ROMANIAN ACCOUNTING POLICIES BETWEEN INTERNATIONAL ACCOUNTING CONVERGENCE AND CORPORATE GOVERNANCE REGULATION

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Abstract

Our paper aims to look at accounting impact on the systems of Romanian corporate governance. The purpose is aligned to discover research leads at the intersection of corporate governance and financial accounting. The hypothesis is that the corporate governance is influenced by accounting policies monitored by internal control. The empirical study focus on several points: (i) concepts and specific terms; (ii) elements to be considered in establishment of accounting policies; (iii) change and remodelling of accounting policies; (iv) the influence of enterprise accounting policies on indicators level. We present the role of accounting policies to generate futures economic benefices and the intricacy of accounting valuation. We conclude about the process configuration and modelling accounting policies in terms of business engineering.

Keywords: Corporate Governance, Accounting Policies, Internal Controls, Financial Reporting

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1 Introduction

Our endeavour, aims to look at the form and the way of international accounting convergence impact on the systems of Romanian corporate governance. Since first January 2010, when was enforced the last accounting regulations harmonized with European Directives and Regulations, public interest companies should disclosure in their annual report minimum information about accounting policies and internal control and risk management. Romanian Companies Act provides among not delegate duties of administrators, the approval of accounting policies. The purpose of this paper is aligned to discover research leads at the intersection of corporate governance and financial accounting and to relieve the accountability of corporate governance structures. Independence is the cornerstone of accountability. It is now widely recognized, mostly throughout the U.S., that independent boards are essential to a sound governance structure. In Romania the independent boards are not yet implemented in a large number, caused by the corporate national structure made of in 90% by small and medium enterprises.

We started from the hypothesis that the corporate governance is impacted by international accounting by internal policies monitored by internal control. The empirical study focus on several points: concepts and terms in this field; elements to be considered in establishment of accounting policies by the administrators; improvement and remodelling of accounting policies; the influence of enterprise accounting policies on principal indicators disclosure in financial reporting.

Research methodology is empirical study of legislation and practices in accounting and corporate governance fields.

Data base is provided by recent published analysis of Business Association of Romania (BAR), Romanian Centre of Economic Modelling (RCEM) and National Association of Exporters and Importers (NAEI) in business press. Also, we use the sound personal experience gained in internal and external audit missions on private and public enterprises.

The term corporate governance is becoming increasingly used in the economic world in recent decades, established itself as a national concern and in recent years. The etymology comes from the Greek cyber, meaning the helmsman of a ship and meaningful leadership. Developments in the corporate environment and management complexity of multinational corporations in globalization have led to the need for standards, guidelines and codes of governance[7].

[7] Corporate governance is „Everywhere shareholders are re-examining their relationships with company bosses – what is known as their system of ‘corporate governance.’ Every country has its own, distinct brand of corporate governance, reflecting its legal, regulatory and tax regimes… The problem of how to make bosses accountable has been around ever since the public limited company was invented in the 19th

Simply, corporate governance is a system by which companies are directed and controlled (Cadbury Committee, 1992). Another definition is "relationship among various participants in determining the direction and performance of corporations. The participants are shareowners, management and the board of directors." (Robert Monks R., Minow N., 1995).

In the dual version of governance, the supervisory board appears. In addition, and advisory committees (audit committee, remuneration committee of directors) and internal audit considered governance structures.

Corporate governance include a set of processes, customs, policies, laws and institutions affecting the way a company is directed, administered or controlled. Although corporate governance is designed for the protection of its external funders, it also applies to government, not-for-profit and other membership organizations. In this context, the 'external funders' become stakeholders who could, for example, be members of the public, or special interest groups to whom the body is accountable. More recent form is institutional governance, especially in higher education field. Much more, corporate social responsibility of universities, become a favourite items conferences on quality in higher education. Across the world, there are several different models of corporate governance in use. This is "firstly a reflection of the way organizations are funded, and secondly reveals the control imposed by legislation or an external regulator" (Feleaga N., 2008).

Taking a worldwide view, governments have created many different approaches to regulate companies and corporations in order to protect assets, earning capacity and the reputation of the organization. The main types of corporate governance are: Anglo-American based on the corporate objectives set by the owners of the organization. The shareholders are the primary stakeholders to whom the organization is accountable and the internal performance and external accountability is geared towards the achievement of these objectives; Franco-German views a firm as a collective entity that has responsibilities and duties towards key stakeholders, with shareholders perceived to be only one group of such stakeholders; Japanese industrial structure based on a network of supplier and buyer companies ('keiretsu'), known for their extensive cross-shareholding among members and their main banks. Organizations have long-term and stable relationships among firms and the banks that finance them. With increased foreign ownership and global competition, there is a slow trend towards the adoption of the Anglo- American governance approach.

To achieve internal corporate governance, organizations often implement controls to protect the assets of the organization. This explains why the more usable definition of corporate governance is "a sound system of internal controls". Ever since organizations first sought finance to fund their activities, there has been a need for accountability to protect the interests of those providing the funding. The call for increased accountability grows louder every time there is a crisis in public confidence. Whether this is the stock market crash of 1929, for example, or the more recent high-profile collapses of a number of large firms such as Barings Bank, Enron Corporation, WorldCom, the resulting uncertainty has led to renewed interest in corporate governance practices.

This accountability comes at a price however. Dobre M.M. (2012) gives a view on costs of compliance. In the US, additional regulation costs on large businesses have resulted in an average increase of $2.4 million in auditing fees for each company. Firms with revenue of less than $100 million per annum now pay out more than 2.5% of turnover in compliance. Risk management across an organization include insurance costs, accounts for a large part of these compliance costs. But, why is compliance so expensive? The next question is the famous low Sarbanes-Oxley Act (SOX) is a real solution for improving financial reporting by disclosure of material weakness of internal controls? All public American companies are required to comply with The Sarbanes-Oxley Act starting with 2002. Section 404 is an exception; it went into force in November 2004 for accelerated filers. The smaller non accelerated filers resisted and postponed compliance until July 2010. There is controversy concerning the cost-benefit impact of Sarbanes-Oxley Act and the burden that it seems to have cast on companies required to comply with it. Companies maintain that the high costs of complying with Section 404 are not commensurate with its perceived benefits and, hence, call for modification or repeal of the section. Regulators insist that the internal control requirements of Section 404 should result in higher quality financial reporting, which in turn should lower cost of capital. Financial advisors "maintain that investors should demand a higher risk premium for firms with internal control weaknesses and credit rating agencies note that internal control weakness is an important consideration in the rating process namely: Wilfert 2005; Moody's Investor Service 2004; Fitch Ratings 2005" (M.M. Dobre, 2012 p.23).

Therefore, one of the key questions facing today's managers is how do we provide a set of corporate governance controls that protect the organization's interests without disadvantaging the organization in a competitive market?

An accountable governance means: board attention on optimizing the company's operating performance and returns to shareowners; directors should be accountable to shareowners, and

century, for the first time separating the owners of firms from the managers who run them…." (Corporate Governance: Watching the Boss," THE ECONOMIST 3 Jan. 29, 1994).

management accountable to directors; disclosure and transparency of objective globally accepted minimum accounting standard; all investors must be treated equitably and upon the principle of one-share/one-vote; companies should disclose to their shareowners whether they are in compliance; directors and management should have a long-term strategic vision that, at its core, emphasizes sustained shareowner value. Two principles are most relevant to our work, namely: publicity and transparency of data and the responsibilities of the Board.

Good practice of corporate governance should ensure that advertising or public disclosure of data effectively, is on all material on the corporation, including financial situation, performance, partnership and company governance.

Nowadays, specifically, investors strongly urge companies to disclose any known trends, events, demands, commitments, and uncertainties stemming from climate change that are reasonably likely to have a material effect on financial condition or operating performance.

The board should fulfil certain functions in real connexion with accounting and financial reporting: accounting integrity of the company and financial reporting systems, including the independent audit, and appropriate control systems are in force, in particular risk management systems, financial and operational control and compliance with standards and legislation force; supervision of financial information and communication.

To address fundamental deficiencies in bank corporate governance that became apparent during the financial crisis, the Basel Committee on Banking Supervision has issued a final set of principles for enhancing sound corporate governance practices at banking organisations. Basel Committee released in December 2011 its consultative document the internal audit function in banks.

The primary responsibility for good bank corporate governance rests with boards (supported by the control functions) and with senior management of banks. In addition, banking supervisors have an important role in developing guidance and assessing bank corporate governance practices. There are also many others that can promote good bank corporate governance, including behaviour and actions of shareholders, depositors, external auditors, banking industry associations, professional Risk Advisory, governments, credit rating agencies, securities regulators, stock exchanges and other self-regulatory organization, employees.

2 Romania's business environment and implementation status of corporate governance principles

The Romanian economy grew by 2.5 percent in 2011, driven by an exceptional agricultural harvest and industrial output growth. After two years of recession, growth resumed in Romania in 2011, "but economic outlook has deteriorated owing to the European economic downturn" (IMF Country Report no. 12/72 April 2012). In recent years Romania's business environment was not dominated, as in other countries, the Romanian majority ownership companies. Multinationals develops a new local corporate behaviour by their internal procedures applied here. This is the way to boost entrepreneurship in Romania and domestic capital investment. Large foreign companies dominate the most important sectors of national economy. Data collected by RCEM shows low share of domestic capital in the absence of local business by Romanian companies in sectors with growth opportunities (Curierul National nr. 6329/6 iulie 2012). In recent years, new companies entered the Romanian entrepreneurs are in areas with barriers in terms of competition, business opportunities. In 2008-2010, over 55% of new small and medium enterprises are in trade. Since the '90s it went on the idea to develop services and we need industry. It turned out to be the biggest mistake. The greatest savings based on manufacturing industries. The best example is China. Services and industry should develop in parallel. It is often said that our country reported the number of SMEs per thousand is low compared to other European countries. When we are around 20 SMEs per 1,000 inhabitants, but in France are over 40 thousand inhabitants. But that's not the problem. In Romania, the problem of SMEs is a structural one. The important thing is what kind of businesses we create. In Germany there are 26 SMEs per thousand people but most are in manufacturing. Romanian Companies Law is the main legal framework which provides rules on the establishment of governance, administration, dissolution and liquidation of Romanian companies. At the same time, are provided and governance responsibilities concerning disclosure of financial statements and the role of auditors or internal auditors and statutory auditors on the sincerity and loyalty accounts. The Board is charged with fulfilling all the necessary and appropriate to achieve the objects of society and between the core competencies of the Board of Directors (Article 142 lit. B of the Companies) include the establishment of accounting policies and financial control systems and financial planning approval. Companies whose financial statements are audited annual financial, law or decision of the shareholders are required to organize internal audit according to standards developed by the Romanian Chamber of Financial Auditors.

Implementation of corporate governance in Romania has "some fundamental inconsistencies" (Feleagă, 2008, p 44): lack of detailed analysis on the relationship between owners and managers, given the mentality of an undertaking which has undergone historical and political stage the property was not very important, lack of a conceptual framework for an efficient financial market, questionable or insufficient

involvement of auditors in advocacy corporate governance of public interest companies, failure to implement reforms in the accounting system accordance with international financial reporting developments, weakness of control mechanisms for an honest financial information, relevant, reliable, comparable and meaningful understanding.

In 2008, Bucharest Exchange Commission adopted a new Corporate Governance Code, which is based on OECD principles and has suppletive character to the Companies Act, Accounting Act and Financial Market Act. Code came into effect from fiscal year 2009 and is applied voluntarily by companies traded on the capital market. Companies reported annually to the Romanian Stock Commission Exchange by comply or explain declaration, how they apply the Code of Corporate Governance.

The study made by a group of researchers led by Feleagă and Feleagă (2011, p 9-13) investigated, based on statistical data, the significance given the principles of corporate governance in Romania. Results showed that most companies do not meet the independence analyzed administrators and members of audit committees and the transparency of directors' remuneration is incomparably smaller than European practice. The results are only apparently optimistic as reference to a European study in 2005. Share of foreign board members is 16% the same of the European average, although only one fifth of the companies examined prefer internationalization. The average age of board members is 51 years behind the European average of 55 years. Number of women on boards of directors is 16% instead European average of 7% in 2005. Frequency of board meetings averaged 6 per year while the European average is 7 per year in 2005 for companies with two-tier system and 9 sessions per year in 2005 for companies with a unitary system. The independence of the administrations is only 27% from 1.5% in Germany and over 80% in Switzerland. Where there is (20% of cases) independence of audit committees is only 64.5% to 4% in Japan and 95% in Canada, U.S., Ireland, United Kingdom, Luxembourg and the Netherlands. In 67% of companies analyzed chairman of the board and the CEO are held by the same person. And very pessimistic, none of the investigated companies did not disclose directors' remuneration. In the same time, the European average is 84% in 2005.

We can appreciate the real need to improve Romanian corporate governance by the improving of accounting policies, the board has a full responsibility to approve and follow up them.

In Romania, there are another two new challenges regarding corporate governance. First is given by the implementing of the International Financial Reporting Standards (IFRS) in Romanian banking system. This action is seated in order to support o sound bank corporate governance. The second is the new act of public enterprises corporate governance.

The present implementation of the IFRS in Romanian banking system is seated in order to support o sound corporate governance. As part of the arrangement signed with the IMF, the EC and the World Bank in 2010, the Romanian authorities committed themselves to introducing the IFRS in the banking sector as of 1 January 2012. The adoption of the new standards is in line with the global trend of harmonising national standards with international financial reporting ones, given the current economic and financial developments, which point to the globalisation of banking operations and hence to an increased need for consistency worldwide of the accounting rules underlying the released financial information.

The IFRS implementation took by National Bank of Romania, in its capacity as regulation authority, laid down in NBR Order no. 27-29/ 27 dec.2011 provides the following key benefits: accurate perception of financial reports, regardless of the users' origin; avoiding competitive disadvantages for credit institutions operating in the global marketplace, also in terms of access to international capital markets; ensuring a higher degree of transparency and comparability of financial statements; ensuring the consistency of accounting treatments and disclosed information by applying unitary accounting standards across all credit institutions both individually and at a consolidated level; warranting comparability between the information disclosed in publishable annual financial statements, at consolidated and individual levels, and – if applicable – between such information and the data disclosed for prudential supervision purposes.

Major novelties inspired by IFRS compliance accounting standards consist of: using expert judgment in estimating the value of impairment losses; a financial asset or a group of financial assets is deemed to be impaired in case of objective events that have an impact on future cash flows and that can be reliably estimated; estimated losses as a result of future events, regardless of their probability of occurrence, shall not be recognised; the effective interest rate method shall apply to the deferred payment of the amounts representing the effective remuneration of a financial instrument;

On the other side, the new Romanian Act regarding public enterprises corporate governance (GEO 109/2011) give a new challenge for practice. This new legal framework is motivated by strong arguments: the current economic environment requires quick action to create legal and administrative prerequisites to increase the efficiency of operators; public enterprises (autonomous and companies in which the state owns all or majority stakes) is an important segment of the national economy and, consequently, liquidity, solvency and functionality of these companies have a decisive influence on the stability of the whole economy; real need contribution to the rapid growth of public enterprises in upgrading

the Romanian economy and balance the state budget; improving corporate governance of state enterprises is an objective assumed by the Romanian Government Letter of Intent to the International Monetary Fund, approved on 7 June 2011, revised; failing adopting emergency as this act, would result in perpetuation of the current disruptions in the activity of autonomous and companies owned or majority state, affecting the ability of these operators to help balance the state budget and economic recovery; luck of adopting the legal act that attracts breach commitments under agreements with international financial institutions, with serious consequences in terms of budget balance.

To these arguments, the new law requires companies to apply unitary dual system of administration according to Companies Act. For companies with at least 50 employees and turnover of RON equivalent of EUR 7.3 million in the last financial year is obligatory selection of candidates for the board by an independent expert, the person or entity specializing in human resources recruitment. This provision raises a number of questions of law enforcement in practice: who are independent experts in human resources recruitment and who authorizes them? We considered than simply authorization by Commercial Register is not enough. Selection criteria means considering specificity and intricacy of commercial activities. Hence, only internal auditor knows better than somebody else the internal intricacy of activities. So, in our opinion, internal auditors may be the best solution for this selection of candidates for Board.

The empirical study regarding accounting policies in Romania is made on the accounting reglementation guide and data provided by close discuses with several independent auditors and their documentation of several public companies and focus on: elements to be considered in establishment of accounting policies by the administrators and directors; change, improvement and remodelling of accounting policies; the influence of enterprise accounting policies on principal indicators disclosures in financial reporting.

Accounting policies are not limited to accounting treatment, but concerns and options to which directors must decide and to approve them. However, the accounting policies approved by the directors must comply with applicable laws, both in accounting, as well as general legislation.

Beyond legal provision, need accounting policies arising from practical considerations, the need to establish conditions in which run some operations that impact on accounting and, finally, the fact that accounting information underlying the decisions take by managers and shareholders.

Although the accounting policies are an internal document, they are considered and consulted by statutory auditors and internal control bodies responsible for financial accounting.

Accounting policies should be developed by people with economic and technical training, knowing the specific activity and entity strategy. There are some areas where even qualified technical personnel should establish rules that transmit economic department to be included in company policies, for example: setting the limit value at which an asset is classified as tangible assets (1,800 lei limit established by Government Decision no. 105/2007 laying down the input value of fixed assets is used for taxation purposes); establish economic lifetimes for tangible and intangible assets; determining depreciation methods for tangible and intangible; definition of production costing; establishment of technical criteria, depending on which costs tangible and intangible assets subsequent influence profit and loss or increase property value by capitalization, such as interest on loans for investment.

In determining the accounting policies should be considered the company's strategy: if the company seeks immediate profits or company seek allocate large profits to investments aimed at developing new technology.

If the company aims to maximize profits, accounting policies will include rules that lead to both lower costs in the profit and loss, but without exerting an influence on income, they have strict rules for recognition in accounting, i.e., recording income is not may be postponed or brought forward. Using the first in first out (FIFO) for calculating inventories consumed is another way to seek immediate profits, caused by historical costs.

If the company is making significant investment strategy, can determining inventory costs by the last in-first out (LIFO) method or the "weighted average cost" (WAC) method, leading to a more balanced cost, can record interest expense in the income statement of the period or can establish clear technical criteria against which subsequent expenditure made with tangible assets are included in expenses in the period or increase the value of tangible assets.

This strategy preserves the necessary liquidity to meet investment and answer to the judgment the cash is the king not of profit.

To establish accounting policies administrators must take into account the economic context in which companies operate and the requirements contained in legislation or regulations applicable accounting. Thus, they may consider the need to ensure continuity and consistency of application of accounting policies, the appropriate accounting policy for longer periods of 3-5 years with estimate the effects of applying an accounting policy or another, the affiliation to a group of companies for preparation of annual consolidated financial statements.

Accounting policies should be applied consistently from one financial year to another, but in some cases they can be modified. Accounting policy changes may be caused by: a decision of a competent authority which requires an entity (regulatory change),

in which case changes should not be justified in the notes, but only mentioned in them; the entity's initiative, the change must be justified in the notes to annual financial statements.

Change of accounting policy at the initiative of the entity may be determined by exceptional circumstances occurring in the state and entity structure or economic and financial context in which it operates, or the need to obtain reliable and relevant information. Examples of situations that justify changing the accounting policies are: admission to trading on a regulated securities entity or short-term withdrawal from trading; change of ownership or membership, due to entry into a group; mergers and similar transactions made at book values, in which case it is necessary that the acquired company's accounting policies with those of the acquiring company. In any case, applying a new accounting policy is made only in future periods, from the financial year following that in which it was decided change in accounting policy. Changes in accounting policies may be made only at the beginning of a financial year.

It is widely known especially in practice that the accounting policies affect selected indicators in the annual report. In these circumstances, to initiate a review of the entity in terms of indicators report requires the minimal knowledge of the entity and the environment in which it operates. The accounting policies may have implications on the level indicators, particularly in regard to the results recorded: income level of current activity is affected when the company runs sales operations in instalments; interest payment due on sales is influenced by the rates negotiated for them; value of stocks held, respectively, inventory costs are influenced by the valuation method used for this.

A key influence on the result sheet is present and future profitability of the entity.

We can conclude manager's entity will apply professional judgment when they approve accounting policies, given their impact on the indicators in the annual report. It should be noted in this context, the importance that has existence among people involved in accounting policy of specialists who have sufficient knowledge of international accounting. Operations are always recorded as an accrual. Only cash flow is independently associated with operations of the entity chosen policies. The only way to manipulate the results that have entities in the context of cash flow statements refers to the possibility, however limited, is the classification of certain inputs / outputs of cash at one of the three activities reported in this situation (investment, operating and financing), with the purpose of equitable distribution of net cash flow from each of the three activities.

Essential element in assessing the carrying value is as future economic benefits embodied in assets and liabilities. Evaluation sheet structures and profit and loss is the process that determines the values to which structures financial statements are recognized on the balance sheet and profit and loss. The future economic benefits embodied in assets means the potential to contribute directly or indirectly, the flow of cash or cash equivalents to the entity. This potential may result either in active participation in production activities, as part of operating activities of the entity or by helping to reduce cash outflows, such as a production process or a new technology that reduces costs. This can be generated by the assets for the provision of services or production of goods for sale, by changing the asset with other assets, by the asset to settle a debt, or the distribution of assets to shareholders.

In determining the existence of an asset, to show the condition on having control, ownership is not always essential, although the ability of an entity to control benefits is usually the result of legal rights (prevalence of economic on legal).

The results after our empirical study are the confirmation of hypothesis: the corporate governance is impacted by international accounting by internal policies monitored by internal control.

Much more, we believe that the development, adoption and application of accounting policies contribute to the substantiation of economic and competitive advantage.

So, properly accounting policies may be chosen through innovative reconfiguration of activities by Business Engineering[8] which means new business design. It includes business development, marketing, business management tasks, financial and accounting matters and operational tasks equally. Is an interdisciplinary field of engineering and it design of how the complex economic activities should be configured and managed. Van Meel and Sol (1994) defines Business Engineering software as an integral design the organizational structures and systems.

Along with internal controls are effective weapon for fighting of governance for effectiveness, efficiency and economy or value for money. Internal controls can reveal weaknesses including accounting policies and much more, deficiency and weaknesses of internal controls may be disclosed in financial statements. A deficiency in internal control over financial reporting exists "when the design or

[8] Engineering is the science, skill, and profession of acquiring and applying scientific, economic, social, and practical knowledge, in order to design and also build structures, machines, devices, systems, materials and processes. American Engineer's Council for Professional Development has defined "engineering" as: The creative application of scientific principles to design or develop structures, machines, apparatus, or manufacturing processes, or works utilizing them singly or in combination; or to construct or operate the same with full cognizance of their design; or to forecast their behaviour under specific operating conditions; all as respects an intended function, economics of operation or safety to life and property.

operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis"(M.M. Dobre, 2012 p. 28). A deficiency in design exists "when a control necessary to meet the control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met"(M.M. Dobre, 2012 p. 28). A deficiency in operation exists "when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively" (M.M. Dobre, 2012 p. 29). So, design and operation of internal control ability can always be improved by innovative remodelling of activities. This concern including accounting policies.

3 Conclusions

Accounting providing valuable information in order to facilitate the process of decision making. Corporate governance is recognized as a key element for foreign direct investments and competitiveness. The globalization of capital markets had contributed to mitigate the differences between the advanced and emerging economies in corporate governance terms. Good practices shows that: company managers want to perform well, in both an absolute sense and as compared to their peers; company managers want to adopt long-term strategies and visions, but often do not feel that their shareowners are patient enough; and all companies have inevitably experience both ascents and descents along the path of profitability; company managers belief that good (accountable) corporate governance- means the difference between wallowing for long periods in the depths of the performance cycle, and responding quickly to correct the corporate course.

Nowadays, when information accounting is under the negative influence of global economic crisis, the impacts of international accounting on corporate governance are even more contemporary and deserve research efforts for revealing. We appreciate this impact beneficial for business environment and decision making. Design and operation of internal control ability can always be improved by innovative remodelling of accounting policies. The process reconfiguration and modelling accounting policies in terms of business engineering is considering the influence of different fiscal scenarios or other risks scenarios including insolvency risks and attract liability of governance. This solution asks yet, interdisciplinary internal projects and a good cooperation between economists, IT specialist, engineers.

For Romania, we can draw particularly conclusions regarding the impact of international accounting on public enterprises corporate governance: an economic efficiency depends in a decisive way, the performance of its management, by implementing proper functioning of society in good governance mechanisms, including accounting policies; the importance of these public entities and strategic nature of the public sector are likely to lead to macroeconomic imbalances by their liquidity, solvency and functionality; the current conditions of economic crisis and prolonged economic assumptions for 2012 call for prompt action to improve the efficiency of corporate governance.

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