REGMPE

Revista de Empreendedorismo e Gestão de Micro e Pequenas Empresas

STUDY OF THE FINANCIAL SITUATION OF A MICRO ENTERPRISE IN CERRO LARGO / RS

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SUMMARY This work has as general objective evaluate the financial situation of a micro company in the municipality of Cerro largo / RS. The specific objectives are: To promote the interrelation between theory and practice and knowledge in Financial Management of companies; Analyze the balance sheet and income statement for the year (DRE) of the company; Work vertical and horizontal analysis of the company; Analyze the main indicators of liquidity, structure, activity and profitability; Analyze the company's economic and financial structure. The study of the Financial Management of a company is extremely important, for a better understanding of management and the functioning within organizations, it demonstrates how the performance works, in the practice of the Administration professional. And so, to approach the theory worked in the Financial Administration discipline with the practice in the area of performance of the Administrators.It is of utmost importance that this company, after obtaining this information, takes action in relation to its finances, as this is the purpose of these types of financial reports, to allow the manager or owner of the organization to make a safer and more effective decision making.

KEY WORDS: Financial management; Organization; Financial reports.

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1. INTRODUCTION

“Financial management is the art and science of managing financial resources to maximize shareholder wealth” (Lemes Júnior; Rigo; Cherobim, 2010, p. 4).

The purpose of financial management is to maximize the wealth of the company's shareholders. The financial administrator is primarily responsible for creating value and mitigating risks and, for this, is involved in the business as a whole (Lemes Júnior; Rigo; Cherobim, 2010).

Financial management basically involves the management of financial resources. How to obtain these resources and where to apply them is the main activity of the financial administrator. Fundraising concerns financing decisions, and their use, investment decisions and with positive results. (Lemes Júnior; Rigo; Cherobim, 2010).

"The objective of financial management is to maximize wealth for shareholders." To achieve this goal, it seeks a perfect integration of three strategic decisions: investment, financing and results (Lemes Júnior; Rigo; Cherobim, 2010, p. 5).

According to Sanvicente (2011, p. 15), one of the possible ways to characterize the financial function of a company is to categorize the areas that require decision making by the responsible executives. This does not tell us what these executives do specifically, but it does define the type of problem they are involved with. It is customary to classify these problems in two ways: a) according to areas of investment decisions, financing, and use of net income; b) according to tasks of obtaining financial resources and analyzing the use of these resources by the company.

The general objective of this research is to evaluate the financial situation of a micro company in the municipality of Cerro largo / RS. The specific objectives are: To promote the interrelation between theory and practice and knowledge in Financial Management of companies; Analyze the balance sheet and income statement for the year (DRE) of the company; Work vertical and horizontal analysis of the company; Analyze the main indicators of liquidity, structure, activity and profitability; Analyze the company's economic and financial structure.

The study of the Financial Management of a company is extremely important, for a better understanding of management and the functioning within organizations, it demonstrates how the performance works, in the practice of the Administration professional. And so, to approach the theory worked in the Financial Administration discipline with the practice in the area of performance of the Administrators. The financial analysis using indicators aims to evaluate, mainly, the profitability and the risk of the company. The role of the financial administrator is to examine some relationships between different items of the statements expressed in the form of financial indexes, which provide managers with the conditions to see holistically the economic and financial structure of any organization.

According to Sanvicente (2011, p. 21), the financial function comprises the efforts spent aiming at the formulation of a scheme that is adequate to maximize the returns of the owners of the company's common shares, at the same time that it can promote the maintenance of a certain degree of liquidity.

2. THEORETICAL REFERENCE

For both large and small companies, accounting reports are indispensable by law, and also for there to be transparency in all financial activities performed by companies, not to mention the achievement of all results achieved by the company, if it is found comfortable in the financial market, or if there are improvements and revisions to be made. The preparation and control of these accounting reports allows managers and business owners to make safer and more correct decisions.

For that, we will now know through published data, some of the most common accounting reports, such as the Balance Sheet and the Statement of Income for the Year.

2.1. BALANCE SHEET

"The Balance Sheet is a portrait of the company. It is a convenient way to organize and summarize what the company owns (its assets), what the company owes (its liabilities), and the differences between the two (the company's net worth), at a given moment "(ROSS; WESTERFIELD; JORDAN, 2011, p. 56).

As for Padoveze (2010), the balance sheet represents, "Accounting piece par excellence, for him the entire result of the company's operations and transactions that will be carried out in the future" is channeled.

We know that the balance sheet is divided into two columns, the one representing the company's assets and the other representing its liabilities, "The balance sheet consists of two columns: the column on the right is Passive. The left-hand column is called Active "(IUDÍCIBUS; MARION, 2009, p. 15)

Let us then see in the authors' conception what covers the company's assets and liabilities. For Lucíbios and Marion (2009, p.15) the Asset "Are all the assets and property rights of the company, available in cash, which represent present or future benefits for the company". As goods we can quotemachines, stock, money, among others, and as rights, everything the company has to receive, "Rights can be seen as goods held by third parties" (IUDÍCIBUS; MARION, 2009. p.16).

These assets and rights can be classified as current or permanent. According to Ross; Westerfield; Jordan (2011) a permanent asset has a long life, and can be tangible like a company car, or even intangible, like a brand, "These non-current assets are composed of four subgroups that are: Long-term assets, Investments, Property, plant and equipment and intangible assets "(IUDÍCIBUS; MARION, 2009, p 16)

For Iucíbios and Marion (2009) these groups can be defined as follows: realizable in the long term, with assets with less liquidity than current. Investments, such as holdings in other companies and other permanent applications, such as properties rented to third parties. fixed assets as assets that are unlikely to be sold, as they are not intended for sale and therefore have no liquidity.

Current assets, on the other hand, generally have a life span of less than one year, becoming The quickest liquidity is where the company has what is available, such as the cash or bank, the accounts it has to receive, the inventories that must rotate several times a year and temporary investments.

"The right side of the Patrimonial Bulletin is represented by the organization's Liabilities, that is, everything the company owes, and its net worth." The Liability is a chargeable obligation, that is, at the moment the debt matures, it will be demanded (claimed) for its settlement. "That is why it is more appropriate to call it a Liabilities Liability". (IUDÍCIBUS; MARION, 2009, p. 17).

"The company's liabilities are the first item presented on the right side of the long term" (ROSS; WESTERFIEL; JORDAN, 2011, p. 56). Long-term liabilities are accounts payable over periods of more than one year, and current liabilities are obligations with short-term maturity, less than one year.

Still on the right side of the balance sheet, the company's shareholders' equity is presented, this according to Iudícibus and Marion (2009), shows the resources that were applied by the owners in the project, their initial investments, also called Capital, if the owners make other investments in the company this capital will be increased.

The difference between the total value of the assets (current and permanent) and the

> total amount of the liabilities (current and long-term) is shareholders 'equity, also called shareholders' equity, or equity. This sector of the balance sheet seeks to reflect the fact that, if the company sold its assets and used the money to pay all its debts, the residual value would belong to the shareholders. So the balance sheet closes, because the value on the left side is always equal to the value on the right side (ROSS; WESTERFIEL; JORDAN, 2011, p. 57).

2.2. STATEMENT OF INCOME FOR THE YEAR (DRE)

As we know, the Statement of Income for the Year (DRE) is an important accounting report, designed to analyze the situation in which the company finds itself, whether it is progressing in business, through profit-taking, or if something is going unsatisfactorily, where losses are predominant, "The Statement of Income for the Year is an ordered summary of revenues and expenses in a given period (twelve months). It is presented in a deductive (vertical) manner, that is, from revenues subtract expenses , and then the result (profit or loss) is indicated ". (IUDÍCIBUS; MARION, 2009, p. 52)

"The complete DRE required by law, provides details for decision making: expense groups, various types of profit, tax highlights etc." (IUDÍCIBUS; MARION, 2009, p. 53). The equation used to calculate the Income Statement is Revenue minus expenses, which will give rise to the result, profit or loss.

This type of accounting report, as well as in the Balance Sheet, is also divided into groups, so let's see some of these groups.

"Gross Revenue is the gross total sold in the period. It includes sales taxes (which belong to the government), and returns (canceled sales) and rebates (discounts) that occurred in the period were not subtracted." (IUDÍCIBUS; MARION, 2009, p. 54). These taxes are generated at the time of sale, they are: IPI, ICMS, PIS.

The cost of sales differs depending on the sector, according to (IUDÍCIBUS; MARION, 2009, p. 54). As an example we will use commercial companies where this is called "cost of goods sold (CMV)".

The result of operating profit is calculated by the difference between Gross Profit and Operating Expenses, as emphasized by Iudícibus and Marion (2009) "Operating profit is obtained through the difference between Gross Profit and operating expenses".

Operating Expenses are those necessary for the continuity of the organization's activities "These are necessary to sell products, manage the company and finance operations"(IUDÍCIBUS; MARION, 2009, p. 57). The well-known Selling, Administrative and Financial Expenses.

Selling Expenses are "expenses with personnel from the sales area, commissions on sales, advertising and publicity ... etc" (IUDÍCIBUS; MARION, 2009, p. 57). Everything that is spent to promote the product to the consumer's hands.

According Iudícibus and Marion (2009), Administrative Expenses are those that are used to direct and manage the company, such as fees, salaries and office rentals. And Financial expenses are understood as the remuneration to the capital of third parties, the expenses must be less than the revenues. There are also other operating expenses in which taxes can be included.

After all these expenses are deducted, we will reach a profit before the Income Tax (IR) is discounted, called profit before the IR, after discounted we reach the Profit after the Income Tax Discount. Income Tax is levied onthe company's profit.

And finally, it comes to the LNet ucro of the company which is "The surplus belonging to the owners (or the entity). After calculating the Profit After the Income Tax, the deduction of the participation, provided for in the statutes" (IUDÍCIBUS; MARION, 2009, p. 63). After these deductions, there is the Net Profit, which is the net surplus available to the partners or shareholders.

2.3. HORIZONTAL ANALYSIS AND VERTICAL ANALYSIS

2.3.1. HORIZONTAL ANALYSIS

"Horizontal analysis of financial statements is understood as monitoring the evolution, over time, of a given item in a statement". (SANVICENTE, 2011, p.172).

"Consequently, it involves calculating percentages of variation for each item considered, between one year (or period) and another, when it comes to the Balance Sheet and Income Statement". (SANVICENTE, 2011, p.172).

In the horizontal analysis, it is interesting to relate variations of items such as sales, equity, profits, cost of products overdue, for example, to indicators such as growth rates of the economy as a whole, of the sector to which the company belongs, such as inflation rates, or the evolution of the same items in the competitors closest to the company (SANVICENTE, 2011).

> In addition to these situations, the evolution of one item can be compared to that of another, as an indication of some presumed relationship between the two. For example: cost of goods sold and inventory of finished products. The faster growth of the latter may reflect an excessive investment in inventories, immobilizing resources that could be applied in other areas. At that time, of course, we are already taking a step towards the simultaneous use of horizontal analysis, vertical analysis, and even indexes relating any two items of a financial statement. This is due to the undeniable complementarity between all these approaches. (SANVICENTE, 2011, p.173).

An important objective of the horizontal analysis is to show the evolution of each account in the financial statements and to be able to compare, that is, to allow conclusions to be drawn about the evolution of the company. (MATARAZZO, 2010).

2.3.2. VERTICAL ANALYSIS

"It is based on percentage values in the financial statements. For that, the percentage of each account is calculated in relation to a base value. For example, in the Vertical Balance Sheet analysis, the percentage of each account in relation to the total assets is calculated ". (MATARAZZO, 2010, p.170).

According to Sanvicente (2011, p.173), it is necessary to compare the vertical analyzes of statements of different dates or periods in order to arrive at a more appropriate explanation of the events observed.

An important objective in the vertical analysis is to be able to show the evolution of each account in the financial statements and, by comparing each other, to allow conclusions to be drawn about the evolution of the company. (MATARAZZO, 2010).

2.4. FINANCIAL RATIOS

"The accounting and financial statements of a company can be used to build indexes - comparable figures obtained from absolute monetary values - designed to measure the company's financial position and performance levels ". (SANVICENTE, 2011, p.177).

2.4.1. LIQUIDITY RATIOS

2.4.1.1. Current liquidity ratio

This index is represented by the formula: ILC = Current assets / Current liabilities. It lists, through a quotient, the assets and liabilities of the same (short) maturity, being one of the most used measures to assess the ability of a company to settle its commitments on time. (SANVICENTE, 2011).

2.4.1.2. Dry liquidity ratio

This index is represented by the formula: ILS = Current assets less inventory / Current liabilities. This index corresponds to an attempt to remedy the deficiencies in the current liquidity index, excluding inventories from current assets. It can be said that the greater the difference between a company's ILC and ILS, the greater the dependence of its liquidity on the realization of the value of its inventories. (SANVICENTE, 2011).

2.4.1.3. Immediate Liquidity Index

This index is represented by the formula: ILI = Cash plus Temporary Investments / Current Liabilities. This index is a satisfactory measure of a company's liquidity, comparing the short-term maturity obligations that the company has in cash or can convert into cash, such as bills of exchange. (SANVICENTE, 2011).

2.4.1.4. Net working capital

It is represented by the formula CGL = Current assets minus Current liabilities. (SANVICENTE, 2011).

"This relationship, providing an absolute monetary value, corresponds to the same notion underlying the current liquidity index, that is, the proportion of assets convertible into cash of the company to settle short-term commitments". (SANVICENTE, 2011, p.178).

2.4.2. Profitability ratios

This index shows the varied measures of the company's profit in relation to several items, since the profit itself has different meanings. (SANVICENTE, 2011).

2.4.2.1. Net operating margin

"This index measures the success achieved by the company in obtaining sales prices higher than the costs (of production, sale and administration) necessary to place the products or services with consumers or users ". (SANVICENTE, 2011, p.179).

This index is represented by the formula MOL = Operating income plus Financial expenses less Financial income / Net operating income. This item also corresponds to the relative difference between prices and average costs of products and services offered by the company. (SANVICENTE, 2011).

2.4.2.2. Net margin

“This index compares the profit pertaining to shareholders with the volume of income generated by the company in its operations. It is identical to the values calculated in the vertical analysis of the Income Statement ". (SANVICENTE, 2011, p.180).

It is represented by the formula ML = Net profit for the year / Net operating revenue. (SANVICENTE, 2011).

2.4.3. Operational efficiency indexes

"The indices to be discussed in this category seek to measure the speed with which certain assets (and a liability item) turn within a normal year, given the volume of operations then achieved". (SANVICENTE, 2011, p.181).

2.4.3.1. Finished product inventory turnover

It is represented by the formula GE = Cost of goods sold / Average inventory of finished products. In this formula it is possible to calculate the average time of a complete turn. In the present case, the number of days or months obtained will be an indication of the average period, in terms of sales, represented by the stock held. The average volume invested in inventories is also related to the amount sold in the period, since inventories are accounted for at cost, unless the sale value falls to a lower level. (SANVICENTE, 2011).

2.4.3.2. Balance of accounts receivable balance

This turnover is represented by the formula GCR = Sales on credit / Average balance of accounts receivable. The result of this calculation indicates the number of times that the average balance of credit sales operations is contained in the total volume of sales under these conditions within a period (SANVICENTE, 2011).

"The average time index, corresponding to 365 / GCR, is what we call the average collection period, reflecting the effective number of days required, on average, for the company's customers to make payments due on credit operations". (SANVICENTE, 2011, p.183).

2.4.3.3. Balance of accounts payable suppliers

It is represented by the formula GF = Term purchases of materials / Average balance of suppliers. This quotient provides the rotation of the balance of values due to material suppliers. Complementing this turnover is also the average payment term, given by 365 / GF. (SANVICENTE, 2011).

2.4.4. Indebtedness ratios

Measures of relative use of third party capital by the company are used in this index. This index can be represented by the formulas that relate the balances of liabilities to total asset volumes that follow: CTT = Third party capital / Assets = Liabilities / Total assets and CTLP = Long term third party capital / Assets = Long term liabilities / Total assets (SANVICENTE, 2011).

3. METHODOLOGY

To carry out this work, it was necessary to choose a commercial, industrial or service provider in the municipality of Cerro Largo or neighboring municipalities, which would provide the necessary data for the preparation of the Balance Sheet and Statement of Income for the Year (DRE) company, as well as to prepare the Horizontal and Vertical Analysis of these accounting reports, and their economic-financial indexes.

The company was chosen intentionally, which the members of the group already had contact with, the company did not resist in providing the necessary data, however it requested that the identity of the establishment not be revealed, it is a company that sells bazaar products, bookstore, among others.

For the development of the theoretical framework, the use of secondary materials such as books available in the library of the educational institution, Universidade Federal da Fronteira Sul was necessary.

After being collected, the data were organized and processed through texts and spreadsheets of the Excel. The methodology adopted in this work is to conduct a field survey of the data with a theoretical basis on the subject and describe the situation found. Following are the drivers of research in financial management.

4. RESULTS

4.1. Statement of Income for the Year (DRE)

Horizontal and Vertical Analysis: Statement of Income for the Year

Exercises ended in:	2010		2011		2010/2011
	Value	AV	Value	AV	AH
Gross Operating Revenue	**R $ 60,107.49**	**100.00%**	**R $ 77,278.81**	**100.00%**	**28.57%**
(-) Deductions from gross revenue	R $ 1,688.24	**2.81%**	R $ 2,125.19	**2.75%**	**25.88%**
(=) Net Revenue	**R $ 58,419.25**	**97.19%**	**R $ 75,153.62**	**97.25%**	**28.65%**
(-) Cost of Goods Sold	R $ 38,274.68	**63.68%**	R $ 76,064.89	**98.43%**	**98.73%**
(=) Gross Profit	**R $ 20,144.57**	**33.51%**	**-R $ 911.27**	***-1.18%***	**-104.52%**
(-) Operating Income / Expenses	**R $ 13,575.98**	**22.59%**	**R $ 20,576.22**	**26.63%**	**51.56%**
General and Administrative Expenses	R $ 8,215.34	**13.67%**	R $ 8,626.39	**11.16%**	**5.00%**
Personnel and sales expenses	R $ 4,403.46	**7.33%**	R $ 11,139.78	**14.42%**	**152.98%**
Financial expenses	R $ 986.18	**1.64%**	R $ 869.46	**1.13%**	**-11.84%**
Financial income	R $ 29.00	**0.05%**	R $ 59.41	**0.08%**	**104.86%**
(=) Operating Result	**R $ 6,568.59**	**10.93%**	**-R $ 21,487.49**	**-27.81%**	**-427.12%**
(+) Non-operating income	R $ 111.70	**0.19%**	R $ 0.00	**0.00%**	**-100.00%**

(=) Result of the Exercise Before Income Tax	**R $ 6,680.29**	**11.11%**	**-R $ 21,487.49**	**-27.81%**	**-421.66%**
(=) Income Result After Income Tax	**R $ 6,680.29**	**11.11%**	**-R $ 21,487.49**	**-27.81%**	**-421.66%**

Table 1: Statement of Income for the Year (DRE) in 2010 and 2011 and its vertical and horizontal analyzes.

In the horizontal analysis of the DRE, we noticed that there was a growth in the order of 28.57% of the company's gross revenue, however this growth is accompanied by an increase in the organization's expenses, but in the financial expense there was a decrease which led to a net result decreasing in the order of 421.66%, that is, despite the growth of the organization's gross revenue. As a result, we had a decrease in net profit.

In the vertical analysis of the Income Statement for the Year, we can see that net revenue represents 97.19% in 2010, and 97.25% in 2011 of gross revenue. However, with the deduction of the cost of goods sold being very high in 2011, the company was unable to cover its expenses that it had at the time, with that the company did not have profits in 2011. In 2010 it had a profit of 11, 11%.

4.2. Balance Sheet

Horizontal and Vertical Analysis of the Balance Sheet						
Balance Sheet						
EXERCISES ENDED IN:		**2011**		**2010**		**2010/2011**
		Value	AV	**Value**	**AV**	**AH**
TOTAL ASSETS		**R $ 58,517.19**	**100.00%**	**88,736.22**	**100.00%**	-34.05%
CURRENT ASSETS		**R $ 53,307.49**	91.10%	**R $ 83,526.52**	94.13%	-36.18%
	Available	R $ 10,161.14	17.36%	R $ 2,264.82	2.55%	348.65%
	Cashier	R $ 9,979.09	17.05%	R $ 2,202.28	2.48%	353.13%
	Banks	R $ 182.05	0.31%	R $ 62.54	0.07%	191.09%
	Stocks	R $ 43,146.35	73.73%	R $ 81,261.70	91.58%	-46.90%
NON-CURRENT ASSETS		**R $ 5,209.70**	8.90%	**R $ 5,209.70**	5.87%	0.00%
	Immobilized	R $ 5,209.70	8.90%	R $ 5,209.70	5.87%	0.00%
CURRENT LIABILITIES		**R $ 3,062.43**	5.23%	**R $ 11,793.97**	13.29%	-74.03%
	Providers	R $ 1,295.01	2.21%	R $ 1,287.44	1.45%	0.59%
	Obligations payable	R $ 1,767.32	3.02%	R $ 1,406.53	1.59%	25.65%
NET WORTH		**R $ 55,454.76**	94.77%	**R $ 76,942.25**	86.71%	-27.93%
	Share capital	R $ 34,000.00	58.10%	R $ 34,000.00	38.32%	0.00%

	Profits or losses	R $ 21,454.76	36.66%	R $ 42,942.25	48.39%	-50.04%
Total Liabilities		**R $ 58,517.19**	**100.00%**	**R $ 88,736.22**	**100.00%**	-34.05%

Table 2: Balance Sheet for the years 2010 and 2011 and their vertical and horizontal analyzes.

According to what was presented in the balance sheet of company X in the years 2010 and 2011, we noticed that in the vertical analysis, current assets decreased from 94.13% to 91.10%, but in the cash, inventories and banks accounts there was a growth, and the company's liquidity grew by 10.33 reais. In permanent assets, we noticed that the percentage of 5.87% in 2010 increased to 8.90% in 2011, an increase of approximately 3.03% of permanent assets in the company, this is confirmed in the vertical analysis, where we also see an evolution in the comparison of same accounts, to see more deeply the reasons that led to such evolution.

In the horizontal analysis of the balance sheet, we concluded that in the current assets accounts: available, cash, banks there was an average growth of 297.62%, while the stock account had a decrease of 46.9%, significantly affecting the total assets, which reduced 34 , 05% from 2010 to 2011. In current liabilities, the supplier account grew by 0.59% and obligations payable by 25.65%, whereas the shareholders' equity accounts showed a decrease mainly in the share capital in which the partners end up investing less in the company.

4.3. Financial Ratios

CONTENTS FORM	2010	2011
Liquidity Indicators LC = AC PRAÇA	R $ 7.08	R $ 17.41
LS = AC (-) Inventories (-) Exp. Ant. PRAÇA	R $ 0.19	R $ 3.32
Immediate Liquidity = Available Current Liabilities	R $ 0.19	R $ 3.32
Cash Ratio = Cash Current Liabilities	R $ 0.19	R $ 3.26
LG = Current Assets + RLP Current Liabilities + Payable LP	R $ 7.08	R $ 17.41
Indebtedness Indicators IEG = AT-PL AT	R $ 0.13	R $ 0.05

MCP = AT PL	R $ 1.15	R $ 1.06
Immobilization RP = AP ELP + PL	R $ 0.07	R $ 0.09
<u>Activity Indicators</u> Inventory Turnover = CMV Stock	R $ 0.47	R $ 1.76
Days = 365 GE	R $ 774.94	R $ 207.04
SME = Average Stock x 360 CMV	R $ 1,170.14	-R $ 49,147.78
Turn = 360 SME	R $ 0.31	-R $ 0.01
GCP = CMV Bills to pay	R $ 103.62	R $ 57.43
Days = 365 GCP	R $ 3.52	R $ 6.34
PMCP = Average CP x 360 CMV	R $ 69.87	R $ 35.16
Accounts Payable Turnover = 360 / PMCP	R $ 5.15	R $ 10.24
AT turnover = Sales / RL AT / Medium	R $ 0.66	R $ 1.28
<u>Profitability Indicators</u> ROA = Operating Result		-R $ 0.37

Total Assets / Average TA	
ROE = Net Income Average PL / PL	-R $ 0.39

Table 3: Financial indicators for 2010 and 2011 and their vertical and horizontal analyzes.

When analyzing the financial indicators, we realized that for each real that the company has short-term debt, it can pay and have a balance of R $ 6.08, this balance in 2011 changes to R $ 16.41, however when we analyze the dry liquidity index, that is, payment of short-term debts without counting inventories and prepaid expenses, they realized that each real the company can only pay R $ 0.19 without paying R $ 0.81 of these short-term debts, already in 2011 the company made a profit of R $ 2.32. Working with the debt indicators, we can perceive the general indebtedness for each 1 real that the company has R $ 0.13 belong to third parties in 2010, in 2011 this value changes to R $ 0.05 where for each 1 real only R $ 0.95 belong the organization,

When verifying the inventory turnover (activity indicator) in 2010 it was only 0.47, in 2011 there was a significant increase of 1.29, however the company's inventory turnover is very low due to problems in the increase purchases of goods for resale or problems with sales. In the ROA (profitability indicators) in 2010, we can see that for every 1 reais, company X is able to pay its debts and obtain a profit of R $ 0.07, but in 2011 the company had a loss of R $ 0.37 so he was unable to pay his debts. We concluded by means of the analyzes, that the owners contribute with own capital to maintain the activity in the company, since the company did not obtain funds with financing in the last years to settle its obligations.

CONCLUSION

Through the study carried out in company X, we had the opportunity not only in theory, but also in practice, to observe the functioning of a company and prepare, using the data provided by it, accounting reports such as its Balance Sheet, the Income Statement exercise (DRE) of the company, and perform the Horizontal and Vertical Analysis, and evaluate its economic and financial indexes.

We believe that this contact has brought benefits to both parties, to us students of the Administration course, for having had the opportunity to learn to organize and analyze this data and to obtain a better idea of what we will encounter when inserted in the labor market. And through this analysis, the company has a chance to see and reflect on the situation it finds itself in, since it is going through serious financial problems.

It is of utmost importance that this company, after obtaining this information, takes action in relation to its finances, as this is the purpose of these types of financial reports, to allow the manager or owner of the organization to make a safer and more effective decision making.

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