Average	GB	0.51	0.56	0.49
Standard deviation	GB	0.2858	0.2773	0.2794
Minimum	Germany	0.07	0.03	0.03
Maximum	Germany	0.99	0.99	0.99
Average	Germany	0.59	0.57	0.59
Standard deviation	Germany	0.3260	0.3572	0.3537
Minimum		0.05	0.01	0.02
Maximum		0.99	0.99	0.99
Average		0.55	0.56	0.54
Standard deviation		0.3014	0.3113	0.3144

Source: authors' computation

4 Role of Professional Ethics

Corporate governance represents a highly debated topic, raising significant interest for researchers in different areas during the last decade. Under poor corporate governance settings one of the risks that became obvious from the above presented discussion is that accountants might be pressured by management to present information that is likeable for the shareholders, but sometimes miles away from the economic truth. Using structured financial instruments creates a series of difficulties from the financial reporting point of view, such as fair value measurements through the use of mark to model valuation.

An important aspect that must be considered is avoiding the development of reward systems for management and other employees that act as traders and that allow the hiding of mistakes being made within their activity. When such systems exist, there is also the possibility of consequences reaching up to the level of accounting practices and putting pressures on accountants as well. This practice actually represents a reality that comes up in history starting with the first financial scandals that shook the accounting environment at the beginning of the 21st century (e.g. Enron, World.com, etc.). Management being able to obtain huge rewards even in cases that ended up with monumental bankruptcies and failures tempt them in undertaking exaggerated risks. The natural consequence will afterwards be for them to try and hide these risks and the potential losses therefore being generated for as long as possible. We are dealing here with moral hazard issues, an inappropriate rewarding system enhancing management's behavior in maximizing their own bonuses while sometimes even destroying value from shareholders' point of view [1].

Accounting professionals and their relation to stakeholders represent an essential component when considering corporate governance mechanisms. Furthermore, the agency theory describes the complexity of the relation between shareholders and managers. While working with managers, accountants should aim for the faithful representation with informational content for shareholders. Considering the complexity of their position, we find accounting ethics and professionalism to play an important role when constructing sound corporate governance structures.

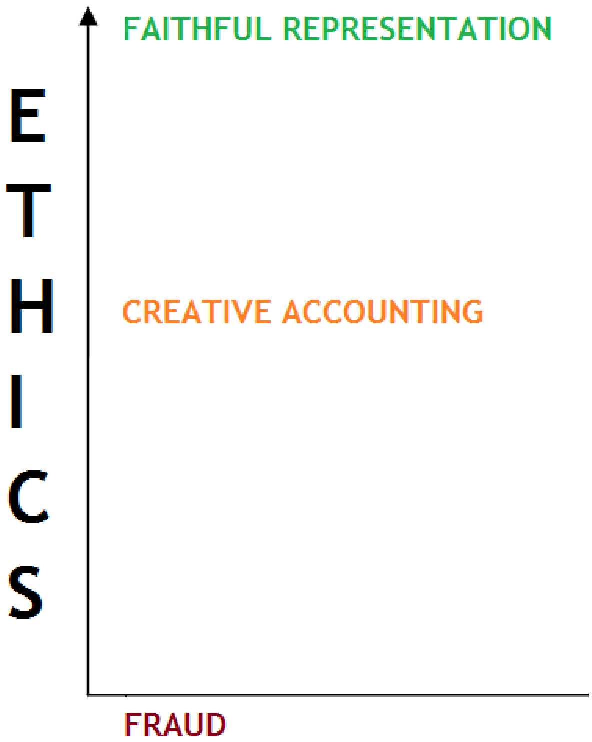
The role of accounting ethics is to ensure a system of information that would encourage and support rational behavior. Accountants are not held responsible for the structure within which they produce and communicate information, nor for the purpose of that information. One of the main purposes that should be considered throughout accountants' continuous professional evolution is the development of moral judgment. The necessity of maintaining public trust in the integrity of the accounting profession has led to an increase in the number of studies analyzing the moral judgment abilities. Most of the studies look at accountants working within large companies (especially the Big 4), while only a few consider little entities or accountants working on their own. The main thing that differentiates the above mentioned categories of accountants is their working environment, since large companies bring the benefit of cooperation with colleagues, in-house training and organizational support.

Ethics looks at human behavior, moral principles and the attempt to distinguish good from bad. When trying to identify common issues being dealt with within the business environment, professional bodies' codes of ethics is the right place to look. These codes represent what we can consider to be the reflection of business ethics. Codes of ethics should mainly address the particularities of high risk activities and are built on the collective conscience of a profession as a proof for the group's acknowledgment of the moral dimension. In the particular case of the accounting profession we should mention the International Federation of Accountants' (IFAC) code of ethics establishing the standards for accounting professionals' behavior and displaying the fundamental principles they should respect in order to fulfill their common objectives. IFAC's code of ethics generally adopts a principles-based approach. The five fundamental principles in the IFAC code are: integrity; objectivity; professional competence and due care; confidentiality; and professional behavior.

Accountants, employees working in financial control and top managers accept responsibilities with regard to financial reporting and providing information that investors should be able to use in the decision making process. This information is also being used in assessing management's performance. Auditors accept responsibilities to examine financial situations being filed by the companies' employees and asses their conformity with the financial reporting standards. Accounting academics accept responsibilities related to professionals' development that will stand at the basis of their professional activity. Regulators and standard setting bodies also take responsibilities with regard to the financial reporting standards that will help faithfully represent economic realities. It is large financial scandals that make us reconsider the attributions of the above mentioned groups and to what extent they are being carried out.

Significant financial consequences usually draw the alarm regarding ethical failures. When management decides on the remuneration of auditors or of the board's members we can speak of complete independence. We will therefore have no independent control over management's reporting of its own performances except for the role being played by the auditor and the fear of sanctions in case failure is detected. The recent financial crisis represents a good example of managers and traders undertaking significant risks that further impacted upon shareholders. Ignoring corporate governance principles led to a series of worldwide known financial scandals such as Barings Bank, IBM-Hitachi, Lehman Brothers, Drexel Burnham Lambert, Enron, WorldCom and Parmalat. Ethical behavior can be questioned in many of the above cases for a number of involved parties. We will therefore further focus on developing a conceptual framework that would enhance accounting professionals' ethics and help them contribute to accountancy in the context of sound corporate governance structures.

Integrating ethics to accountants' role we consider the following interactions: a high level of ethical behavior would make it easier for the accountant to give a fair representation of the economic reality, while compromises from ethics point of view might move their actions towards creative accounting and even fraud. The following figure reflects our reasoning:



Source: authors' analysis

Figure 1: Accounting professionals' ethics and the result of their work

As it can be seen from the above presented figure, when dealing with fraud we cannot speak of ethics. Creative accounting takes a big part of the representation due to its complex interpretations. Used in good faith it should help the accountant reach the faithful representation taking us to the superior area of the figure. On the other hand, it can also lead to manipulation which takes us closer to the fraud area. Faithful representation is assumingly linked with the highest degree of ethics. Still we have the issue of faithful representation itself because one could always argue fair for whom, taking us the users of accounting information and the objective of financial reporting. Despite all these, we consider it a good way to argue for the importance of ethics in relation to the accounting profession. Closely analyzing accountants' ethical behavior first helps from the perspective of their current activity that might face ethical dilemmas and the manner in which will be solved further impacts upon the result of their work and therefore shareholders.

The manner in which ethics is incorporated in accounting professionals' activity naturally impacts on the comparability of the accounting information being provided. This also brings the globalization process into the picture, or more precisely the accounting harmonization process. Since ethics represents a complex and philosophic enough concept, we will focus our analysis from a regional perspective by looking at the latest developments in the area belonging to the Federation of European Accountants (FEE - Fédération des Experts comptables Européens). We were previously mentioning the five fundamental principles in the IFAC code of ethics, integrity being one of them. It was in September 2009 that FEE was releasing a discussion paper on integrity in professional ethics, emphasizing the importance of this particular principle. Furthermore, a FEE press release from April 2011 was stating that personal and professional integrity is the first and foremost ethical principle for behavior in business.

We consider the discussion paper being issued in September 2009 to represent a significant step in its demarche to clarify professional ethics. The discussion paper comprises an introduction and a background part and afterwards considers the importance and meaning of integrity, behaving with integrity, integrity in organizations, the role of individual financial reports and the role of FEE member bodies. A number of 30 responses were received for the discussion paper. Respondents were FEE member bodies, audit firms, other professional accounting bodies, other professional bodies, regulators and individuals. Respondents' arguments documented FEE's consideration of integrity as the core fundamental principle from which the others derive. Its interaction with the other principles and their importance was still underlined by some respondents. Threats to integrity were interpreted differently depending on the economic period (downturn or boom). The idea was further supported, FEE president, Philip Johnson stating that it will be key to look at how codes of ethics and disciplinary arrangements can respond better to unethical behavior in the different economic cycle.

5 Conclusion

The paper addresses the issue of fair value measurement disclosure in the financial statements. Thus, we selected a sample of 20 companies listed on the London Stock Exchange and Frankfurt Stock Exchange, companies active in the financial sector. The financial statements of these companies for the years 2007, 2008 and 2009 were analyzed to identify the extent to which they provide information related to fair value.

Following the performed analysis, we concluded that the fair value measurements disclosure index had an upward evolution during the study period, expected phenomenon since the ambiguity surrounding the presentation and measurement of fair values in the financial statements often resulted in blaming it during the recent economic and financial crisis. In this regard, many tried to increase the volume of disclosures regarding fair value measurements for financial information in order to maintain users' confidence, especially in what concerns the investors. We also observed that the disclosure index space evolution, i.e. taking into account the country where companies in the sample studied have their headquarters, indicates that the companies from UK systematically disclosed more on fair value measurements than those from Germany.

During the last decades, public interest for business ethics has significantly increased due to an apparently continuous flow of business fraud and fraudulent management. It, therefore, does not surprise us that public trust in businesses and accountants is decreasing. This represents our argument for finding ways to incorporate ethics both within the educational environment and accounting practice. Encouraging an ethical behavior would not only discourage fraud, but would also help us contribute to the state of accountancy that would make us be proud of our profession.

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