



AENSI Journals

Australian Journal of Basic and Applied Sciences

ISSN:1991-8178

Journal home page: www.ajbasweb.com



Short-term Financial Planning for Internet Services VIA Radio

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ARTICLE INFO

Article history:

Received 25 October 2014

Received in revised form 26 November 2014

Accepted 29 December 2014

Available online 15 January 2015

Keywords:

Financial planning; Provision of services; Internet providers

ABSTRACT

This study presents a financial planning proposal for a company provider of internet via radio. This is a descriptive research, carried out through a case study, with quantitative and qualitative approach. For data collection visits were made to the company, in addition to the collection of printed and electronic documents. It was possible to analyze the past and the present of the organization through a descriptive analysis so as to work on future projections. As a result, a proposal of financial planning for 2015 was prepared based on the estimates of revenue, provision of services, and operating expenses generating the instruments already mentioned. Thus, the organization studied can, from the results obtained in the study, develop its financial management, contributing to the decision-making.

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To Cite This Article: Aline Bortolotto Cardoso and Fabiano Maury Raupp, Short-term Financial Planning for Internet Services VIA Radio. *Aust. J. Basic & Appl. Sci.*, 9(2): 250-259, 2015

INTRODUCTION

The Brazilian scenario is unfavorable for micro and small business. Notoriously heavy taxes, economic relations constantly changing, high labor taxes and direct competition with large companies are some of the obstacles faced (Rosa and Lima, 2008). Fierce competition with the major companies in the sector is one of those realities to the segment of internet providers in Brazil. The market of internet service providers in Brazil is highly concentrated: only six of the 1,934 providers in activity are responsible for 80% of the 17 million fixed Brazilian household connections at the end of 2011 (CETIC.br, 2011).

One of the consequences of this scenario is reflected on the high rates of mortality of micro companies. According to a research conducted by SEBRAE (2004), the mortality rate of companies up to two years old was 49.4%. The main reason for the closure, according to the spontaneous opinions of the owners, was the lack of working capital, accounting for 42% of the responses. According to the same study, the financial management failure is the third major reason for closure. Based on the figures presented by SEBRAE (2004), it can be inferred that the micro companies do not make use of financial planning tools and operating budget, or simply do that based on improvising. Today, with all the barriers and difficulties that small businesses face, there is no way they can be managed based improvisation or intuition.

Financial planning means, both for people and for companies, establishing and following a strategy aimed at achieving goals. This strategy can be for short, medium or long term. Every company, to progress in the long term, need to have a focus or a goal, need to know in advance the goals it wants to achieve. In today's competitive market, producing and selling is not enough anymore, it is necessary to safely control the finances of the entrepreneurship. According to Caravantes, Panno and Kloeckner *et al* (2005, p. 404), planning is not about future decisions, but the future impact of decisions made today. Planning involves assessing the future and getting prepared for it, or even creating it, once it is the starting point for any action of the management focused on results. According to Rosa and Lima (2008), controlling and financial planning are necessary in any kind of company, regardless of their segment of business, in general, micro and small companies have a critical situation due to the fact of having poor knowledge of administrative techniques, combined with problems of lack of working capital.

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The financial planning establishes guidelines for changes and growth in a company, taking into consideration a global vision, the main elements of investment policies and financing of the company. Thus, the financial planning establishes how the financial objectives can be achieved; being, therefore, a plan for the future. Planning also supports the implementation of projects that require advance analysis of all the variables to be analyzed and the situation of uncertainty (Ross, Westerfield and Jaff, 2002). Given this context, the goal of this study was to structure a financial planning to a company provider of internet via radio.

Theoretical foundation:

Financial planning:

Financial planning is the instrument by which the company establishes, in advance, the necessary actions and how to act in order to achieve its objectives and strategic goals. According to Sanvicente (1987) planning means to establish in advance the actions to be executed, estimate the resources to be used and set the corresponding assignments of responsibility regarding a given future period, to satisfactorily achieve the objectives set for a company and its various units.

Financial planning is an important aspect of the company's activities because it provides guidance for the direction, coordination and controlling the measures taken by the organization to achieve its objectives (Gitman, 2008). According to Braga's definition (1995, p 228), planning means establishing in advance: the objectives of the pre-established actions (what it wants to achieve); how the actions will be developed (how it will be done); the necessary physical, technological, human and financial resources (with what and for how much it will be done); execution time and stages of completion of each step of the plan (when it will be done); and the ones in charge of executing the plan steps (by whom it will be done).

Thus, financial planning helps the company in the decision making process, enabling the visualization of the necessary measures to be implemented to execute the plan, and demonstrates future projections. These measures are designed to ensure the achievement of goals and targets previously outlined. The financial plan may be designed for short, medium and long term, being flexible and amended in accordance with the objectives and expectations of each organization. In this regard Gitman (2008) states that the financial planning process starts with the projection of long-term financial or strategic plans, which in turn guide the formulation of plans and short-term operating budgets.

The model of a planning process can be composed of steps ranging from the conceptions of the objectives and goals of the company, covering the long-term plans formulation, sales forecasting, market strategies and company's policies, culminating in the projected financial statements (Weston and Brigham, 2000). Initially, there is the design of the objectives or goals of the company which aim at structuring long-term plans that lead to a long-term sales forecast, which adds a number of relevant data to the process, among which is the estimative of the market demand and the company's participation in it. A market strategy is designed based on these data, leading to short-term plans, which are operationalized based on market share and receptivity of the products. Having an estimative of sales forecast it is possible to plan the budgets. The production budget is subdivided into budgets of raw materials, labor cost and equipment necessary to support the expected sales level. Thus, the other areas will have their own budget, for example, the marketing sector sets the budgets of sales and advertising. The financial control is where financial plans go through a more detailed analysis. This control is performed by the exchange of information aimed at accomplishing the plans, as the inclusion of necessary changes due to unforeseen changes. During the planning process, budgets are combined and, therefore, the cash flows of the company are consolidated in the cash budget.

Regarding the long-term financial plans, they are actions designed for a distant future, accompanied by the forecast of its financial reflexes. Such plans tend to cover a period from two to ten years, being commonly found in five-year plans that are periodically reviewed in the light of significant new information (Gitman, 2008). Gitman (2008) also mentions which elements are considered in this planning - such as capital expenditure, research and development activities, marketing and product development actions, capital structure and important sources of financing.

According to Sanvicente (1987) the long-term planning implies: predictions about the expected behavior of the environment in which the company operates; setting broad objectives; and preparing the documents that formalize the planning process. In this context, the long-term financial planning helps the company to list alternatives, prioritize goals and guide the company; it is an organized and systematic way of facing the needs of capital or financing, to make the company's financial slack come true. Therefore, it is essential to have it constantly updated and to make decisions based on it, being the growth and investment objectives reported in the strategic planning directly connected to it.

Short-term plans, according to Gitman (2008), are actions planned for a short period (from one to two years) accompanied by the forecast of its financial reflexes. The main short-term planning goals are the sales forecast and the operational and financial data. The most important results of the short-term planning analysis are operating budgets, cash budget and projected financial statements, Gitman (2008). Thus, the short-term

financial planning reflects the results of short-term actions, such as operating budgets and financial projections. Therefore, it has operational character and its main inputs are: sales forecast, operational data and financial data.

In this context, short-term financial planning begins with the sales forecast; then, production plans are formulated taking into consideration the time required for the preparation of equipment, including estimates of the required raw materials, labor cost, general expenses with production and operating expenses. With these estimates it is possible to prepare the projected income and cash budget statement (Gitman, 2008). Financial planning aims at foreseeing possible results to be achieved in this period, considering the relevant aspects of productivity, quality and competitiveness. In general, companies subjected to high degrees of operational uncertainty or relatively short production cycles tend to use short-term planning.

Business budget:

The budget is a detailed plan for the acquisition and use of financial or other nature resources, for a specified period. According to Braga (1995, p. 230), "the budget system translates, in physical quantities and monetary values, the development and the results of all plans of the operational units and administrative bodies of the company." "The budgetary proposal must include estimates of revenues, costs, expenses and investments necessary to achieve the projected economic activities, from the definition of objectives, goals and strategies of the company". (Zdanowicz, 2003, p.135). Also according to Zdanowicz (2003, p. 135), "the budget is an integrating tool of the planning process and operational control of any company, regardless of size or economic activity".

Sanvicente (1987) presents the budget as a tool for planning and controlling. However, one of his concerns is the presentation of the budget through a global perspective. The authors point out the budget as annual planning tool, even though it can be part of a long-term planning. Thus, the overall budget is a summary of the company's plans, and sets specific targets of activities such as sales, production, distribution, financial, and so on, and that is usually represented by a cash budget, a demonstration of budgeted income and a budgeted balance sheet.

Sales Budget:

The sales forecast is the main predicate in short-term financial planning once this planning focuses on projected sales in a given period, assets and funding necessary to support such sales. (Ross, Westerfield and Jaff, 2012). This is also the understanding of Gitman (2008), when he says that the main input in the short-term financial planning process and, therefore, the budget, is the company's sales forecast, i.e., the prognosis of the company's projected sales for a certain period, usually supplied to the financial manager by the marketing department.

According to Moreira (2002), the sales budget is an essential piece for the development of planning once it supports the other phases of the overall process. When preparing the sales budget, the consumer market variables, production variables, market variables and supplier of labor and financial resources variables are considered. (Sanvicente, 1987).

Production / services provision budget:

Based on the sales budget, the development process of the production/ services provision begins, once the production plan is based on the sales budget. "The production budget is basically a production plan for the period considered, aiming at meeting the budgeted sales and pre-established stocks. Presents, for a period of time, the quantities of each product to be manufactured". (Sanvicente, 1987, p. 58).

According to Zdanowicz (2003), the production budget involves several estimates related to the plant (raw materials, labor cost, indirect expenses, production derived costs and sold goods cost), supplemented by other items indicated by the central administration. This budget defines the quantities of products to be manufactured, considering the projected sales and the finished products storage policy and in processing, thus projecting the costs and expenses of the production process. Thus, the production budget ends up being the basis for other budgets, such as requirements of direct raw materials, purchases, necessary direct labor cost and indirect production costs.

Operating expenses budget:

The budget for operating expenses includes all expenses that occur in the forecast period, excluding costs related to production and / or services provision, and is related to all the expenses that support the area of the organization. Operating expenses include: administrative expenses, sales expenses, tax expenses and financial expenses.

Administrative expenses include expenses for managing the company's operations, as well as expenses regarding personnel, travelling, computer systems, audits, office supplies, insurances, taxes, electricity and services provided by third parties (Zdanowicz, 2003). Thus, the budget for administrative expenses is predominantly related to items considered fixed, i.e., those items that do not vary significantly with the

production, since they are not linked to the organization's sales or production processes. Also, regarding the preparation of the budget for administrative expenses, Zdanowicz (2003) states that it is done based on the historical data available in the company. The projection of the administrative expenses may use data and analysis of one or more fiscal years of the company because eventual modifications in the budget period will not be relevant.

Zdanowicz (2003, p. 165) defines the sales expenses budget as "the instrument that will list the items to be disbursed, related to the marketing of products and / or services of the company in the projected period, aiming at properly classifying the expenses of the commercial area". The sales expenses budget should be prepared with the sales budget, because through it the company will express its operational policy of acting in the market and what efforts will be necessary to achieve the targets set.

The objective of the tax expenses budget is to list all the federal, state and municipal taxes that the company has to pay within the budget period. Taxes, fees and improvement charges are the three kinds of excises. Zdanowicz (2003) considered as main objectives for the preparation of a tax expenses budget a clear perception of the participation of the excises in the company's cost structure and in the study of different rates that may foster the organization through tax benefits. The author presents the V.A.T (value-added tax), INSS (national institute of social security), PIS / PASEP (Contribution to the Social Integration Program and Civil Service Asset Formation Program), property and land taxes, income tax, service tax, among others, as the main parts of this budget. The preparation of the tax expenses budget is extremely important considering the representativeness of the taxes in the general budget of the company. Such budget projection can be difficult due to each region of the federation having different rates for certain taxes.

The financial expenses budget relates the disbursements regarding the financial fees to obtain funds from third parties. Zdanowicz (2003, p. 167) says that "the main objective of the financial expenses budget is to project the payment of third party funds, raised or captured by the company". It's part of the financial expenses budget the interest, tax on credit operations, credit opening rate, monetary restatement, sureties, guarantees, banking fees and rates of analysis and monitoring of investment projects (Zdanowicz, 2003).

Cash Budgets:

The cash budget is an essential piece of the overall company budget once it synthesizes the financial results of the operations. According to Sanvicente (1987) most companies prepare some sort of cash flow to a greater or lesser degree of formalization, knowing that maintaining high cash balances cause losses in high inflation rate economies or, in opposite cases, the unexpected lack of cash can cause several losses to the company, such as in obtaining financings or creditors discredit.

Its main objective is to enable managers to know if the company will have sufficient funds to meet its obligations and meet the goals. Other objectives relevant in this budget are: the projection of the cash level; the optimization of the cash flow; the establishment of a date on which the financial resources will be applied and raised, and the establishment of a solid foundation for credit policy. (Zdanowicz, 2003, P. 168).

Also, the cash budget allows the administrator, according to Gitman (2008), to plan their short-term cash needs. Generally, cash shortages and overages call the attention. A company that expects cash overage can plan short-term investments, while another with cash shortage has to use short-term financing. The cash budget gives the financial manager a clear view of the time in which the forecast receivables and payables will take place within a certain period. Zdanowicz (2003) defines cash budget as "the technique used by the financial management that synthesizes the sum of incomes and the sum of disbursement of the budget year, allowing detecting in advance whether there will be overage or shortage of financial resources in the projected period". In general, the cash budget covers a year, although it can be developed for any period. The period covered is usually divided into intervals. The number and type of intervals will depend on the nature of business.

Methodological procedures:

This study is characterized as descriptive. According to Malhotra (2005, p 57), "the descriptive research is a kind of conclusive research whose main objective is the description of something - usually features or roles of the market". A case study was used, which is a research strategy that seeks to examine a contemporary phenomenon within its context (Roesch, 1999). The study is done on a specific case with the intention of discovering effects and determining a phenomenon unrelated to the fact studied. As for the approach to the problem, this is a quantitative and qualitative research. Qualitative research "is suitable for formative assessment, when it comes to improving the effectiveness of a program or plan, or even when it is the case of plans proposition, i.e., when it comes to selecting the goals of a program and building an intervention [...]" (Roesch, 1999 p.130). For the quantitative classification of the research, Roesch (1999, p.130) "... recommends using this method, if the purpose of the project involves measuring reactions between variables (association or cause and effect), or evaluating the result of a system or project".

Data for this paper were collected from primary and secondary data. Primary data are those collected directly by the researcher, while the secondary data refer to existing archives, databases, indexes and reports. To

collect the primary data visits were made to the company to conduct open interviews, without the use of questionnaires, with the partners of the company, in order to understand all the processes and routines of the company, its operation and its operational and strategic policy. The visits took place during the development of all the work - from July to October, 2015- and were intended, in addition to data collection, to know the routines and tools used, and also the organization's environment. In the case of secondary data, these were collected from printed and electronic documents. Accounting data were obtained with the accounting office hired by the company, while the financial data were obtained from documents and spreadsheets in the company.

The data collected through observations, documents and interviews with partners were properly organized for later analysis and interpretation, since from them it was possible to establish a specific model of financial planning for the organization. Thus, spreadsheets of revenue and expenditure during the last three years were organized and used as a basis for the preparation of the company's financial plan for the year 2015. The information obtained was also analyzed based on the bibliography on the subject. To this end, the technique of descriptive analysis was used, which allows researchers to better understand the behavior of the data through tables and graphs, identifying trends, variability and outliers. (Fávero, 2009).

Results:

Identification of the company:

The company was founded in December 2004, having its headquarter in the south of Santa Catarina, with the initial objective of selling computer equipments, providing technical assistance and marketing computer supplies in general. Since then, the company has been seeking to become the market leader within its area of operation, offering differentiated services and products. In November 2007 the company started to work as an Internet provider, with the differential of offering broadband Internet service via wireless to areas that previously did not have this service or, at most, had the conventional dial-up option, slower and more expensive than the service now offered. Nowadays, the company operates in nine districts of the south of Santa Catarina - Brazil, currently having 2730 customers.

Operational plan:

Sales Planning:

For the preparation of the sales planning, it is necessary, first, to conduct a survey and analysis of the sales history in recent years of the company being studied, as shown in Table 1.

Table 1: Increase in the number of clients.

Year	Amount of Clients	New Clients	Increase (%)
2007	-	20	-
2008	160	140	700%
2009	301	141	88%
2010	497	196	65%
2011	900	403	81%
2012	1490	590	66%
2013	2329	839	56%
2014	2880	150	24%

Source: Research data (2014).

Table 2: Gross Profit Forecast for 2015.

Month	Monthly fee	Installation fee	Total
Jan/15	R\$140998,00	R\$13.227,38	R\$154.224,96
Feb/15	R\$143156,00	R\$13.429,89	R\$156.586,06
Mar/15	R\$145348,00	R\$13.635,49	R\$158.983,31
Apr/15	R\$147573,00	R\$13.844,24	R\$161.417,26
May/15	R\$149832,00	R\$14.056,19	R\$163.888,47
Jun/15	R\$152126,00	R\$14.271,38	R\$166.397,52
Jul/15	R\$154455,00	R\$14.489,87	R\$168.944,98
Aug/15	R\$156820,00	R\$14.711,70	R\$171.531,44
Sep/15	R\$159221,00	R\$14.936,93	R\$174.157,49
Oct/15	R\$161658,00	R\$15.165,61	R\$176.823,75
Nov/15	R\$164133,00	R\$15.397,79	R\$179.530,83
Dec/15	R\$166646,00	R\$15.633,52	R\$182.279,35
Total	R\$1841965,00	R\$172800,00	R\$2.014.765,42

Source: Research data (2014).

As the number of service cancellations is very small and not frequent, it was considered that the entire amount of clients from the year 2014 will remain in 2015. It is possible to see that the company continues growing, but this growth has been slowing over the years. Aware that the growth still exists, but is decreasing gradually, and provided that one of the company's objectives, set by the partners, is to increase the amount of clients by 20% in the next year, already having actions mapped to achieve it, considered for 2015 growth

projection of 20% in the amount of clients in the year, given that this figure does not misrepresent the growth deceleration trend presented by the company. In order to identify the total amount of the monthly turnover, the revenue of the monthly fees was added to the revenues of the installation fees, coming to the value shown in Table 2.

Based in the data presented, it is possible to observe that a great part of the company's revenues, 91%, comes from the monthly fees, while the revenue of the installation represents only 9% of this amount.

Planning of service provision:

The service of the company studies has two fronts: the installation and the provision of internet signal. The installation of the internet for new customers is formed by direct labor costs (DLC), transportation and equipment. But the cost of providing the internet signal is composed of all the other costs the company as indirect labor costs (ILC), links, towers rents and marketing. The monthly budget is detailed in Table 3.

Table 3: Budget of expenses with service provision.

Month	DLC	Equipments Cost	Locomotion/Installation Cost	Locomotion budget
Jan/15	R\$2.076,52	R\$10.557,04	R\$466,49	R\$13.100,04
Feb/15	R\$2.108,31	R\$10.718,66	R\$473,63	R\$13.300,59
Mar/15	R\$2.140,58	R\$10.882,76	R\$480,88	R\$13.504,22
Apr/15	R\$2.173,36	R\$11.049,37	R\$488,24	R\$13.710,96
May/15	R\$2.206,63	R\$11.218,53	R\$495,72	R\$13.920,87
Jun/15	R\$2.240,41	R\$11.390,28	R\$503,30	R\$14.133,99
Jul/15	R\$2.274,71	R\$11.564,66	R\$511,01	R\$14.350,37
Aug/15	R\$2.309,53	R\$11.741,70	R\$518,83	R\$14.570,07
Sep/15	R\$2.344,89	R\$11.921,46	R\$526,78	R\$14.793,13
Oct/15	R\$2.380,79	R\$12.103,97	R\$534,84	R\$15.019,61
Nov/15	R\$2.417,24	R\$12.289,28	R\$543,03	R\$15.249,55
Dec/15	R\$2.454,25	R\$12.477,42	R\$551,34	R\$15.483,01
Total	R\$27.127,21	R\$137.915,12	R\$6.094,08	R\$171.136,42

Source: Research data (2014).

Table 4: Monthly administrative expenses.

Item	2014	2015
Administrator (management fees)	R\$4.200,00	R\$5.000,00
Technical Manager (management fees)	R\$4.200,00	R\$5.000,00
Finance Manager (management fees)	R\$4.200,00	R\$5.000,00
Office assistant (2)	R\$3.265,17	R\$3.510,06
Tower Technician Assistant	R\$1.964,17	R\$2.111,49
Support assistant	R\$1.781,98	R\$1.915,63
Labor support	R\$42,00	R\$7.689,09
Towers rents	R\$5.000,00	R\$5.290,00
Company rent	R\$750,00	R\$793,50
Fuel	R\$700,00	R\$740,60
Water / electricity	R\$3.500,00	R\$3.703,00
Transmission Technical Consultancy	R\$1.160,00	R\$1.227,28
Legal Consultancy	R\$550,00	R\$581,90
Engineering Consultancy	R\$330,00	R\$349,14
MK Solutions Consultancy	R\$570,00	R\$603,06
M. Hermann Consultancy	R\$270,00	R\$285,66
Accounting Consultancy	R\$440,00	R\$465,52
Bank Fees	R\$2.500,00	R\$2.645,00
Office supplies	R\$400,00	R\$423,20
Fleet maintenance	R\$500,00	R\$529,00
Travelling Expenses	R\$800,00	R\$846,40
Equipment maintenance	R\$300,00	R\$317,40
Construction Materials	R\$500,00	R\$529,00
Link signal	R\$20.000,00	R\$25.000,00
Landline	R\$780,00	R\$825,24
Cell phones	R\$1.250,00	R\$1.322,50
Office cleaning	R\$350,00	R\$370,30
Assets investment	R\$400,00	R\$423,20
Total	R\$60.703,32	R\$77.497,16

Source: Research data (2014).

Budget operating expenses:

In order to keep its operation, the company faces a number of operating expenses which include, among others, spending on room rental, consulting, accounting, fuel, telephones and salaries of administrative / financial and commercial areas. Thus, the costs were divided into administrative, commercial and financial expenses. The budget for administrative expenses was based on the analysis of the company's historical data,

inserting the inflation rate for the year 2015, and also, for some particular accounts, inserting a higher value due to the need.

The sales expenses budget was designed based on the analysis of the company's historical data, inserting the inflation rate for the year 2015, and, with the creation of the sales department for the year 2015, were inserted into the projection of sales expenses some expenses that did not exist until then. Therefore, there is a table below illustrating the sales expenses.

Table 5: Monthly sales expenses.

Item	2014	2015
Commercial Manager	-	R\$3.491,67
Street Posters Rent	R\$2.000,00	R\$2.116,00
Travelling Expenses	-	R\$650,00
Fuel	R\$800,00	R\$846,40
Flyer	R\$100,00	R\$200,00
Other advertisements	R\$100,00	R\$200,00
Total	R\$3.000,00	R\$7.504,07

Source: Research data (2014).

For the year 2015, in addition to the financing of R\$ 3,829.00, which expires at the end of 2015, there is also the financing installment of R\$ 18,529.48, totaling an amount of R\$ 22,358.48, as shown in the table below:

Table 6: Monthly financial expenses

Item	2014	2015
Vehicle financing	R\$2.912,96	R\$2.912,96
BNDES	R\$3.829,00	R\$22.358,48
Total	R\$6.741,96	R\$25.271,44

Source: Research data (2014).

Financial Plan:

Availability Planning:

The company's revenue is formed by the revenue of the monthly fee and the installation fee. Revenue of monthly fees were considered as previously projected, once this revenue comes directly from the month in question, having no relationship with or dependency on payments regarding other months. Also, it is worth noting that the contract default was already covered earlier in customers not active. However, the revenues of the installation fees in item sales forecast, were not considering the of the company's credit policy of dividing the total installation cost in three installments. Thus, to generate the receivables above, it was calculated that 100% of the clients would choose to pay in three installments, since the vast majority of the clients choose this option. Hence, it was found out the amount of credit sales of the company based on three installments payment in the period.

Regarding the company's payment policy, the company has relationships with many suppliers from a variety of segments, from office supplies to radio antennas suppliers. Thus, the payment terms for each of them may vary, generally, there is a period of at least 30 days to make payment, however, it may be of 60 and 90 days. In order to make a forecast of the company's payments, it was considered that all its expenses would be paid within 30 days in the worst scenario, but often it takes longer than that. As the total monthly expenses is paid in the next month due to the obtained period of 30 days, it was considered that the expenses of December will be paid in January, 2015, and that the expenses paid in January 2015 will be the ones of December 2014 .

From the budget of the equipment necessary for the forecasted installations, it was possible to calculate the stock necessary of these equipments and, consequently, their purchase. It is characterized as a raw material, for the company studied, the necessary equipment for the installation. They are: nano antenna, clamp base, base cap, router, screws and network cable. For the first four items, the supplier is located in the same municipality of the company and, therefore, it does not need to have stock for these devices, buying from the supplier on demand. However for the other two items, screw and network cable, it is necessary to buy in larger quantities, even this purchase being made from the same supplier, located in the same municipality of the company, since these items are only sold in larger quantities. In the case of screws, the sale is made in bags of 4000 units for R\$ 101.57 per bag. Thus, it was calculated from the screws needed to meet the demand for installations, which months would be necessary to make the purchase in. Also, in the case of the network cables, the sale is made in rolls of 6000 meters for R\$ 2,285.28 per roll. So, it was calculated from the need for network cable to meet the demand for facilities, which months would be necessary to make the purchase in.

To consolidate the cash flow budget, first, we analyzed the company's credit policy and built up its receivables table. The company's expenses are formed by the three installation-related expenses (DLC, equipment and mobility), administrative operating, sales and financial expenses and also the payment of the taxes at a rate of 13.68% from the total revenues estimated for 2014. As the payment of the expenses always

occurs in the following month, the expenses of December 2014 were estimated as January's minus the inflation of 5.8%. No opening balance for the company in January was estimated, only the R\$ 900,000.00 from the financing, for better data analysis, even though the company has a significant amount of cash. Also, it is noteworthy that the amounts detailed in the item *other payments* are related to the R\$ 900,000.00 to do the cabling work; and the R\$ 900,000.00 related to *other incomes* are related to BNDES financing to do the cabling work.

Table 7: Cash flow

Income	Total
Monthly fees revenue	R\$1.841.965,42
Installation fees revenue	R\$170.642,16
Other incomes	R\$900.000,00
Total	R\$2.912.607,58
Expenses	Total
Raw Material Payment	R\$138.201,55
DLC Payment	R\$ 27.127,21
Indirect manufacturing cost Payment	R\$ 6.094,08
Payment of expenses	R\$ 1.323.271,96
Corporate Income Tax	R\$ 275.324,72
Other payments	R\$ 900.000,00
Total	R\$2.670.019,52
Cash Opening balance	R\$ 6.440.873,60
Results of the period	R\$ 242.588,06
Cash Closing balance	R\$ 6.683.461,67

Source: Research data (2014).

From the projected flow, it is possible to see that, despite the high amount of financing acquired by the company in that year, and the high monthly expenses with the cabling work, it is difficult to visualize the results on a monthly basis, but the company makes profit monthly. These monthly profit figures that are not so high, end up becoming, at the end of the year, a significant amount of R\$ 242,588.06. Showing that even with a high financing, with a high expenditure on interest, the company still managed to finish the year with expressive cash final balance.

Projected results:

The gross revenue of the company is made up of the monthly fees and installation fees. Upon this income incurs the payment of a rate of 13.68% of taxes fees. Identifying the net revenue, it is necessary to deduct the installation costs that company has every month to find out the gross profit. Out of this, the operating expenses (administrative, sales and financial) have to be deducted. As the company doesn't have any non-operating income or expense, it is possible to identify the net profit, as the Annual Income Statement projects below:

Table 8: Annual Income Statement.

Gross revenue	R\$2.014.765,42
(-) Taxes payment	R\$252.651,58
Net revenue	R\$1.762.113,84
(-) Installation costs	R\$171.422,84
Gross Profit	R\$1.590.691,00
(-) Operating Expenses	R\$1.323.271,96
Administrative Expenses	R\$929.965,88
Sales expenses	R\$90.048,80
Financial Expenses	R\$303.257,28
Net Operating Profit	R\$267.419,03
Net Profit	R\$267.419,03

Source: Research data (2014).

From the Annual Income Statement projected above, it is possible to notice that the company will have made profit in every month of the year 2015, totaling at the end of that year a net profit of R\$ 267,419.03. According to the projected Annual Income Statement it is possible to notice that the installation costs have a less significant amount to the general expenses. The company has opted for a simplified tax system on the total revenue of the company. However, given the high amount of the company's expenses and consequently, because of this, a reduced profit, it is worth for the company to analyze whether the simplified tax system is really the best option.

Analysis of results:

Analyzing the company's sales history, it is possible to notice that it continues to show growth, although this growth has been slowing down over the years. Still, the company does not show signs of stagnation and has

planned actions to remain competitive in the market. In addition, it can be also seen from the data presented on the segment that the current trend is to offer increasing internet speed, which can be already seen by the increase in the number of clients in such plans and, consequently, a decrease in the number of the clients of the slower speed plans.

Thus, the large investment to start the cabling of the regions in which the company operates, seeks to prepare the company to increasingly offer higher internet speed to its clients, even if the results of this major investment does not happen in the short term. Also, although the company has a financing of a significant value, with the projections, it is possible to assume that the company will have ended the year with a positive cash flow, being able to make an investment of this size in a healthy way. Regarding the installation costs, it is possible to notice that even with the increases in the costs, generated by the inflation and the increase in the DLC of the installers, the cost of installation of R\$ 300.00 still covering all the costs of installation, not having the company to increase this number, according to the owners' decision. For all these points raised and the existing analysis of the projected statements, it can be concluded that the company is able to continue to grow healthily and honestly in the market.

Conclusion:

The goal of this study was to propose a financial planning for the company studied, given that the company has a financial organization not fully developed yet, a fact that prevents proper generation of information which may serve as basis to assist in its managers in making decisions. The development of this financial plan provided many gains for the company studied. Besides enabling the managers to have view of the company's current situation, and forecast sales and expenses for the upcoming year, the research was essential to make the managers understand the importance of separating a time in the busy day-to-day routine to think about the financial aspects of the company and, thus, search for improvements in this area.

The projected financial plan showed a peaceful and prosperous future for the company, but the managers need to follow the planning and aim at reaching the everyday goals, so what was planned does not remain only on paper. The company also needs to be constantly updated and one step ahead of the competition whenever possible. It can be considered that the proposed financial plan, if properly used, will be of great benefit to the company as it will be contributing to the decision-making of the company in a more informed way. In addition, comparing what was projected with what was accomplished, it is possible to reduce the expenses, monitor the progress of the revenues and constantly evaluate its results so the company can continue to grow healthily.

In addition, this work constitutes a great instrument to apply the knowledge acquired during the degree course and its complementary activities. It is even more important that it is always combined with the practice in order to experience the challenges faced by the organizations and, consequently, training qualified and experienced administrators.

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