

USEFULNESS OF CASH-FLOW STATEMENTS FOR ROMANIAN SMALL AND MEDIUM ENTERPRISES

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1. Conceptual framework and development of assumptions

The emergence of International Financial Reporting Standards (IFRS) for Small and Medium-Sized Enterprises (IFRS for SMEs) determined us to make assessments on the extent to which Romanian companies in this category are prepared for the transition to this set of standards. Unlike the case of listed companies, in 2007 the European Union stated that there is no intention for IFRS to become mandatory for SMEs (Nolke and Perry, 2007). Therefore, each country will decide individually whether to adopt this standard or not. It is likely that in Europe IFRS for SMEs will have a similar status to IAS before 2004, meaning that countries may allow companies to decide whether they want to use IFRS for SMEs. Before adopting IFRS for SMEs both at national and at company level, it is very important for all parties involved to be aware of pros and cons both in the view of users and producers of financial information.

From the perspective of our study, we were interested particularly in aspects related to cash-flow statements. According to IFRS for SMEs, this statement is a mandatory reporting, being part of the financial reports. The transition to the application of IFRS for SMEs involves a different way of thinking and applying of working rules and procedures at the level of SMEs. Therefore, the role of human resources

with financial and accounting knowledge and specialised studies is essential for SMEs in the context of the implementation of the new accounting standards.

2. A new perception of the Romanian accounting practitioners' idea on financial statements?

The topic of our research is structured around the main question: "How prepared are Romanian SMEs to transpose cash-flow information into mandatory financial reporting?"

Information provided by cash-flow statements can be used to increase quality and level of financial earnings, liquidities and flexibility and they help when forecasting cash-flows. Information on cash-flows should provide better guidance on the level of a company's liquidity, because no other asset is more liquid than cash. According to Carslaw and Mills (1991:63), a company's financial strength and weakness is estimated best by using a set of cash-flow ratios combined with traditional financial statements – balance sheet and income statement.

The main purpose of this article is to study the opinion of the management of small and medium-sized enterprises located in the western part of Romania in respect to the importance and usefulness of cash-flow statements for this category of companies.

This results from the fact that there are no records of the views of practitioners in finance and accounting departments in respect to this initiative.

The undertaken research focuses on the necessity, usefulness, importance and usage level of cash-flow statements in the praxis of Romanian small and medium-sized enterprises. Thus, the following questions are required:

- how do SMEs perceive the costs and benefits of cash-flow statements included in the IFRS proposed for SMEs?
- are there significant differences between SMEs regarding management perceptions on cash-flow statements, depending on their size?
- what are the difficulties of SMEs' management resulting from non-preparation of cash-flow statements?
- how do specialised personnel who prepare financial statements perceive the usefulness of cash-flow statements?

Currently, there are no defined records of SMEs perceptions and views on adopting IFRS for SMEs and on the usefulness of cash-flow statements, feasibility and benefits of its adoption and on the difficulties faced by SMEs in implementing various accounting standards and regulations. There are significant gaps in professional literature regarding the adequacy of IFRS proposed for SMEs. Also, there is no evidence on accounting issues relevant for SMEs and this would have to be covered by IFRS for SMEs. Moreover, there is a lack of empirical evidence on costs and benefits of accounting methods based on IFRS for SMEs.

2.1. Reasons for performing an analysis of practitioners' perceptions on adopting IFRS for SMEs

According to current Romanian accounting regulations, SMEs prepare simplified financial statements, where the

statement of changes in equity and the cash-flow statement are not mandatory.

IFRS for SMEs provides that, besides the company's financial position, the financial statements of SMEs have to also present fairly the financial performance and cash-flows of an entity in this category.

Before their implementation it is impossible to examine directly the effects of IFRS for SMEs. Therefore, experience of those persons with knowledge on IFRS for SMEs is useful for understanding the possible consequences of its adoption.

In Romania, the new rules on IFRS for SMEs have been submitted to the Body of Chartered Certified Accountants (CECCAR) in order to be analysed, and its members will make recommendations and notes on the practical applicability of the new accounting regulations.

According to a survey conducted by NEXIA International, although the International Accounting Standards Board headquartered in London (IASB) has issued the international financial reporting standard (IFRS) for SMEs in July 2009 (it is considered that SMEs represent over 95% of all companies in the world), it seems that companies have a poor "appetite" for adopting international financial reporting standards (IFRS) for SMEs.

Due to recent completion of IFRS for SMEs (since 2009 – the English version and in 2010 – its translation into Romanian), there are only few case studies on the practical difficulties of SMEs in Romania, and literature addresses this issue more from the theoretical point of view.

2.2. Literature on the necessity and applicability of IFRS for SMEs

Eierle and Haller (2009) noted that most SMEs in Germany consider that it is necessary only in a small extent or even unnecessary to provide

internationally comparable financial information. Based on the analysis of Belgian data, Coppens and others (2007) have shown that adoption of IFRS for SMEs will result in a need of separate financial reporting to tax authorities by those companies that apply IFRS for SMEs. Moreover, both studies - Coppens and others (2007) and Haller (2003) – noted that, according to experts' opinion, after adoption of IFRS for SMEs, companies' efforts for data collection and processing will probably increase considerably due to the standard's complexity.

According to Coppens and others (2007), SMEs require assistance from external accounting specialists in order to apply IFRS, which increases implementation costs. According to Evans and others (2005), the relative value of these costs will be high, especially for smaller companies, but the size effect is quite rare in terms of evaluation of costs and benefits of this particular accounting standard (Eierle and Haller, 2009). Thus, Eierle and Haller (2009) argue that, in comparison to larger companies, small companies overestimate the benefits of accounting standards and underestimate their costs, probably due to the lower level of accounting knowledge in small companies.

Many researchers confirmed the usefulness and importance of operating cash-flows in comparison with revenues in respect to:

- evolution of exchange rates for securities: Beaver and Dukes (1972), Pattel and Kaplan (1977), Rayburn (1986), Bowen and others (1987), Wilson (1986, 1987), Bernard and Stöber (1989), Papilor (1995), Wang and others (1998), Saïd and others (2001);

- forecast of future cash-flows: Bowen and others (1986), Finger (1994), Krishnan and Largay (1997), Barth and others (2001), Hussain and others, Attar (2004);

- enterprise risk management and cash-flow forecasting, Farcane N., Popa A., Caciuc L., Bliđișel R., 2008;

- risk management, at the border between accounting constructions and cash-flow forecasting tools, Solle G., Farcane N, Saglietto L., Stirbu D., 2010;

- assessment of company's financial situation, Cristea H, Pirtea M, Enache C, 2000;

- company's cash-flows under inflationary circumstances, Pirtea M., 2000.

Both international and national professional literature demonstrates that specialized finance and accounting personnel, who have encountered various situations in their professional career, or have even prepared cash-flow statements, are more receptive to implementing the new accounting standard IFRS for SMEs.

3. Assumptions concerning the assessment of mentality change of Romanian accounting practitioners

Our work starts from the assumptions described below.

Based on various domestic and foreign studies, which showed that the size of a company is a factor that influences its behavior in terms of preparation and dissemination of financial and accounting information (Hermann et. al. (1996), Ettredge et al.(2002) , Haniffa and Cooke (2002) , Popa (2008)), we considered that management of small companies have different perceptions regarding cash-flow statements in comparison with managers of medium-sized companies. Consequently, we start from the following assumptions:

Assumption 1: There are significant size differences between SMEs in respect to management perception on cash-flow statements.

Regardless of whether they have used cash-flows during their career or not, specialized personnel who prepare

financial statements for SMEs are aware of their importance and of the problems faced by companies, which prepare cash-flow statements.

Assumption 2: Specialized personnel preparing financial statements are aware of the problems faced by companies, which prepare cash-flow statements, regardless of whether they have used cash-flow statements during their career or not.

Moreover, it is presumed that specialised personnel in finance and accounting departments, who prepare financial statements, consider that cash-flow statements provide important financial information for improving decision-making at the level of SMEs. Performance assessment, one of SMEs' main objectives, caught attention of many researchers. This led us to a third assumption:

Assumption 3: Specialised personnel in finance and accounting departments, who have used cash-flow statements during their career, consider that managers face difficulties in decision-making in the absence of information resulted from the analysis of cash-flow statements, while non-users have a different perception.

Usefulness of cash-flow statements for decision-making at a company's management level is a matter that has to be taken into account by those who prepare the company's financial statements. We assume that those respondents, who have not used or prepared cash-flow statements during their careers, will have different perceptions about the usefulness of this statement, in comparison to the group of those who have used and even prepared it. This is the fourth assumption of our study.

Assumption 4: Specialized personnel (users and non-users of cash-flow statements) have different perceptions regarding usefulness of cash-flow statements in providing

financial information for decision-making process.

3.1. Ways and means for testing our assumptions

Research methodology is used to obtain information for elucidating the questions addressed in this study. There is a lively debate in socio-economical sciences regarding management research. Research is based on testing assumptions through logical empiricism, which is a positive approach. Also, in order to analyse experience in knowledge process, we have used quantitative and qualitative methods, recommended and used by many researchers, these being the most used research methods at socio-economical level.

In our study, quantitative data are collected by means of a questionnaire distributed to small and medium-sized enterprises in the western part of Romania.

Qualitative data were obtained by means of open questions and direct interviews with some of the finance managers of SMEs in this region.

The sample represents a group of people to which we apply a study which results in a conclusion about the entire studied population. The sample should provide an accurate picture of the reference population. The sample must be obtained by applying probabilistic techniques, and it has to be representative both statistically and theoretically.

The sample used in this study is just one of the many methods used for data collection. Sample methodology is used for obtaining the opinions of finance and accounting professionals on the necessity and usefulness of cash-flow statements in management and administration of small and medium-sized enterprises.

The studied population consists of representatives of small and medium-

sized enterprises (according to the definition of SMEs in Romanian legislation harmonized with European Directives) located in the western part of Romania, in Timiș, Caraș-Severin, Arad and Hunedoara Counties. The sample was obtained from the companies registered in the database of the Trade Register Offices of the 4 counties in Region V West.

3.2. Results obtained based on statistical treatment of answered questionnaires

We have made a random selection out of the total number of 35,204 SMEs, which were registered with Trade Register Office in 2007 in the 4 counties in Region V West. By using a disproportionate stratified sampling technique we selected 400 companies that meet the definition of SMEs in the Romanian legislation and have an annual turnover of not more than 43 million lei. We used stratification variables for the companies' size and headquarters. We chose the disproportionate sampling technique for ensuring that all important subpopulations were represented in the sample. We used the following two size groups for selecting the sample: companies with turnover of less 8.6 million lei and companies with turnover between 8.6 and 43 million lei respectively. The clusters for headquarters were represented by the 4 counties in Region V West: Timiș, Arad, Caraș-Severin and Hunedoara. From each group we selected randomly a number of 100 entities. We sent questionnaires to these companies and only a number of 162 companies have returned them filled out (27%). Out of the 162 returned questionnaires, 37 were not valid because they were not complete or the companies have a turnover exceeding 43 million lei for 2009. Thus, there resulted a sample of 125 valid and usable questionnaires, and a response rate of 31.25%.

Based on the received responses and validated questionnaires, we determined the sampling error of +/- 7.28%. The sampling error or the confidence interval represents the range of values (error) for fitting in the percentage calculated based on the sample within total population.

One section presents descriptive data on examining the perceptions of respondents regarding the necessity and importance of using cash-flow statements. Additionally, we compared opinions of persons who prepared cash-flow statements in their professional career with opinions of persons who did not use or prepare such statements, in order to determine significant differences between the two groups related to choice of preference, difficulties in implementing cash-flow statements and usefulness of information in cash-flows in the decision-making process.

Out of those who have been using cash-flow statements during their career, 9.6% said that they have only poor knowledge about its structure. Therefore, we consider that the group of persons who have used cash-flow before is better informed than the group of respondents who have not used it. 36.8% of the sample companies prepared cash-flow statements, while 63.2% of them did not. We appreciate that more than half of the SMEs do not prepare cash-flow statements.

In Romania, the General Tax Office (DGFP) is considered the main user of cash-flow statements, followed by banks and other credit institutions, shareholders, creditors and managers. According to respondents who used cash-flow statements, all these categories have obtained an average around 2, "partial agreement". On the other hand, those who did not use cash-flow statements are of the opinion that banks and other credit institutions, and shareholders are the main categories of users, while the General Tax Office and creditors are less interested in them, with

an average of 2.74, closer to “not-interested” level. Both groups consider that employees and suppliers are the least interested in cash-flows, with an overall average of 4.58, and 4.14 respectively.

The using respondents consider that the main purpose served by cash-flow statements consists in filling out tax returns, while finding and obtaining financing ranks second in the hierarchy of purposes. Non-using respondents consider that the main purpose served by cash-flow statements consists in obtaining financing. The same group considers that cash-flow statements are necessary for transactions with clients and suppliers. We consider that the average obtained by this statement (average=1.65) is the result of a misunderstanding of the question. Both groups consider that preparation and usage of cash-flow statements does not lead to better relationships with employees.

Moreover, respondents were asked to state their opinion on their choice for preparation and usage of cash-flow statements in decision-making at company level or giving up the preparation of these statements.

A comparison between respondents who have prepared and used cash-flow statements in their professional career and those who did not use them shows that, most of those who have used such statements (81.6%) consider it is appropriate and useful to prepare those (76%), and only 5.6% of them chose to give up preparation of such statements. The group of subjects who did not use cash-flow statements represents 24% and all of them consider that it is not necessary to prepare them. The responses suggest that those who know the cash-flow statements are aware of their importance and necessity.

To get a conclusive answer regarding the reasons for choosing between the two options, respondents

were asked to state to what extent they support certain assertions.

The questionnaire asked respondents to express their opinions on the main reasons for their preference. Respondents who prefer to use cash-flow statements for reporting SMEs' collections and payments have good reasons for their choice.

The group of those persons who did not use such statements has invoked “costs with acquisition of appropriate software” and “costs with financial and accounting consultancy” as the reasons that make them unwilling to use cash-flow statements. The two statements have an average of 1.35, and 2.04 respectively, for this group.

Respondents have established that the most important problem faced in preparation of cash-flow statements consists in “a low degree of acceptance from the side of managers and shareholders in respect to the cost-benefit ratio of preparation compulsoriness”, with an average of 1.84.

Also, other problems are “low level of understanding terminology”, with an average of 2.30 and “low level of understanding the preparation method of such financial statements (by certain categories of users)”, with an average of 2.33.

As regards the groups of users and non-users, respondents who used cash-flow statements consider that the most important problem regarding the use of cash-flow statements consists in the fact that managers and shareholders do not accept the cost-benefit ratio in terms of compulsoriness in the preparation of such statements (an average of 1.68). The difficulties related to how cash-flow statements are prepared and understanding of terminology are also considered obstacles in the preparation of cash-flow statements for this category of respondents, with averages of 2.16, and 2.24 respectively.

In terms of perception, those respondents who have not used cash-flow statements share almost the same opinion like those who have used such statements. They invoke especially the first problem: “low acceptance degree from the side of managers and shareholders in respect to the cost-benefit ratio of preparation compulsoriness”, with an average value of 2.57 and the second one “low understanding of terminology”, with an average value of 2.57.

In order to assess the necessity and usefulness of cash-flow statements

in the decision-making process, respondents expressed their opinions on the difficulties faced by management in the absence of relevant information that might result from the analysis of cash-flow statements.

3.3. Opinions on the usefulness of cash-flow statements in the decision-making process

In this study we tested the following assumptions:

<u>Assumption 1</u>	<i>There are significant size differences between SMEs in respect to management perception in terms of cash-flow statements</i>
<u>Assumption 2</u>	<i>Specialized personnel preparing financial statements are aware of the problems faced by companies, which prepare cash-flow statements, regardless of whether they have used the cash-flow statements during their career or not</i>
<u>Assumption 3</u>	<i>Specialised personnel in finance and accounting, who during their career have used cash-flow statements, consider that managers face difficulties in decision-making in the absence of information resulted from the analysis of cash-flow statements, while non-users have a different perception</i>
<u>Assumption 4</u>	<i>Specialized personnel (users and non-users of cash-flow statements) have different perceptions regarding usefulness of cash-flow statements in providing financial information for the decision-making process</i>

After processing the data, we can say that respondents consider that in the absence of information provided by cash-flow statements managers will not be able to “understand the causes of different cash-flow sizes” and they will face the “impossibility of performing an evaluation of the company’s capacity to generate cash and cash equivalents from operating, investment and financial activities”, which are the most important difficulties, with an average of 1.53, and 1.76 respectively. Respondents also consider that the lack of information arising from cash-flow analysis leads to “incorrect assessment of changes in liquidity and solvency” and “taking by surprise the users of the company’s financial information in respect to

knowledge of differential meanings of cash-flows generated by the three categories of activities”.

Regarding the differences between the two groups, those who have used cash-flow statements are those who appreciate difficulties mentioned in the same trend with the entire sample, while the group of those who have not used cash-flow statements consider that managers’ most important difficulty consists in “taking by surprise the users of the company’s financial information in respect to knowledge of differential meanings of cash-flows generated by the three categories of activities”, with an average of 2.13. The other three difficulties register an average of around 3, “not interested”, and standard

deviations ranging between 1.166 and 1.905.

We concluded that respondents agree that “cash-flow statements are necessary for planning and management of future financial engagements”, with an average of 1.63. Also, they agree with following assertions: “cash-flow statements provide additional information for financial analysis” and “cash-flow statements serve financial informational needs for assessing performances in a manner more close to reality”, with averages of 1.83 and 2.25. “Cash-flow statements serve to examine relationships between profitability and net cash-flows and the impact on price changes” and “cash-flow statements are necessary to investors for assessing financial performance in correlation with economic performance presented in the income statement” are assertions that have obtained averages of 2.78 and 2.85. Almost 70% of the respondents acknowledge the usefulness of cash-flow statements, and they give a score of 5 - “strongly disagree” – to statement “cash-flow statements are of no benefit for SMEs”, which gathered an average of 4.30.

Many of the respondents partially disagreed in respect to assertion “cash-flow statements serve for comparing operating results of various companies, because they eliminate the effects of applying different accounting criteria for the same types of transactions and events” (average 3.68), considering that, in the absence of such statements, operating results of various companies can be compared only based on information included in the income statement. In the same time, respondents are showed no interest with respect to usefulness of cash-flow statements for “company’s evaluation based on forecasts for a wider time horizon” and “assessment of the extent to which previous assessments correspond to cash-flows determined at a certain

moment in time”, which shows that interviewed respondents did not encounter such statements, and the two assertions obtained averages close to “not-interested”, of 3.25, and 3.21 respectively.

We also highlight that respondents of the two groups do not have similar opinions in respect to most of the assertions. Unlike the respondents who used cash-flow statements, those who did not use them are not so decided in respect to their usefulness, the average of the group who did not use cash-flow statements being of only 3.74 and the standard deviation of 1.514. These respondents have an opinion close enough to “not-interested” and “strongly disagree”, which makes us to assert that probably they do not have sufficient knowledge and expertise for issuing resolute judgments about subtle aspects related to cash-flow statements.

Based on various domestic and foreign researches, which showed that company’s size is a factor that influences its behavior in respect to preparation and dissemination of financial information, we considered that small companies’ management have different perceptions on cash-flow statements in comparison to medium-sized companies’ managers. Therefore, we start from the following assumption:

The results of the Kruskal-Wallis test applied to the two groups of companies - companies with turnover of less 8.6 million lei and companies with turnover between 8.6 million lei and 43 million lei - show that for certain assertions there are differences between the two groups, and for other assertions the respondents have the same opinions, regardless of the company’s size (identified in table no. 1). Overall, out of the tested assertions, for 13 assertions there are no differences, and for 15 assertions there are differences between small and medium-sized companies.

Table no. 1 Kruskal-Wallis test results on the existence of significant differences based on size from SMEs about their perceptions on the management of cash flow statement

Statement	Chi-square	p-value
2.4 Objectives of the cash flow statement		
Better management of business enterprise	29,383	0,000*
Finding and funding obtaining	29,278	0,000*
Better relations with employees	11,052	0,001*
2.8 The additional costs of preparing cash flows		
Staff training costs in the financial accounting department	5,560	0,018*
Costs to the purchase of appropriate software	5,082	0,024*
Financial consulting and accounting costs	21,930	0,000*
2.9 The problems faced by companies that prepare cash flow that is manifested in the legal		
Problems with adapting computer systems	6,283	0,012*
Problems with new accounting treatment and criteria for evaluation and recognition of balance sheet items	23,702	0,000*
A low degree of acceptance by managers and shareholders of cost-benefit requirement preparation	4,210	0,040*
2.10 The management difficulties in the absence of relevant information that might emerge from the analysis of flow table		
Capturing users' financial information to the knowledge of company accounting sense differential cash flows generated by the three categories of activities	10,872	0,001*
3.1. The usefulness of cash flows in making decisions		
Cash flow statement financial accounting serves the information needs for assessing performance in a more appropriate reality	6,560	0,010*
Statement of cash flows is necessary to plan and manage future financial commitments	9,279	0,002*
Statement of cash flows can be used to assess the company based on a forecast horizon wider.	4,462	0,035*

We estimate that there are more differences than similarities based on size between SMEs in respect to their management's perceptions regarding cash-flow statements. Therefore, we can conclude that Assumption 1, related to existence of significant differences based on size between SMEs in respect to management's perceptions on cash-flow statements, is partially confirmed due to

the significance level p , which does not comply with the validity condition $p < 0.05$.

The non-parametric Kruskal-Wallis test was developed for testing respondents' opinions in the two groups. Considering that the value of significance p (Asymp. Sig.) is lower than the maximum value 0.05 in only two cases, we can conclude that Assumption 2 is only partially confirmed. Most respondents confirm that there will be no

problems for companies that prepare cash-flow statements.

Investigation of variables analysed in order to verify assumption 4 regarding preconditions of normal dispersal, linearity and homoscedasticity led to results that did not allow

application of parametric tests. Therefore, in order to verify assumption 4 we used the non-parametric Kruskal-Wallis test. The values of the Kruskal-Wallis test and its significance value “p” are presented in table 2.

Table no. 2 Kruskal-Wallis test results regarding the usefulness of cash flow statement

Advantages	Chi-square	p-value
1. Statement of cash flows provides additional information for financial analysis	24,076	0,000*
2. Cash flow statement financial accounting serves the information needs for assessing performance in a more appropriate reality	61,981	0,000*
3. Statement of cash flows is necessary to plan and manage future financial commitments	90,204	0,000*
4. Statement of cash flows is necessary for investors to assess financial performance in correlation with economic performance highlighted by the income	19,701	0,000*
5. Statement of cash flows can be used to assess the company based on a forecast horizon wider.	10,844	0,001*
6. Statement of cash flows from operations is used for comparing results of different enterprises because it eliminates the effects of different accounting criteria for the same types of transactions and events	7,404	0,007*
7. Statement of cash flows can be used in assessing the extent to which previous assessments meet established cash flows at a time	5,324	0,021*
8. Statement of cash flows serves to examine the relationships between profitability and net cash flow and impact of changing prices	28,906	0,000*
9. Statement of cash flows shows no benefit of SMEs	6,454	0,011*

* indicates the significance of the Kruskal-Wallis significance values of p-value of 0.05 or higher.

Assumption 4 refers to the usefulness of cash-flow statements, as perceived by the personnel in charge with the preparation of the financial statements. In order to analyse the differences between the perception of personnel who did and who did not use cash-flow statements before, the questionnaire gave the opportunity to express options within nine pre-identified advantages. The applied Kruskal-Wallis

test presents the results obtained, and table no. 2 shows that Chi-square has significant values in all cases, the following assertions ranking on the first places: “Cash-flow statements are necessary for planning and management of future financial engagements”, (Chi-square=90.204, p=0.000), “Cash-flow statements serve the needs of financial information for assessing performance in a manner more close to reality” (Chi-

square=61.9814, $p=0.000$), and “Cash-flow statements serve for examination of relationships between profitability and net cash-flows and of the impact on price changes” (Chi-square=28.906, $p=0.000$).

Therefore, according to interviewed specialists, Assumption 4 is confirmed in respect to usefulness and advantages of cash-flow statements.

4. Conclusions

This study aimed to test the addressed assumptions by means of statistical parameters, based on the fundamental theory on the debate regarding application of cash-flow statements by SMEs. International professional literature presents different opinions on the feasibility of applying cash-flow statements and relevance of

financial information provided by them for decision-making. A number of studies have suggested that specialised personnel who applied cash-flow statements are more responsive to changes implied by their application, than personnel who did not use such statements.

Thus, we used the quantitative approach (questionnaire) in order to shape viable research tools for examining the construction of this study. The methodological research focused on the population in the companies' finance and accounting departments, in order to ensure collection of data required for obtaining the main results of this study.

The results obtained by testing the assumptions are summarised in table no.3.

Table no. 3 Assumptions of comparative analysis: users and non-users of cash-flow statements

Assumptions		Results
<u>Assumption 1</u>	<i>There are significant size differences between SMEs in respect to management perception in terms of cash-flow statements</i>	Partially confirmed
<u>Assumption 2</u>	<i>Specialized personnel preparing financial statements are aware of the problems faced by companies, which prepare cash-flow statements, regardless of whether they have used the cash-flow statements during their career or not</i>	Partially confirmed
<u>Assumption 3</u>	<i>Specialised personnel in finance and accounting, who during their career have used cash-flow statements, consider that managers face difficulties in decision-making in the absence of information resulted from the analysis of cash-flow statements, while non-users have a different perception</i>	Confirmed
<u>Assumption 4</u>	<i>Specialized personnel (users and non-users of cash-flow statements) have different perceptions regarding usefulness of cash-flow statements in providing financial information for the decision-making process</i>	Confirmed

The results show that there are differences between the opinions of specialised personnel in finance and accounting departments who have used cash-flow statements before and those

who have not used such statements in respect to the difficulties faced and the usefulness of financial information provided for the decision-making process.

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