand it as an open system, it is important to verify the characterization and evolution of the General Systems theory.

So, the goal of Accounting can be established as providing structured information of an economic, financial and, in the alternative, physical, productivity and social nature, to users internal and external to the entity that is the object of Accounting (Marion, 2003, p. 53).

Thus, accounting is a huge source of registration, interpretation and information of business and governmental data, it must also start to be concerned with the return to be addressed to the whole society. Accounting is the lifeblood of the company, where all acts and facts are recorded. If the administrator's actions are correct: adequate documentation, business transactions within the company's object, the reflection is immediate: Accounting is transparent.

In this way, Accounting has the assets of companies as its object of study and its objective is to reveal how it is and what factors have caused changes in it, thus providing useful information for decision making. In the United States, for example, accounting information is produced mainly for small and medium investors, while in Brazil it is mainly used for tax authorities, with little transparency in the financial statements.

Consequently, the duty to demonstrate the equity situation and the result of the exercise in a clear and precise manner, and strictly in accordance with the basic concepts, principles and standards is the responsibility of accounting. The result obtained must be economically accurate. The basic purpose of financial statements is to provide useful information for making economic decisions.

According to Íudicibus (2000), accounting achieves its objectives through information to users of Financial Statements. Such information has its own characteristics, which define it and make it useful the real purposes of informing. Therefore, such characteristics must be similar to those of the Principles and accounting standards and, therefore, components that make the information useful when making the choice regarding the disclosure of an accounting fact.

Anyway, the main objective of accounting is its user, internal and external, whether they are shareholders, partners, owners, creditors, financiers, investors, suppliers, governments, employees or society. Also, little importance will have an accounting information if the utility for which it is destined is null. Accounting information is an instrument for decision making, therefore, it must meet all the purposes for which it is intended.

2.2 Micro and Small Enterprises

When discussing micro, small and medium-sized enterprises, it is necessary to have a common understanding of the terminology. Sorting companies into micro, small or medium businesses can be based on a sales company or the number of employees working for the company. The definition may vary between countries or institutions along with differences in economic terms or level of wealth in countries.

Therefore, there are several parameters in the literature and relevant publications to define and classify the companies that are considered micro and small companies, for study purposes and for framing in order to enjoy the benefits of the law. Despite the fact that Micro and Small Enterprises have a lot of potential for building egrowth economic stability, developing MSMEs is a difficult issue. growth, the development of Micro and Small Enterprises is a difficult issue. Myriad problems need to be

As a consequence The most common problems for MSMEs are lack of access to markets The most common problems for MSMEs are lack of management, hardly a company that does not focus on results and does not communicate to each employee what should be done in a structured way will be successful . Also, not having legal and business planning; having no cash flow, starting a business without having a financial reserve is very risky. The point is that you have at least three gross invoices for cash flow. This will help if defaults occur, drop in sales, layoffs, legal problems and other eventualities, among other problems.

Thus, Access to capital is not the only constraint for MSMEs to grow, but access to capital is not the only constraint for the growth of Micro and Small Enterprises, but it is considered an important problem in developing MSMEs. considered an item relevant to its development. There is a common misunderstanding that banks are reluctant to lend money to MSME as the banmal-understood in relation to banks, which are reluctant to lend money to Micro and Small Businesses, as they believe never believe that lending to MSMEs are commercially viable for that loans are not commercially viable for them.

For didactic purposes, the classification referring to the structure of the micro and small business organization is found in the first place, in which the owner centralizes almost all activities, exercising several functions at the same time.

According to Palermo (2001), a second classification is one in which the parameter used is the company's monetary or economic volume. This classification is used by federal and state laws for taxation purposes, considering the billing limits and their classification as micro and small companies.

It is also worth mentioning a third parameter used by the Brazilian Institute of Geography and Statistics (IBGE) and by the Brazilian Micro and Small Business Support Service (SEBRAE), which is the number of people working in these companies. Thus, a micro enterprise is considered to be one that employs up to nine people in the field of commerce and services and up to nineteen people in the industry. The small company employs ten to forty-nine people in commerce and services and twenty to ninety-nine people in industry.

In conclusion, the obstacles or difficulties encountered by micro and small companies are a function of the pattern of behavior of entrepreneurs in relation to competitiveness, which, in turn, results from the education they had and the environment in which they live (ARRUDA, 2002).

2.3 Cash Flow Statement for Small Businesses

According to Pivetta (2005), in the small company, due to the simplicity of its structure, which often does not require areas, departments and sections, the main contribution of cash flow is exactly in understanding the effects of decisions made, regarding company availability. The entrepreneur, when granting payment terms or discounts to customers, may generate the need to raise funds to pay obligations and, consequently, incur financial expenses.

Thus, the cost of the operation must be considered, when calculating, for example, the prices practiced for installment sales. The contribution of cash flow is, therefore, fundamental in understanding the operation of the company itself and the implications of the decisions taken.

Also income, including earnings and cash flow, although related, are two distinctly different concepts. Profits and Profits and earnings are created by accounting conventions and include non-cash items such as depreciation. Earnings are created by accounting conventions and include articles such as such as depreciation. Cash flow, on the other hand, is an analysis of the timing of cash receipts and cash disbursements over a specific time period. On the other hand, it is an analysis of the cash receipts and disbursements calendar over a specific period of time.

Thus, the profitability indices measure the gain that the company is having in relation to its realized revenue. MATARAZZO (1998) explains that profitability can be measured in three stages: Gross Profitability, Operating Profitability and Net Profit or Gross Margin, Operating Margin and Net Margin. The margin represents “surplus” or excess revenue over costs and can be obtained by dividing the result of its three stages of results by the company's net sales. Many financial analysts define operating cash flow as net income exclusive of depreciation.

In addition, prepaid items such as insurance, supplies, maintenance contracts, etc., are cash payments which are typically made in advance. Insurance, supplies, maintenance contracts, etc., are cash payments, which are normally made with advance. (IUDICIBUS,

2000) While they. Cash generates profit from the moment when there is a surplus of cash available for investment, the interest earned is received. On the other hand, the scarcity of cash directly influences the accounting result, due to the payment of interest on the contracting of third party resources (FREZATTI, 1997).

Likewise, Net working capital is the difference between a business' current assets and its current liabilities. Net working capital is the difference between a current business and its assets and liabilities. Working capital Working capital policy, then, refers to decisions related to types and amounts of current assets and the means of financing them. It refers to decisions regarding the types and quantities of current resources and the means of financing. involves: These decisions necessarily involve: • the management of cash and inventories cash and inventory management and • credit policy and collection of accounts receivables credit policy and collection of accounts receivable; • short-term borrowing and other financing opportunities such as trade credit short-term loans and financing opportunities, such as commercial credit, • inventory financing; and • receivables financing.

Therefore, working with capital management is related to day-to-day operations, rather than long-term business. For example, plans to introduce new products to the market and plans to obtain the resources and equipment necessary to produce them are strategic in nature, as are the long-term financing needs of the firm. strategic in nature, as well as long-term financing. Onthe other hand, working capital management policies target short-term concerns such as the: On the other hand, working capital management policies are subject to short-term concerns, such as: • availability of raw material and inventories raw materials and stocks • continuous operation of the production line continuous operation of the production line; • granting credit to customers and collecting past-due accounts • granting credit to customers and collecting due to past accounts • taking advantage of credit purchases and the discounts for early payments taking advantage of credit purchases and discounts for early payments; and • the management of the cash account to manage the cash account.

For Assaf Neto (2002) the importance and the volume of working capital for a company are mainly determined by factors such as: the volume of sales, identified by the volume of inventories, accounts receivable and cash generation; business seasonality, determining the need for financial resources to finance the company's operation over the period; economic context, market variations and economic recession; technology, including costs and production time; and business policy, focused on changes in sales, credit, production, among others.

Since the average company has about 40 percent of its capital employed in current assets, decisions regarding working capital greatly impact business success.capital is very successful in impact businesses. minimize their This is especially true for small businesses that often minimize their investment in fixed assets by leasing rather than buying, but which cannot avoid investing in inventories, cash and investments in fixed assets by leasing rather than buying, but which do not can avoid investing in inventories, credits and receivables.

As a result, small businesses tend to have a limited number of financing opportunities and less access to capital markets. Capital markets, This requires them to rely heavily on short-term credit such as accounts payable, bank loans and demanding that they rely heavily short-term credit, such as accounts payable, bank loans and credit secured by inventories and / or accounts receivable. credit guaranteed by inventories and / or accounts receivable. The use of any of these financing sources influences The use of any of these financing sources influences working capital by increasing current liabilities. working capital, increasing current liabilities.

Finally, there is a direct relationship between sales growth and current asset levels. For example, higher salesBigger sales can only be achieved with increases in production.Higher production, however, requires greater investment in Higher production, however, requires greater investment in inventories. Additionally, if a firm buys on credit, its accounts payable increase and when it sells on credit, its In addition, if a company buys on credit, its accounts payable increase, and when it sells on credit, its accounts receivable increase . accounts receivable decrease.Therefore, higher sales require a larger investment in current assets which, in turn, Therefore, higher sales require a greater investment in current assets, which, in turn, requires greater financing. requires more funding. Profits result from selling the product or the service.If the company's goal is greaterprofits, the importance of effective working capital management becomes obvious. profit, the importance of effective working capital management becomes evident.

3. METHODOLOGY

3.1 Nature of Research

According to Nascimento (2008) the study is dynamic, flexible, reasoning is dialectical, the view of reality is the whole, this is subjective and multiple, it is analyzed from the perspective of the subjects. The researcher interacts with the researched subjects. The definitions evolve from the studies carried out.

The methodological assumption is inductive, simultaneous, the categories are indicated during the research process, theories are used to understand the reality, it is not disturbed by the lack of rules to conduct the research and the context is important. The fundamental elements for data collection are observations, questionnaires, interviews and the elements for data analysis are word interpretations, analyzes concomitant with collection.

3.2 Forms of Research

According to Lakatos and Marconi (2001, p. 190), observation is a data collection technique to obtain information and uses the senses to obtain certain aspects of reality. It is not just about seeing and hearing, but also about examining facts or phenomena that you want to study ".

Bibliographic research covers reading, analysis and interpretation of books, periodicals, mimeographed or xerocopied documents, maps, photos, manuscripts, etc. All collected material must be subjected to a screening, from which it is possible to establish a reading plan. It is an attentive and systematic reading that is accompanied by notes and records that, eventually, may serve as the theoretical foundation of the study.

Therefore, it must be a routine both in the professional lives of teachers and researchers, as well as in students. This is because bibliographic research aims to discover the different scientific contributions available on a given topic. It supports all phases of the research, as it helps in defining the problem, in determining the objectives, in building hypotheses, in justifying the justification for choosing the topic and in preparing the final report.

It is found in Lakatos and Marconi (2001), Nascimento (2008) among others, important guidelines for success, in bibliographic research, with regard to reading, analysis and interpretation of texts.

3.3 Type of Research

According to Beuren (2006), qualitative research is the broadest with regard to the complex approach to the problem to be researched, as it is a set of techniques that analyzes the correlation between certain variables, makes the understanding and classification of dynamic processes that are experienced in the social group to be researched.

It was a qualitative research, because through the consultation made to technical books and other published research, interpretations were made about the role of accounting in small companies.

According to Beuren (2006, p. 86) that “bibliographic research is the one that explains a problem based on theoretical references published in documents”.

The research was carried out by means of bibliographical survey in technical books, articles published by other scholars and consultation on the internet.

3.4 Data Collection

According to Severino (2003, p. 99) "observation is a data collection technique to obtain information and uses the senses to obtain certain aspects of reality". It is not just about seeing and hearing, but also about examining facts or phenomena that you want to study.

For Nascimento (2008, p. 37) “the main form of data collection is reading (books, magazines, newspapers, websites, CDs, etc.), which is certainly used for all types of research. This technique is also called bibliographic research ”.

As for the research instruments, bibliographic research was used where the data were at first obtained through them, and also documentary research because the study requires data from documents related to other companies.

Marconi; Lakatos (2007, p. 34), “once the data are manipulated and the results are obtained, the next step is the analysis and interpretation of these, both constituting the central core of the research”.

The technique used in the research will be bibliographic and documentary analysis, because it will try to demonstrate through bibliographic and documentary survey the relations existing between the way the accounting activities are carried out and what implications this can cause in small companies. contribution that accounting can offer society.

4. RESULT AND DISCUSSION

The most used format for the statement of resource flows is divided into three sections: cash flows from operating activities, cash flows from investment activities and cash flows from financing activities.

According to Iudícibus (2000), Cash flows from operating activities are related to your main line of business and include the following: cash flows from operating activities are related to your main line of business and include the following: Cash receipts from sales or for tRecibimentos sales or service provision; Payroll and other payments to employee Payroll and other payments to employee; Payments to suppliers and contract Payments to suppliers and contractors; Rent paymentRent payments; Payments for utilitiesPayments for utilities; and Tax payment.

Investment activities include capital expenditures - expenses that are not charged as an expense, but are capitalized as assets on the balance sheet. Investing in activities also includes investments (except cash equivalents, as indicated below) that are not part of your normal line of business. These cash flows may include, according to ZDANOWICZ (2002): Purchases of property, plant and equipment purchases of goods, facilities and equipment; Proceeds from the sale of property, plant and equipmentProduct from the sale of goods, facilities and equipment; Purchases of stock or other securities (other than cash equivalents Purchases of shares or other securities (except cash equivalents); and Proceeds from the sale or redemption of investmentProduct of the sale or redemption of investments.

Also, the financing of activities includes cash flows related to the company's debt or financing equity: Proceeds from loans, notes, and other debt instrumen Revenue from loans, notes and other debt instruments; Installment payments on loans or other repayment of debPayment installments on loans or other types of debt payments; Cash received from the issuance of stock or equity in the busineThe amount received from the issue of shares or in the capital of the company; and Dividend payments, purchases of treasury stock, or returns of capital Dividend payments, purchase of treasury shares, or capital returns.

According to Matarazzo (1998), Cash for purposes of the cash flow statement normally includes cash and cash equivalents. Cash equivalents are short-term, temporary investments that can be readily converted into cash, such as marketable securities, short-term certificates of deposit, treasury bills, and commercial paper. The cash flow statement shows the opening balance in cash and cash equivalents for the reporting period, the net cash provided by or used in each one of the categories (operating, investing, and financing activities), the net increase or decrease in cash and cash equivalents for the period, and the ending balance. cash for the purposes of the cash flow statement normally includes cash and cash equivalents. Cash equivalents are short-term, temporary investments that can be easily converted into cash,

Thus, the cash flow statement shows the opening balance of cash and cash equivalents for the reference period, the net cash generated or used in each of the categories, the net increase or decrease in cash and cash equivalents in the period, and the final balance.

Accordingly, there are two methods for preparing the cash flow statement - direct method and indirect method. Both methods produce the same result, but different procedures are used to arrive at the cash flow.

By the direct method, you are basically analyzing cash and bank accounts to identify cash flows during the period. You can use a general report or a detailed book showing all entries for cash and bank accounts, or you can use revised receipts and payments. Then, the offsetting entry is determined for each cash inflow, in order to determine where each cash flow should be reported in the cash flow statement (PADOVEZE, 2000).

Another way of determining cash flows using the direct method is to prepare a spreadsheet for each main line item, and eliminate accrual accounting effects, in order to arrive at the net cash effect for the special line item for the period. Some examples for the activities of the operational section include: Cash receipts from cost-me

• Receipts from customers:
Net revenue per income statement. Plus beginning balance in accounts receivable
• Cash payments for inventory:
The inventory.
Less initial stock. Plus beginning balance in accounts payable to vendor
• Money paid to employees: Salaries and wages per the income stateme
Wages and salaries, per income statement.
Plus in the initial balance of wages and salaries payable. Minus ending balance in salaries and wages payabl
• Money paid for operating expenses: Operating expenses per the income stateme
Operating expenses in the income statement by Minus depreciation cost amortization less expenses.Plus increase or minus decrease in prepaid expens
• Taxes paid: Tax expense per the income stateme
Tax expense per income statement. Plus beginning balance in taxes payab
• Interest paid: Interest expense per the income statement
Interest on income statement.

By the direct method, for this example, we would then have the following report on cash flows from operating activities in the cash flow statement section: Cash receipts from customers

Receipts from customers
Cash payments for inventory
Cash paid to employees
Money paid for operating expenses
Taxes paid
Interest paid
Same as net cash generated by (used in) operating activities.

According to Matarazzo (1998), Similar types of calculations can be made of the balance sheet accounts to eliminate the effects of accrual accounting and determine the cash flows to be reported in the investing activities and financing activities sections of the cash flow statement. similar types of calculations can be made from the balance sheet accounts and eliminate the effects of accrual accounting and determine the cash flows to be reported in the investment and activity financing activities of sections of the cash flow statement.

In view of this, In preparing the cash flows from operating activities section under the indirect method, you start with net income per the income statement, reverse out entries to income and expense accounts that do not involve a cash movement, and show the change in net working capital. Entries that affect net income but do not represent cash flows could include income you have earned but not yet received, amortization of prepaid expenses, accrued expenses, and depreciation or amortization. Under this method you are basically analyzing your income and expense accounts, and working capital. The following is an example of how the indirect method would be presented on the cash flow statement in the preparation of operating cash flows in the activities section under the indirect method, it begins with net income per income statement, reverses income and expense account entries that do not involve the circulation of money, and shows the change in net working capital. Among those that affect net income, but do not represent cash flow, may include income earned, but have not yet received amortization of prepaid expenses, plus expenses and depreciation or amortization.

According to this method you are basically analyzing the income and expense accounts and working capital. The following is an example of how the indirect method would be presented in the statement of cash flows, according to Iudicibus (2000): Net income per the income st

Net income from the income statement.
Minus on entries for income accounts that do not represent cash flows.
Plus on entries for expense accounts that do not represent cash flows.
FlEquals cash flows before movements in working cash capiuxes are the same as before working capital movements.

Thus, an increase in current assets (excluding cash and cash equivalents) would be shown as a negative figure, because money was spent or converted into other current assets, reducing the cash balance. A decrease in current assets would be shown as a positive figure, because other current assets were converted into a decrease in current assets will be shown as a positive value, because other current assets have been converted into cash. An increase in current liabilities (excluding short-term debt which would be reported in the financing activities section) would be shown as a positive figure since more liabilities mean that less cash was spent. An increase in current liabilities (excluding short-term debt that would be reported in the financing activities section) would be shown as a positive figure,

According to Zdanowicz (2002), organizations need to know the volume of inflows and outflows of financial resources. For this, it is necessary to keep the cash flow updated, making it possible to measure and establish, with greater ease, the cash levels for future periods.

Therefore, the reduction in current liabilities will be shown as a negative figure, because money has been spent in order to reduce liabilities. The net effect of the above would then be reported as cash provided by (used in) operating activitie. The net effect of the above would then be reported as the money provided by operating activities. The cash flows from investing activities and financing activities would be presented the same way as under the direct method. cash flows from investment and financing activities will be presented in the same way as using the direct method. Cash flow, according to the model of Zdanowicz (2002), can perfectly meet the needs of micro and small companies. Thus, the following items that make up the cash flow are observed:

The initial cash balance consists of the final cash balance in the previous calculation period;
Operating income is the result of cash sales, portfolio and bank charges, duplicate discounts and deposits after deducting refunds;
Operational disbursements are due to cash purchases, payments from suppliers and general expenses linked to the company's main activity;
The operating balance is the result of the difference between operating inflows and disbursements for the same calculation period;
Extra-operating income represents cash inflows that do not originate from the company's main activity, thus, the amounts with rent received, loans obtained, capital contributions, among others, are calculated in this item;
Extra-operational disbursements result from cash outflows made in the period due to commitments assumed by the company, in which they are not linked to its main activity, or investments in fixed assets;
The extra-operating balance, likewise, results in the difference between the extra-operating cash inflows and disbursements in the same calculation period;
The calculated balance is obtained by adding the operating and extra-operating balances calculated in the same period; The payments and calculations of overdue commitments result from the concern with the control of payments in arrears remaining from the previous period, accumulating for the

determined and subsequent period, due, for example, to an insufficiency of cash or renegotiation of payments;
Loans are raised to meet the need for cash in the period, while amortizations are the repayments of the amount borrowed from financial institutions;
Investments in the financial market must be made when there is a surplus cash balance, as long as it does not compromise liquidity, so the company can redeem the amount applied, plus interest earned, if necessary;
Depending on the company's policy, a cash reserve can be maintained for unforeseen expenses, and the amount may also be invested in the very short-term financial market;
The final cash balance, analyzed according to the projected cash flow, consists of the desired cash level for the following period, noting that it will be the initial balance of the subsequent period.

5. FINAL CONSIDERATIONS

The efficiency and effectiveness of the Cash Flow Statement is to contribute to the decision-making process of Micro and Small Entrepreneurs, in which they will know when and how much they will be able to make disbursements and investments, what decisions to take in different sectors and obtain satisfactory returns from the company . Even if the Cash Flow Projection is not positive, the result will serve as a sample for future decisions and their improvement.

In this way, the entrepreneurial spirit that the entrepreneur acquired before starting a business is a major influence on the Micro and Small Entrepreneur model, in which it will be defined based on the type of path or activity he will follow and how the process will proceed. company's development. The Micro and Small Entrepreneur must be connected to the sectors that make up the company and be aware of the causes that may contribute or affect the Micro Entrepreneur's decision-making process.

So operations, financing and investments are linked to cash, the data collected must have a real basis, otherwise, the decision made may be one of the biggest risks that Micro and Small Entrepreneurs will cause in the company's development process. The preparation of the Cash Flow Statement contributes to the decision-making process of the company's financial management, in which the available funds in the entity are highlighted.

Thus, the Cash Flow Statement is no different from other statements, for it to have consistency in decision making it is necessary to collect data that contribute to the optimization of Cash Flow, which information obtained incorrectly, the decision making can be disastrous both internally and externally.

So deciding the company's actions is not just acting, but knowing how to act. Planning is essential for decision making and contributes to future decisions or actions that indicate possible successes in the company's results. For all the decisions that we are going to make, whether these are personal or professional, there must be, above all, planning of a true and real origin, because deciding necessarily implies knowing what to do.

Therefore, it is observed that the majority of Micro and Small Entrepreneurs have no interest in using this tool in their decision-making process, and the research seeks to influence, as how to administer and manage a business without obtaining adequate control of its exits and entrances.

Finally, it is concluded that the Cash Flow Statement facilitates the decision making of the manager, being this directed to internal and external operations, and carried out in Micro and Small Companies, it will help the entrepreneur to verify changes equivalent to those for different sectors or for the company as a whole.

It is suggested to continue this research, after the analysis and observations made during the work,the deployment and use of tools managerial issues commented on here in order to ease the possible restrictions caused by the lack management information during the decision-making process. However, it is worth remembering that the implantation of such tools depend mainly on the entrepreneur's will and technical training the accounting professional who assists you.

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