Main Accounting Instruments For Small Business Companies

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Summary

Before you start an economic activity, it is essential to make clear the goals you want to achieve with this initiative, so through this work we present the future entrepreneurs and managers basic instruments in accounting for a small business, what often happens is the lack of knowledge and research to build your business, so often the closure or bankruptcy of the same , so this work brings an important point for small businesses, providing through the accounting basic instruments like: inventory control, accounts receivable, accounts payable, cash flow and margin of contribution that would be the Basic for a small company and to the knowledge of a future entrepreneur.

Keywords: Small Business, Basic Instruments, Accounting.

1. INTRODUCTION

What would be an entrepreneur? Entrepreneur the individual who would have the real capacity and skills, skills to create, open and the confidence to manage a business, showing profile of leadership skills, passion for what you will do and have the ease of expression, be creative and persistent, take risks and not give up the first obstacles found among others, thus managing to achieve positive results in your new business.

Not always the entrepreneur will open a company, he can be an entrepreneur in several areas, the entrepreneur is the one who leaves for action rather than remain only having dreams and ideas, many entrepreneurs have the dream of opening their own business, but it is necessary to seek help and make a detailed study. The entrepreneur needs to have a vision open to new information and preparation, to perform a good planning. Owning company and turn it into success requires a lot of time and dedication.

Per the website, PORTAL BRASIL (2012):

Of every 100 micro and small enterprises (Mses) opened in Brazil, 73 remain in business after the first two years of existence. Per the study "survival rate of companies in Brazil", made by Sebrae, these are the most critical years for a company. The survival rate of 73.1% of micro and small enterprises referred to those who were born in 2006 and are at least two full years in activity, since they opened the doors in 2005 were 71.9% of survival.

Accounting fits as an analysis of the patrimony, that is, as the organization of heritage, where the entrepreneur registers and accounts for all your company data, between assets and liabilities, as well through their reports it is possible to show the current situation of the company, to any decisions.

Accounting is extremely important, both for large and small businesses. Large companies have a larger set of users who use the accounting information, we can cite the example of Public companies, who mostly have their shares traded on exchanges and in dollars, Financial Institutions (banks) among others, companies that need to be in constant dissemination of your accounting information, whether for future investors (public) or even to fiscal control.

So, for small businesses apparently not accounting has as great importance because the number of users is less about big companies, but for small business accounting is essential is uniquely important and above all by means of a well-made accounting manager can manage and control your business.

Accounting for small businesses more assumes a managerial role and management than financial information disclosure to external audiences, not accounting assumes this function too, more for small businesses this is not its focus.

It is through the accounts that the Manager of a small company can measure the effective profit, having access to cash-basis, accrual basis, so being able to understand your rationale and importance, is through the accounting manager of the company can differentiate what is cost and expense and through this differentiation he measures the contribution margin, and so taking inventory control control, accounts receivable, accounts payable, and cash flow.

The lack of information may hinder and delay future entrepreneurs consider – if so important basic knowledge in accounting, through this research bring the main objective of presenting the future entrepreneurs accounting basic instruments, addressing some topics considered of extreme importance to a small trading company, such as: inventory control, accounts receivable, accounts payable control , cash flow, contribution margin, so the entrepreneur will have basic knowledge to manage your business.

2. THEORETICAL FOUNDATION

Accounting plays a key role in enterprises, with the purpose of showing the assets and liabilities of an entity, thus assisting the management sector in decision-making, with the laws applied by the Government to collect taxes, insurance accounting makes essential regardless of company size.

"The accounting and other other knowledge developed to respond to the concerns of society, so to generate information for its control and decision-making." (FAVERO, 2011).

And through the accounts that the company will know the value of your assets, liabilities, revenues, expenses, costs and cost-effectiveness and profitability. Responsible for assist in decision-making to gathering information, e.g. invoices, bank statements, statements or financial reports.

For Anthony (2011, p. 36)

Management accounting is the process of production of financial and operating information for employees and managers. The process should be driven by the needs of inside information and should direct their investment and operational decisions.

It is regrettable that very clearly defined objectives and founded by great master's finish accounting theorists, in practice, and conflict with the reality that accounting is a mere instrument to comply with tax requirements required, especially in small businesses.

The books have several reports and tools that assist in the management, thus providing entrepreneurs are more prepared for the competitive and crowded market today, these reports and tools need to be always up to date and with real data, thus serving to assist managers in decision making.

2.1 FINANCIAL INSTRUMENTS

2.1.1 Inventory control

Much is heard aboutinventory control, but many managers still don't know exactly how it's done and what benefits they bring to their businesses, it can generate various benefits within a company among them are:

- control the material flow within the company;
- analyze the amount of product (General control and prediction of allowing next purchase);
- allows Manager to also have a knowledge about your own sale that is know which of them are obsolete and which represent good opportunities.

Is of great importance for the company meets its customers immediately, for a stock requires some responsibilities, the products should never miss so there is no loss of sale, but also there can be no exaggeration, because this can bring prejudice, logistical difficulties and other problems, with the control running you get the balance It is important to also have a safety stock it will serve to cover the unexpected variations in the company.

Marion (2009, p. 118) States:

Control occurs physically (quantity) and monetarily (value). It is necessary to periodically count (inventory) inventory and evaluate him monetarily for cost purposes (measuring profit), control (meet consumption, losses, loss, breakage ...) and for decision-making (which product or merchandise is more profitable at the time of sale).

A good inventory control either through software or manual controls, can allow the Manager review reports provided by this control, assisting the Manager directly into your decision-making process and make the company pass to have greater control over their capital which is employed in stock and so know the value must shell out for a spin.

The inventory control helps directly in the areas of sale, purchase and the company's financial, because assists the areas controlling the quantities of products, demand, length of stay in stock with these updated data these departments can achieve your sales, purchases with greater security while the financier may have a control of your capital and your stock rotating.

Below are examples of inventory control, containing the goods entry, date, amount, cost amount, suppliers, current balance of goods. (Table 1)

Table 1, 2, 3: Examples, input and output reports, cost per unit, Document Numbers, product codes, suppliers and sale.

Table 1 -Nail Product input and output 12 x 12.

Inventory control sheet	Code	Product	Paragraph of Document	Product cost per unit	Supplier	Entry	Output	Balance
7/1/2016	1	Nail 12 x 12	7736543434345	6.00	Gerdau	100		100
7/6/2016	1	Nail 12 x 12	7736543434345	6.00	Gerdau		18	82
7/9/2016	1	Nail 12 x 12	7736543434345	6.00	Gerdau		44	38

Source: Author

Table 2 - 18 x 24 Nail Product input and output.

Inventory control sheet	Code	Product	Paragraph of Document	Product cost per unit	Supplier	Entry	Output	Balance
7/1/2016	6	18 x 24 nail	65564654654568	5.50	Gerdau	90		90
7/3/2016	6	18 x 24 nail	65564654654568	5.50	Gerdau		25	65
7/7/2016	6	18 x 24 nail	65564654654568	5.50	Gerdau		15	50

Source: Author

Table 3 - Nail 17x21 Product input and output

Inventory control sheet	Code	Product	Paragraph of Document	Product cost per unit	Supplier	Entry	Output	Balance
7/1/2016	4	Nail 17x21	54654654564565	5.50	Gerdau	150		150
7/1/2016	4	Nail 17x21	54654654564565	5.50	Gerdau		35	115
7/3/2016	4	Nail 17x21	54654654564565	5.50	Gerdau		27	88

Source: Author

Model of inventory control above about an " Index " in which the Manager can view the availability of products in stock, allow the analysis of inventory control, so that when you need to make a request for inventory replacement, also allows knowing the cost of each product etc.

2.1.2 Control of accounts receivable

Is a managerial control essential for financial life d and any company? The assets receivable arising from sales are one of the greatest assets of your company, to stop receiving them, or charge its customers, be unduly on the value, or data, whether in anticipation of a postdated check is very bad for your company.

Regardless of the size of any Brazilian company sale the time limit is a facility that generates more convenience to their customers, e.g., credit card, credit and Bank and control of accounts receivable and a management control tool indispensable to a good financial life of any company besides being responsible for:

- Avoid delay or default of payment from your customers;
- Have the exact value of which must receive enabling making money turn;
- Generate information to cash flow;

She usually stems from a provision of service or sale of any products to be generated a duplicate copy, so the release must be released in one or multiple receivables in its financial account manager so you can always follow and have daily reports of the salaries of those duplicates.

In the table below follows a model of accounts receivable with date of 7/6/2016, and with sales in receivables for 15:30 days of term. (Table 4)

Table 4 - Control of accounts receivable.

Control of accounts receivable	Receipt