FINANCIAL POSITION AND ITS RELEVANCE TO STAKEHOLDERS

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Abstract

The financial position of an economic entity is a concept that can have different meanings, depending on the stakeholder category that make its analysis. In energy sector, which is considered of high importance in the national economy, we consider that the most important category of stakeholder is the state (government), because ensuring the functionality of this sector is an crucial condition for development of others sectors from national economy. For this reason, we can look at the informational needs of other stakeholder categories trough the state’s “sine qua non” condition to ensure the optimal functionality of this sector, which manifests itself like this: the functioning of the sector involves the attraction of investors, the functioning of the sector involves the existence of human resources, the functioning of the sector cannot be ensured without the existence of commercial relations that involves suppliers and clients and for insuring the functioning of the sector it is often require various financing sources. All those aspects are giving raise to some categories of stakeholder interested over the parameters in which the energy sector entities are functioning, one of the interest domain being the financial position of the companies activating in its field.

Over the present study we had in view to highlight the main present approaches regarding the concept of financial position, but also the main issues fallowed by the main stakeholder categories in their attempt to appreciate the financial position of the entities activating in energy sector which are listed to Bucharest Stock Exchange.

The results of this study have showed that there is some base requirements regarding the informational needs of stakeholder regarding the financial position of the companies activating in energy sector, and those are related to the concepts of going concern, overall solvency ratio, general liquidity ratio and indebtedness degree. After this study it has concluded that the going concern is difficult to appreciate trough mathematical indicators. On the other hand, analysis of the overall solvency ratio, general liquidity ratio and indebtedness degree has shown that in the last 5 years analyzed entities had generally record satisfying evolutions, but it also highlight some entities in which the analyzed indicators show doubts regarding a balanced financial position.

Keywords: financial position, balance sheet, overall solvency ratio, general liquidity ratio, indebtedness degree, going concern.

JEL Code: M40, M41

1. Introduction

In analyzing an economic entity, any category of stakeholder is looking at some aspects which it can use in decision making process. Among those aspects, financial position (and also the economic performance) represents an important analysis domain for almost all stakeholder. Starting from the fact that a healthy financial position is a main condition in order to ensure the going concern (objective that is followed by most of the stakeholder in an stable economic and financial environment), we can assume that the analysis of this concept but also its relevance for stakeholder is permanently actual.

The question that we try to provide an answer in this research is “Does the situation of financial position offer enough information for stakeholder in order to take adequate economic decisions?”. Also, this study has as an objective the presentation of the main advantages and limits that the balance sheet (or other documents of appreciation the financial position) has as an informational source for stakeholder, and also the presentation of the main indicators which could be used by stakeholder when taking economic decisions.

The importance of analyzing the concept of financial position and its influence over the stakeholder’s decisions is strength by the large scale study made by Martinez-Carrascal, C., and Ferrando, A., [9] through which it
has proved that the actions of the stakeholder can be significantly influenced by the financial position of entities from analyzed area.

This research brings extra information, especially regarding the practical side of business economic analysis, in the energy sector. During this study, practical ways of evaluating the financial position were offered, depending on the informational needs of each category of stakeholders (exemplifying the ways of evaluation the financial position using some indicators such as overall solvency ratio, general liquidity ratio and indebtedness degree). The importance of this study does not resume to what we discovered in it; the results of this research open new analysis directions, such as the identification of some mathematical indicators to appreciate the going concern.

2. Research methodology

Researches regarding the financial position cannot resume on its rigid analysis, by referring strictly to judgments made by different authors from specialized literature. These analyses have to be done by referring to informational needs of different stakeholder, applied to the interested domains from analyzed economic sector.

Starting from these issues, the present study has focused on presentation of main approaches from specialized literature regarding the analysis of financial position (especially trough the data provided by the balance sheet as a component of the set of annual financial statements) and the specific importance of this concept over different stakeholder categories.

The purpose of the empirical research is highlighting of some ways of appreciation the financial position depending on informational interests of different stakeholder categories, and also the establishment of new research directions regarding the use of some indicators (based on mathematical calculations) in order to appreciate the application of going concern in analyzed entities.

3. Literature review

The concept of financial position is often discussed in specialized literature, given that it is in a continuous transformation due to the informational needs of stakeholder, but also the frequent changes brought by the process of accounting harmonization.

According to the opinion issued by Engle, C.R. [3], the financial position of an economic entity is determined by the strengths and weaknesses highlighted by certain financial ratios and different indicators.

Achim, M. V., and Borlea, S. N. [1], specify that an analysis of financial position must begin with an overall analysis of the entity, emphasizing the evolution and structural changes issued in assets, debts and equity. According to the opinion presented by Siminica, M. and Stefan, I. O. [15], a balanced financial position depends directly on financial liquidity and solvency of the entity.

On these considerations, the general sense regarding the appreciation of financial position assumes that this in measured trough the figures presented in the balance sheet. But having in view that informational needs of stakeholder cannot be fully satisfied basing on these data, we subscribe to the idea issued by Socea, A. D., [16], according to which the true sense of the information presented in the balance sheet is achieved only after applying the analysis and interpretation processes. Even the name of “balance sheet” suggests commissioning in balance those two components, namely economic resources and the provenience sources, this fact suggesting that the financial position in his mains sense could be appreciate at least by applying some processing over the balance sheet.

In a simplistic way, a positive financial position is perceived when we meet an entity in which the equity is bigger or at least equal with the debts, so that the entity would be able to comply with its assumed obligations. We shouldn’t limit at this approach, but we will consider that those information are not enough for stakeholder in the process of taking decisions.

Related to this issues, Ospishchev, V. I., and Nagornaja, I. V., [13] suggests that the financial position of an entity is measured trough 3 important aspects, namely: reliability, solvency and financial stability.

Even we live in times in which the rhythm of passing on applying IFRS is more and more alert, we find that the changes brought by this type of reporting doesn’t have as main objective the growing of the informational power of data presented in the balance sheet but rather they are introducing a rearrangement of the indicators presented in the balance sheet, with the presentation within the notes the impact of possible economic implications of switching to a different reporting framework [12].

Moreover, if we refer at reporting under IFRS, even in IAS 1 Presentation of financial statements (Paragraph no. 7), it is state that financial statements aren’t built for responding to the specific informational needs of stakeholder. In addition to this idea, we consider that depending on the category of stakeholder that makes the analysis, it is indispensable to state and analyze also other types of balance sheet such as functional balance sheet,
economic balance sheet or financial balance sheet. After these assertions, we can sustain that in order to have strong decisional basis we cannot base only on gross data provided by the balance sheet.

Frank, J. N. [4] states that every category of stakeholder has her own image over the concept of financial position, but more than this, Taulea (Samara), S. [17], motivates that there are different images over the financial position even in the same category of stakeholder (for example, the commercial creditors perceive the performance differently by the financial creditors).

In our opinion, there is only one category of stakeholder which is obtaining fully adequate information for their decisions: the governments. This fact is given by the fact that data provided by the balance sheet are resuming strictly to the legal requirements impose by this category of stakeholder (through the strong link between accounting and taxation system). The other categories of stakeholder are responsible for making processing on the balance sheet in order to meet their informational needs.

For example, managers, in establishing forecasts, can chose for presenting the cash flows of the companies that they lead, starting from the analysis of their financial position [8]. From this hypothesis it results that managers can use the financial position situation in order to guide their actions regarding financial management. According to the quoted source, after this analysis it can be obtained important data that can be used in the management of financial crisis in bankrupt companies and companies that are on the edge of bankruptcy, but also for increasing the investment attractiveness in analyzed companies. These aspects highlight the high informational power that the balance sheet has in the process of appreciation the financial position of a company.

The main conclusion that can emerge from specialized literature which treats the concept of financial position is that it can be itself characterized through other two base concepts for economic and financial field, namely: balance (stability) and risk.

In order to express the empirical way in which are met the informational needs of stakeholder from energy sector, regarding the financial position, we have realized an observation over the data provided by the balance sheet (the situation of financial position) issued by the entities from this sector, which are listed in Bucharest Stock Exchange, namely Romgaz (SNG), Petrom (SNP), Electrica (EL), Transgaz (TGN), Transelectrica (TEL), Nuclearelectrica (SNN), Conpet (COTE), Rompetrol Rafinare (RRC), Oil Terminal (OIL), Petrolexportimport (PEI) and Dafora (DAFR).

4. Results and discussions

Even we can accept the idea that the financial position of an entity is given by the relationship between assets, debts and equity, starting from the balance sheet (or the situation of financial position as a component of the set of annual financial statements) structure in our days, and that there are presented the economic resources in correlation with their sources of provenience (thesis sustained by Necsulescu, E., [11], in the conclusions of his study), in our opinion, the main negative remark of the balance sheet is that it responds rather to the concept of patrimonial structure that to the concept of financial position.

Even we can assume that the financial position can be determined basing on indicators resulted from balance sheet, we consider appropriate the thesis issued by Jianu, I. [7] according to which the balance sheet can provide an image over the financial position only at a specific moment, namely at the end of the financial year.

But in order to appreciate the financial position, we can start from the data provided by the balance sheet and basing on them we can determine a series of indicators which can offer to stakeholder an image over the analyzed companies, depending on the informational needs of any of them. Among the most accessible rates, we note some of those presented by Siminica, M. and Stefan, I. O. [15], namely:

- Fixed assets rate = Fixed assets * 100/Total assets;
- Current assets rate = Current assets *100/Total assets;
- Financial stability rate = Long-term capital *100/Total capital;
- Global financial autonomy rate = Principal *100/Total capital;
- Financial leverage = Loan capital/Principal;
- Current liquidity ratio = Current assets * 100/Current debts;
- Immediate liquidity ratio = (Current assets - Stocks) * 100/Current debts;
- General solvency ratio = Total assets*100/Total debts;

1 For this company we had in view the consolidated financial statements for 2010-2012 and the individual financial statements for 2013 and 2014.
Starting from different indicators of measuring the financial position and the performance, depending on informational needs of all categories of stakeholder, they can build themselves models of appreciation the interdependence between these two concepts. An example in this sense is given by Belețu, E. C. [2], who presents the way in which the economic rate of return (as an indicator of appreciation the financial position) is influenced by other indicators such as the fixed assets ratio, the financial autonomy ratio, the financial leverage, or the general liquidity ratio (analysis are for forestry sector).

Also, in the study presented by Hada, T., and Avram, T. M. [5] is highlighting other base side of the balance sheet: those through which it offers information that lead to determine indicators of appreciation the financial position (by calculating some ratios regarding the assets and liabilities and their comparison with the values considered normal for the industrial sector).

An empirical approach on the concept of financial position is that which aims to determine the influence factors over it. Having in view that the form in which is presented the balance sheet is imposed in most of the states by specific regulation, the issues which have to be analyzed have in view the applicable accounting treatments before it reaches to drawing the financial statements. Generally known as “accounting policies”, those approaches could have a significant influence over the figures presented in the balance sheet, with correlated consequences over the decisions taken by stakeholder. Often, it arises the topic of the lack of regulation in some areas, which lead to the appliance of professional judgments by the accountants, with possible repercussions on the financial position of the entities. So, we consider that among the most important accounting treatments that can influence the financial position of an economic entity are included approaches related to:

- Revaluation of assets;
- Capitalization of interest costs;
- Recognition of subventions;
- Capitalization of development costs;
- Methods of stocks evaluation.

An example of this types of influence in energy sector in provided by Todea, N., et. al., [18], who proves that the financial position of an entity can be significantly influenced by concepts such as fair value, especially in the context of passing from a reporting framework to another. Also, in a study issued by Siminică, M., et.al. [14], it is proved the way in which the financial position can be influenced by the operations of revaluating the assets and liabilities.

Related on those aspects, entities are encouraged to present a true and fair view, without taking into account any interest (obtaining a loan, mortgage bonds issues, etc.) of different categories of stakeholder (Mănescu, D. M. V., et. al., [10]). With this objective in the foreground, it wouldn’t be left room for interpretation over the balance sheet (and other documents that characterize the financial position of the economic entities).

Practically, if we intend to analyze the importance of financial position for stakeholder, we have to start from the specific needs of each category of stakeholder. Considering that we refer at energy sector, its importance in national economy being high, we have to admit that the state requests, probably, the biggest interest in the financial position of analyzed entities. We consider that the main interest of the state related to the energy sector refers to the solvency of the companies, but also the accomplishment of going concern.

Regarding the global solvency ratio (calculated as a percentage ratio between total assets and debts), we consider that it is very important for the state, because by appreciating the measure in which an entity is or isn’t in difficulty to pay its debts (this being a base indicator in appreciation the bankruptcy risk) the state can offer some facilities for the economic entities from energy sector (without prejudice to the principles that ensure a loyal competitiveness on the market), in order to ensure that medium and long term targets regarding energy strategies are aimed (these refers especially to accelerating the usage of renewable and environmentally friendly energy).

Empirically, the global solvency of analyzed companies is presented in Table no. 1:
Table no. 1 – Global solvency in energy sector for 2010-2014

<table>
<thead>
<tr>
<th>Company</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>SNP</td>
<td>214.14</td>
<td>238.65</td>
<td>258.02</td>
<td>305.54</td>
<td>267.53</td>
<td>256.78</td>
</tr>
<tr>
<td>SNG</td>
<td>828.40</td>
<td>692.46</td>
<td>981.41</td>
<td>884.60</td>
<td>1005.56</td>
<td>878.49</td>
</tr>
<tr>
<td>TGN</td>
<td>424.50</td>
<td>412.11</td>
<td>425.35</td>
<td>456.27</td>
<td>360.91</td>
<td>415.83</td>
</tr>
<tr>
<td>TEL</td>
<td>207.15</td>
<td>187.93</td>
<td>196.68</td>
<td>202.96</td>
<td>207.15</td>
<td>200.37</td>
</tr>
<tr>
<td>RRC</td>
<td>108.81</td>
<td>124.42</td>
<td>96.76</td>
<td>141.04</td>
<td>130.53</td>
<td>118.20</td>
</tr>
<tr>
<td>DAFR</td>
<td>118.20</td>
<td>144.07</td>
<td>144.39</td>
<td>132.05</td>
<td>83.45</td>
<td>118.20</td>
</tr>
<tr>
<td>COTE</td>
<td>817.75</td>
<td>928.82</td>
<td>1546.67</td>
<td>953.00</td>
<td>965.61</td>
<td>1042.37</td>
</tr>
<tr>
<td>OIL</td>
<td>876.06</td>
<td>1259.13</td>
<td>1307.95</td>
<td>1414.50</td>
<td>1688.41</td>
<td>1309.21</td>
</tr>
<tr>
<td>EL</td>
<td>-</td>
<td>267.74</td>
<td>280.99</td>
<td>288.10</td>
<td>411.51</td>
<td>1237.08</td>
</tr>
<tr>
<td>SNN</td>
<td>347.01</td>
<td>379.43</td>
<td>376.14</td>
<td>292.38</td>
<td>415.93</td>
<td>362.18</td>
</tr>
<tr>
<td>PEI</td>
<td>131.70</td>
<td>135.10</td>
<td>139.43</td>
<td>125.29</td>
<td>120.52</td>
<td>133.02</td>
</tr>
<tr>
<td>Mean</td>
<td>270.29</td>
<td>247.28</td>
<td>276.86</td>
<td>293.15</td>
<td>295.20</td>
<td>270.29</td>
</tr>
</tbody>
</table>

Source: Own processing based on the situation of financial position of analyzed companies.

From the analysis of the global solvency of analyzed entities we see that, generally, we deal with global solvency ratios which exceed the level of financial security (considered as being between 150% and 300%, with an optimal level of 200%). This reveals that analyzed entities have a reticence in using external sources for financing the assets necessary in their activity, counting mainly on the use of equity.

However, analyzing the mean recorded by every entity in those 5 analyzed years, we found that 3 out of 11 entities have recorded levels under 150% (RRC, DAFR and PEI). Among these, we appreciate as alarming the evolution of global solvency ratio for DAFR, by its continuous trend of decrease. The subunitary values recorded in 2013 and 2014 reveals the fact that the entity wouldn’t be able to pay its debts on account of assets. Moreover, aggregating this decreasing trend with the frequent qualified opinion issued by the auditors of annual financial statements, we consider that this entity has to make efforts in order to improve gradually its financial position.

The evolution of mean global solvency ratio for analyzed sector meets an increasing trend (Fig. no. 1) in the period 2010-2014, starting from 238.95% and reaching a maximum of 295.2% in 2014.

![Evolution of global solvency ratio in the period 2010-2014](image-url)
If we are referring precisely to the governments needs on ensuring that the entities from energy sector are recording a global solvency able to ensure a stable financial position, basing on the evolution of solvency presented in Fig. no. 1, we can state with no doubt that this thing is fully accomplished. But, if we have in view to apply a balanced financial management, we find that much of the analyzed entities have a reticence in financing their investments from external sources, what can induce the idea that, even, technically and financially there is room for investments, this thing is now always wanted.

Regarding the going concern, this is a concept relatively difficult to perceive through some indicators based strictly on data provided by the balance sheet, or even on the set of annual financial statements. We consider that the global solvency analysis itself according to the issues stated above could represent a sign over the going concern. But this fact must be correlated with other financial indicators.

Not only the state, but also most of other categories of stakeholder (maybe, the only exception is represented by the direct competition) has an major interest in the going concern, but this principle could never be ensured only through the financial position. It is an synergetic result of a summing of factors (financial position, economic performance, competition, managerial experience, access to financing, demand for the company’s products, services or works, etc.), and its analysis is an step that, most of the time leave room for discussions.

Both the state (in order to collect its receivables) and other categories of stakeholder (those who have an financial interest over the analyzed entities) such as the suppliers (in order to collect their commercial receivables), investors (for collecting their dividends), employees (for receiving their salaries), creditors (to collect their debts), have an informational need related to the financial position, namely, on the measure in which the analyzed companies can pay its debts, especially the current ones. Specialized literature has emphasized among the most useful related instruments, the general liquidity ratio. Being calculated as a ratio between current assets and current debts, with a level that in recommended to exceed de value 1.3, the general liquidity ratio is of an high importance even for management in developing its forecasts and budgets, especially when is possible the inclusion in current debts the rates related to medium and long term loans that have the maturity under one year.

The observation results for analyzed entities regarding the financial position are exposed in Table no. 2:

<table>
<thead>
<tr>
<th>Company</th>
<th>Analyzed financial year</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>SNP</td>
<td>0.95</td>
<td>0.95</td>
</tr>
<tr>
<td>SNG</td>
<td>6.54</td>
<td>5.55</td>
</tr>
<tr>
<td>TGN</td>
<td>3.09</td>
<td>2.17</td>
</tr>
<tr>
<td>TEL</td>
<td>1.60</td>
<td>1.49</td>
</tr>
<tr>
<td>RRC</td>
<td>0.35</td>
<td>0.47</td>
</tr>
<tr>
<td>DAFR</td>
<td>0.35</td>
<td>0.38</td>
</tr>
<tr>
<td>COTE</td>
<td>5.01</td>
<td>4.43</td>
</tr>
<tr>
<td>OIL</td>
<td>0.85</td>
<td>0.95</td>
</tr>
<tr>
<td>EL</td>
<td>24.71</td>
<td>2.84</td>
</tr>
<tr>
<td>SNN</td>
<td>3.87</td>
<td>1.80</td>
</tr>
<tr>
<td>PEI</td>
<td>1.65</td>
<td>1.74</td>
</tr>
<tr>
<td>Mean</td>
<td>1.38</td>
<td>1.38</td>
</tr>
</tbody>
</table>

Source: Own processing based on the situation of financial position of analyzed companies.

From the data analyzed in Table no. 2 we see that almost a half of analyzed companies have la value of general liquidity ratio under 1.3. Moreover, in analyzed sample are 4 entities which record a subunitary value of the general liquidity. Among these, we consider that RRC and DAFR provide the most emphasized deficiencies, because the evolution trend of the indicator is downward, especially in the last 3 financial years. This fact represents the company’s inability to cover its current debts by the current assets, which will lead to obligation of these entities to use long term financing sources in order to cover its current needs, with negative consequences over the financial position balance.
Tough, for the analyzed sector overall, it is found a mean value that exceeds the minimum recommended value in 2013 and 2014, this thing due to the very positive situation for SNG, COTE and EL.

The evolution from year to year of the general liquidity for analyzed sample is shown in Fig. nr. 2:

According to the analysis presented in Fig. no. 2 we see that in the period 2010-2011 there is a negative trend due to the very low and subunitary values recorded by RRC and OIL. Tough, for the entire analyzed sample, we see an positive trend for the period 2011-2013, when it is reached a satisfying value that is also maintained in 2014. The exceptions from this trend of not meeting high fluctuations, we find for EL, which, in 2014, has registered a value by 8 times higher than the previous year.

An important category of stakeholder is represented by the backs that are financing the analyzed companies. The main analysis criterion of financial position of the entities is the indebtedness degree in order to appreciate the company’s ability to face new obligations. Having in view the tax regulations which allow the entire deductibility of interest rate costs (and also the costs regarding the unfavorable foreign exchange differences) only if the indebtedness degree of the equity is under 3, we consider that this indicator is very important for managers also, in order to guide their decisions taking into account the general principles of tax optimization.

Thus, for the analyzed entities it has recorded a level of indebtedness degree according to the data presented in Table no. 3. The indicator was calculated as a ratio between loaned capital with maturity over 1 year and the equity, as an average of the values from the beginning and the end of the year.
Table no. 3 – Indebtedness degree in energy sector for the period 2010-2014

<table>
<thead>
<tr>
<th>Company</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>SNP</td>
<td>0.34</td>
<td>0.34</td>
<td>0.43</td>
<td>0.55</td>
<td>1.20</td>
<td>0.57</td>
</tr>
<tr>
<td>SNG</td>
<td>0.04</td>
<td>0.05</td>
<td>0.06</td>
<td>0.07</td>
<td>1.03</td>
<td>0.25</td>
</tr>
<tr>
<td>TGN</td>
<td>0.23</td>
<td>0.18</td>
<td>0.19</td>
<td>0.19</td>
<td>0.84</td>
<td>0.33</td>
</tr>
<tr>
<td>TEL</td>
<td>0.54</td>
<td>0.62</td>
<td>0.60</td>
<td>0.56</td>
<td>1.12</td>
<td>0.69</td>
</tr>
<tr>
<td>RRC</td>
<td>0.13</td>
<td>0.10</td>
<td>0.15</td>
<td>0.42</td>
<td>1.38</td>
<td>0.44</td>
</tr>
<tr>
<td>DAFR</td>
<td>2.06</td>
<td>1.72</td>
<td>1.41</td>
<td>1.44</td>
<td>1.16</td>
<td>1.56</td>
</tr>
<tr>
<td>COTE</td>
<td>0.01</td>
<td>0.01</td>
<td>0.00</td>
<td>0.02</td>
<td>0.91</td>
<td>0.19</td>
</tr>
<tr>
<td>OIL</td>
<td>0.03</td>
<td>0.02</td>
<td>0.01</td>
<td>0.01</td>
<td>-</td>
<td>0.02</td>
</tr>
<tr>
<td>EL</td>
<td>0.20</td>
<td>0.31</td>
<td>0.30</td>
<td>0.30</td>
<td>-</td>
<td>0.28</td>
</tr>
<tr>
<td>SNN</td>
<td>0.26</td>
<td>0.17</td>
<td>0.07</td>
<td>0.18</td>
<td>0.96</td>
<td>0.33</td>
</tr>
<tr>
<td>PEI</td>
<td>1.66</td>
<td>1.79</td>
<td>2.07</td>
<td>1.83</td>
<td>1.11</td>
<td>1.69</td>
</tr>
<tr>
<td>Mean</td>
<td>0.26</td>
<td>0.26</td>
<td>0.28</td>
<td>0.34</td>
<td>1.08</td>
<td>0.44</td>
</tr>
</tbody>
</table>

Source: Own processing based on the situation of financial position of analyzed companies.

Even from taxation point of view the critical value for the indebtedness degree is 3, we consider that for a healthy management of financial position, this indicator must have a value between 0.3-0.8, as closely as it can of 0.5. From Table no. 3 we see that only 3 out of 11 companies are meet this limits. Tough, the overall mean for the analyzed sample is 0.44, which show a value very close to the optimal value.

From analyzed sample it attracts our attention in a negative way the means registered by DAFR and PEI, because of the higher than one value of the indebtedness degree, which show an alarming situation regarding the dependence of these companies by the long term loans. The alarming character in more intense for DAFR, because of the decreasing trend from one year to another.

The main evolution of indebtedness degree from year to year is issued in Fig. no. 3:

From Fig. no. 3 we see that in 2010 in analyzed entities was recorded a level of indebtedness degree of 1.08, which means that entities were using the long term financing on a relatively large scale. After this period, from
2011 to 2014 we see that indebtedness degree is recording a decreasing trend, with more constant and balanced evolution, very close to the value 0.3, which show a more balanced financial management.

Also, clients are interested in improving continuously the purchasing conditions from analyzed entities. This fact manifests itself through maintaining (or even decreasing) by those the prices, but also the improvement of other commercial conditions. This is difficult to appreciate through the data provided by the statement of financial position. The most useful instrument which appreciate the financial position, with a big relevance for the clients is the going concern (of which perception represents abstract and interpretable approaches), having in view the interest of the clients in receiving benefits according to the contracts. Quantifying those parameters can’t be based on known indicators of the economic and financial analysis.

5. Conclusions and proposals

Financial position analysis is a continuous approach of scientists from accounting and financial field, and after this study we can conclude that approaches regarding this subject are various. Most of the approaches suggest that the financial position of an entity is reflected through the indicators presented in the balance sheet. The conclusion from this study is that gross data presented in the balance sheet are far away from characterizing the financial position of an entity. We consider that only after some processing of data from the balance sheet, depending on informational needs of stakeholders, it can be reached at indicators that can characterize the financial position of an entity.

So, starting from the idea that in the balance sheet is presented rather a patrimonial structure including assent, debts and equity, we consider that the financial position is given by indicators that are measuring the link between these elements, depending on the informational needs of stakeholders. Also, having in view that we can appreciate the financial position as a concept that characterizes itself through balance (stability) and risk, we consider that managers should not stop to the balance sheet as an instrument that offers information for analyzing the financial position. We consider that another useful instrument is the situation of cash flows which offers information different from those presented in the balance sheet. Moreover, in the process of taking decisions, stakeholders should take into account the correlation of those indicators with other possible instruments that aren’t found in the balance sheet, but it can be detailed during the explanatory notes.

After accomplishing this scientific approach we can conclude that, over the analyzes companies from energy sector there are satisfying annual values of general solvency, global liquidity and indebtedness degree. However, in this study it has identified some economic entities in which there are major deficiencies regarding those indicators, with a possible negative impact over a balanced financial position.

Also, after this study we can conclude that most of the stakeholders are interested by an issue that is not very discussed in specialized literature as an element through which it can be expressed the financial position, namely, the going concern. The main research direction that appears from this study implies the identification of some economic and financial indicators through which it can express the measure in which the analyzed companies are meet the going concern. An example in this way should be the using of econometric models that can characterize the future evolutions of activity indicators (especially those related to the financial position) depending on deviations by the budgets and forecasts from previous years.

6. References

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