

ACCOUNTING: THE USE OF FINANCIAL STATEMENT ANALYSIS AS A TOOL FOR DECISION MAKING - THE CASE OF AUDIO VISUAL S.A.

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ABSTRACT

The purpose of this paper is to provide substantive evidence upon the importance of specific financial ratios, in an overall analysis of financial statements, which can serve as an effective tool for management decision making as well as for the constructive decision making of users outside the company. The emphasis of the analysis was directed firstly to the evaluation company's liquidity of accounts receivable and inventory, to the evaluation of its external long-term and short-term bank financing and secondly on the evaluation of the company's return to shareholders. Our analysis disclosed that the effective collection of accounts receivable and management of inventory would provide the basis for management's effectiveness with external financial requirements-short-term and long-term debt which would provide the initiatives for management's effectiveness in maximizing sales, profits and dividend payout..

Key words: Accounting, Auditing, Analysis, Ratios, Finance, Business.