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BALANCE SHEET AS A TOOL FOR DECISION MAKING
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SUMMARY

The world market undergoes frequent changes, causing goods to lose value in an extremely fast process, customers change their consumption habits. Administrators must equip themselves with tools to keep up with rapid changes and plan strategies. The balance sheet is the tool for analyzing the company's activities that gives the greatest support to the administrator in his decision making amid the dynamism of the current market. This study demonstrates the importance of the Balance Sheet in the current competitive market, through a qualitative search of bibliography. When it comes to the competitive market and balance sheet analysis, the evaluation criteria dealing with updating asset values and recording liabilities cannot be ignored.

KEY WORDS: Balance Sheet, Tool, Market.

1. INTRODUCTION

The world market is undergoing frequent changes, goods lose their useful life in a very accelerated process, customers change their consumption habits, new production technologies are created and, consequently, new methodologies of enterprises.

The process of globalization of information through the internet mainly causes or causes these facts to confront each other. In the midst of all this information, how can the administrator do to gain an advantage over this dynamic market to which he belongs? What tools will be useful for your institution to survive?

For better adaptation in the integration of this information with the activities of a company, the administrator needs the use of basic knowledge of accounting, as it is the dynamism of the market, the most suitable accounting instrument to be used is the balance sheet and its analysis of statements financial, that because it is a summary report of the company's activities, it can follow the complexity and dynamism of the information that is downloaded in the business world, allowing a more defined vision in

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the decision making that the organization needs to remain in the competitive market. The balance sheet is the financial statement that shows in a quantitative and qualitative way, in a given period, the financial situation of a company (RIBEIRO, 1999, p. 138),

2. MARKET

Market, according to Lang (2014), is the sum of forces and conditions within which buyers and sellers make decisions that result in the transfer of goods and services.

> “The market is any place where the transfer of ownership of goods takes place. The physical presence of goods whose ownership is being transferred is not necessary to characterize a market. Hence the possibility of a bond market, such as those traded on the stock exchange. ” (MAYNARD, WEIDLER and BECKMAN, 1932, cited by LANG, 2014).

Business organizations are not limited to selling, they are also buying vast quantities of raw materials, manufactured components, facilities and equipment, supplies and service. The business market is formed by all organizations that have goods and services used in the production of other products or services that are rented or supplied to third parties.

According to Aaker, 2012, today, the markets are extremely dynamic. Change is vital and in the air, change is everywhere, and of course, changes affect strategies. A strategy today may prevail or may even be irrelevant tomorrow.

> “Companies are engaged in continuous innovations and changes in guidelines due to the dynamic nature of most markets, the competitive complexity and intensity of the business environment. These changes lead to a reorientation of administrative thinking, readjusting it to the new international competition, technological changes, shortening the life cycles of products and increasing consumer power. ” (SAMPAIO, 2000).

> “In this new environment, creating a sustainable competitive advantage is a primary objective of organizations, capable of leading them to differentiate their performance. However, due to the increasing increase in competition, offers are increasingly equivalent, making it difficult to deliver value to buyers that exceeds what is being offered by the market. ” (SAMPAIO, 2000).

Lanh (2014) divides the market according to its characteristics. Two of the main divisions are known as the consumer market and the business market.The business market comprises all organizations that buy goods and services to use in the production of other products. It also includes retailers and wholesalers, who purchase goods for the purpose of reselling or renting them and thus making a profit. Both the business and consumer markets involve people who assume roles and make purchasing decisions to satisfy needs.

The consumer market is formed by all people or companies interested in the products or services that an enterprise offers. It is in the consumer market that the source of revenue for any business is found. The problem is that, today, competitiveness is increasing every day. An increasing number of companies are trying to sell their products to the same consumers.

3. BALANCE SHEET

Balance sheet is one of the main accounting reports used in companies and is prepared in accordance with the appropriate legislation, observing the Fundamental Accounting Principles and specific Brazilian Accounting Standards, approved by the Federal Accounting Council, AccordingLaw 6,404 / 76(articles 176 to 182 and article 187) and NBC T.3, the Balance Sheet consists of Assets, Liabilities and Shareholders' Equity. According to Montibeller (2012, page 16):

> “Balance sheet consists of an asset that presents the assets and rights and, a liability, which are the obligations on a certain date and equity, which is the difference between an asset and a liability and its purpose is to demonstrate the situation quantitative and qualitative analysis of the company at the end of a certain period ”.

This model of financial statement is essential to analyze more carefully the activities carried out by a certain company, and to have credibility with public, financial and other agencies, it must be prepared by a legally qualified professional, but it can also be prepared for simple analysis. , in order to evaluate, control and manage the activities of an entity on a monthly basis. The person responsible for this elaboration must organize a chart of accounts to facilitate its understanding and analysis, according to ARESTA and SOUSA (1979, page 3).

The chart of accounts, as an instrument for capturing information, must be much more comprehensive and transcend accounting itself, obeying the basic purpose and objective of enabling the extraction of the various types of reports that are necessary, without any availability problems. information.

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According to the newLaw 11941/09 the balance sheet structure can be classified as follows:

BALANCE SHEET	
ACTIVE	**PASSIVE**
Current assets Non-current assets Long-term assets Permanent Investment Immobilized Intangible	Current Liabilities Non-current liabilities Net worth Share capital (-) Expenses with Issuance of Shares Capital reserves Recognized Granted Options Profit Reserves Equity Valuation Adjustments Cumulative Conversion Adjustments Accumulated losses (-) Actions in Treasury

SOURCE: CRC SP Portal

According to S / A Law 6,404 / 76, which regulates accounting, the balance sheet is divided into two major groups: assets and liabilities as shown in the illustration on the balance sheet.

4. ACTIVE

According to Ludícibus (2003, p. 29) the asset is the investment of resources understood basically as goods and rights. Depending on what happened, the asset can generate future wealth for the entities.

Goods are anything that can satisfy a man's need and is prone to economic evaluation and are classified as tangible, that is, physical and intangible property that are not understood as material, have no physical existence and rights are goods that are of our domain, but are in the possession of a third party.

According to the new Law 11941/09, the asset is classified into two groups:

- ✓ Current assets it is the set of related accounts that describes all the assets and rights of the company, which can be made available financially at the time of the balance sheet, or in the short term, from the survey of its existence and can be accessed within 360 days;

- ✓ Non-current assetsthey are all durable goods, with the purpose of normal functioning at the service of society and the enterprise, as well as the rights exercised for that purpose and are composed of subgroups such as:

  Long-Term Assets;
  Investments;
  Immobilized;
  Intangible.

5. PASSIVE

To Ludícibus (2003), the liability "comprises liabilities and obligations", that is, it is the outflow of resources from the entity and is divided into three subgroups:

- ✓ Current liabilities are where obligations are recorded that will be required within a certain period, normally within 01 (year) or according to the entity's fiscal year;
- ✓ Non-current liabilities are where obligations are recorded and will be required in the long term, that is, after the period of 360 days.
- ✓ Equity is the difference between assets and liabilities, It consists of capital stock, capital reserves, equity valuation adjustments, profit reserves, treasury shares and accumulated losses.

According to Ludícibus (2003), the accounts should be entered in the balance sheet, in order according to the degree of liquidity to obtain a better understanding of the company's equity and financial situation of the entities.

It is important to emphasize that in order to obtain better accuracy and speed in the analysis of balance sheets, the aid of technology is necessary, because as companies live in constant movements of commercial transactions, their account systems are quite complex and through technology with a simple computer program such as Excel or even more advanced software such as ERP, facilitates the collection of this information in a more rapid, practical and secure way.

6. EVALUATION CRITERIA

When it comes to the competitive market and balance sheet analysis, the evaluation criteria dealing with updating asset values and recording liabilities cannot be ignored. According to Ayres et all (2010, page 07), they are mechanisms that reflect the fluctuation of prices in their records and can influence the studies of the results which can have a negative impact on the quality of the information in the financial statements. Therefore, it is important that monetary corrections are made in order to improve the quality of the information before preparing analyzes of any financial statements.

According to Ludícibus (2003), the assessment and liability registration criteria are applied within the accrual basis in a targeted manner. They follow the following guidelines:

Bills to receive	The value of the securities less forecast to reduce them to the probable realizable value
Mobile values (temporary)	At the acquisition cost plus interest and due update and reduced market prices, if lower.
Stocks	At acquisition or manufacturing cost, less a provision to adjust them to the market price, when this is lower.
Permanent assets	At cost less depreciation, for wear or loss of utility or amortization or exhaustion. In certain circumstances, revaluation of assets is permitted.
Relevant Investments in Associates and Subsidiaries (including Join Venture)	Using the equity method, that is, based on the net worth of the associate or subsidiary in proportion to the shareholding.
Other Investments	At cost less provision for recognition of permanent losses.
Deferred charges	At cost less a provision for amortization.
Liability	At known or estimated amounts for obligations, charges and risks, including proposed income tax and dividends. For loans and financing subject to monetary restatement or payable in foreign currency, at the amounts restated up to the balance sheet date.
Results of Future Years	Demonstrated by the net between the revenues less the costs and expenses corresponding or opposite to those revenues.
Net worth	The investments and reinvestments (retained earnings) made by the partners and any additions due to the revaluation of assets.

Source: Ludícibus (2003)

The valuation criteria of assets and recording of liabilities allows their accounts to be adjusted to the real market cost, making the appropriate provisions and adjusting a probable value of their achievements and within these criteria to build accurate and effective comparative analyzes of balance sheets, essential for making decisions amid changes in the market.

7. HORIZONTAL ANALYSIS

The competitive market demands from the entrepreneur a better performance in decision making, because the changes are quite fast, coming from globalized information. According to SEBRAE-SP Consulting (2014),

> “With the market increasingly open, other companies with the same products, but with better conditions of price and quality, can, at any time, compete in a certain region. It is not enough to think only of the regional market. It is important for the company to have quality at the national level. So it is increasingly necessary to have "total quality" and be prepared for global competition ".

The entrepreneur seeks profit and security in his business, one of the alternatives to "survive" in the midst of the competitive market is to seek mechanisms that serve as a basis for decision making and ensure better management of his enterprise, the financial analysis of statements from the point of view of the administrator are considered as an information base for management purposes, essential in decision-making (BARBOSA, 2010, page 04).

Among the analysis of statements, horizontal analysis is an important tool in the collection of information to assist the administrator in decision making, its main purpose is to record the variations of items in the Financial Statements over periods, in order to qualify trends, observing the regularity of growth of these items, Rios et all (2010, page 03). The horizontal analysis is performed using a horizontal table and is always performed in terms of indexes. The index of the year established as the base of the series is 100 and the values of the following years are expressed in relation to the base index, 100. Its calculations are processed according to the following expression:

$$\text{Index Number} = \frac{\text{Asset Value 20X2}}{\text{Asset Value 20X1}} \times 100 =$$

The index number is the relationship between the value of an account / accounting group on a given date (asset value 20x2) and its value obtained on the base date (asset value 20x1).

The meaning of this comparison is to analyze the growth rate of the various items that make up the analyzed statement, in order to achieve a more detailed analysis of what happened, “it must be used with the vertical analysis, as some item may have grown in absolute values, but its participation percentage, within the group to which it belongs, to have decreased due to greater investments in other assets by the company ”. Muniz and Fernandes (2009, page 13).

FINAL CONSIDERATIONS

The evolution of the competitive market highlights the great challenges that the entrepreneur constantly experiences. In this process, the many changes that have taken place in a short time hinder the sustainability of its enterprises and consequently require a very comprehensive knowledge complexity in order to extract and filter the information arising from these changes.

The financial statements are of paramount importance for any company in this process of extracting and filtering information, as it is not enough to just take possession of them, but also to understand them and use them correctly to obtain advantages over their competitors.

The balance sheet is one of the resources that the administrator can use for the benefit of his company, since it can be viewed the groups of accounts (assets and liabilities) that are responsible for a large part of the movement of what happened in the entity, that is, in it the The administrator can visualize the health of the company, assists in the control of activities, and mainly can influence decision making.

In the tangle of information generated in the world of the competitive market, the administrator needs to know which best decision to be taken, quickly and practically and one of the alternatives to consolidate this information in decision making is the analysis of statements, in the case of the balance sheet, the horizontal analysis together with the corrections of the values of the assets can be used by the administrator to synthesize this information process and reconcile them to more precise and practical alternatives in decision making.

However, there may not be a defined formula for the success of any enterprise in the new era of the competitive market, but there are devices that can help the administrator to find the best alternatives for managing them. That is why it is necessary for the administrator to know how to operate the new technologies and analyze the financial statements, as these are fundamental devices for the efficient management of any enterprise.

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