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Investor Relations as a Determinant of the Company's Accounting Policy

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Relations between companies and their investors are the issues of major importance in establishing and operating modern financial markets. Not only do they influence the communication process between these organizations and the investors, but they also constitute the basic tool for building trust amongst the participants in the market. Appropriate relations with investors contribute to increasing the company's chances of success on financial markets. Investor relations derive from financial reporting based on the data obtained from the company's accounting system. The content of the financial reports is directly influenced by the company's accounting policies. Therefore a question can be asked whether investor relations may improve by carefully exploiting accounting policy instruments. This paper attempts to answer the above question and concludes that improvement in investor relations requires shaping the accounting policy according to certain rules. First of all the accounting policy should aim at a better quality of reporting data, to ensure speedy and accurate information for the investors The methods used for the assessment of the financial information disclosed ultimately lead to the approximation of those values to their market values. This paper based on literature regards the subject in question, the binding legal acts and research reports either published in the literature.

Keywords: investors, communications, financial statements, accounting policies, asymmetry of information

The Aim of the Paper

A very important method of building relationships between companies and investors is to transmit information through various media, both company owned as well as the mass media. Such a method uses first of all financial reports provided by the company accounting system. The content of these reports is influenced by the company financial reporting policy. Therefore a connection exists between financial reporting policies adopted by companies and the shape and effectiveness of their investor relations. The question is whether it is possible to shape an accounting policy in such a way, that the investor policy will improve. The aim of this paper is to answer the above question. In order to do so the paper describes the essence of investor relations and the circumstances needed to improve these relations, the concepts and aims of the accounting systems, along with particular instruments of the accounting policy and its role in building adequate investor relations.

The Essence of Investor Relations

Literature concerning investor relations most often stresses the functions and results of company's

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communication with investors and opinion makers. For example, the National Association of Securities Dealers Automated Quotations (2000) defines investor relations as a process of constant dissemination of vital and valuable information into the investor's environment in order to secure a proper evaluation of the company on the market. Of a similar opinion is the National Investor Relations Institute (2010)—one of the biggest United States organizations in the field of investor relations—which describes investor relations as part of strategic management that combines finance, communication, marketing and observance of the trading and securities law, thus enabling effective communication between the company, the investors and other interested parties, promoting, as a result a fair valuation of the securities by the market.

Apparently, there is a belief that an action taken on the investor relations serves not only investors who are consequently better informed about the economic results and performance of companies, but also companies whose shares are priced higher and for whom the cost of capital decreases. Therefore building proper investor relations should be seen as an action falling within general management of a company directed to creating value for shareholders.

The targeted recipients of investor relations are institutional and individual investors, stock market analysts and financial press. Each of these groups, due to its specific character, requires a different approach and adaptation of the information provided to it according to their needs. Thus actions taken in that regard boil down, in most cases, to maintain constant communication with the most involved stakeholders, by organizing "road shows", establishing special "www" sites on the corporation's portals with information about the current share prices and the shareholder structure, share graph, pricing history, financial results, forecasts and other information important to current and potential investors. Vital are also activities aimed at the financial analysts who are a very important element of the company's environment because they evaluate the companies, and consequently affect the value of their assets. Also essential are activities aimed at influencing the opinion of journalists who formulate an opinion about the company, which is an important ground for decision-making, especially when it comes to individual investors.

The most common classification of investor relation instruments is the one based on communication methods. According to these criteria, they may be divided into direct communication, indirect communication, and modern techniques of communication. Direct communication depends on a personal contact between the sender and the recipient in the form of a conversation, discussion, meeting or interview. It enables an effective information flow, builds mutual relations, and even helps to obtain feedback when managed properly. Because direct communication is a complex undertaking and requires organizational commitment of many people from company management, it is recommended to be used only in relation to a limited group of selected addressees. It is mostly used in dealing with analysts, institutional investors and media representatives.

Indirect communication, which is considered very valuable in terms of effectiveness, is achieved primarily by providing written documents of various kinds, such as annual reports, interim reports (quarterly, semiannual), current reports, prospectuses, news to the media, letters to new and prospective shareholders. These documents, and in particular the annual, periodic and current reports, are largely based on the data from the accounting system. The major advantages of indirect communication include the ability to reach large groups of geographically dispersed recipients and fulfill their varied information needs (Wojcik, 2005).

Internet is considered to be number one among the modern communication techniques. This technique allows inexpensive, quick and easy multimedia communication adapted to the challenges raised by globalization of the economy and the rapid development of capital markets. The internet enables investors to obtain information related to the company, practically immediately after it has become released, which considerably facilitates communication between the company and its stakeholders. Investors can also use electronic means for forwarding motions, questions or other documents to the company.

The Requirements of Effective Investor Relations

Literature points to various characteristics of investor relations, which condition the improvement of these relations. These are transparency, credibility, compliance with the legal regulations, cohesion (comparability), timeliness, interactivity, and integrity (Gajewska, 2005).

Transparency is considered as a feature greatly improving the image of a company. It is contrasted by concealment of information, which in the long run is believed to be clearly a destructive behavior because concealment or dishonest presentation of information undermines the credibility of a company and its management and restoration of this credibility is a lengthy and costly process. It is believed that transparency helps to reduce the volatility of share prices and the cost of capital. This happens because the market is more likely to come to terms with information about unfavorable tendencies in the company if such information is disclosed alongside information that the Management Board is not making them light, but is taking appropriate measures to reduce them.

Credibility is understood to be a feature attached to logically consistent behavior and messages presented in a fair manner (based on easily verifiable facts), free from mistakes, and disclosing both good and bad news and events concerning the company. An obvious condition for the credibility of information coming from companies is the company's compliance with the applicable national regulations and in case of the company's participation in foreign markets-foreign regulations. A lack of credibility arises when messages are presented in a tendentious and biased way, which is the result of manipulating of accounting data, or is generated using loopholes and biased methods of measurement and presentation of report information, thereby creating a false image of the company.

The credibility of the company's investor relations is related to cohesion (comparability) of the information published by the company. Cohesive information is based on stable principles and rules concerning the collection, classification and processing of the data as well as the presentation of the financial statements. Respecting the principle of cohesion allows investors to make comparisons over time and space. Comparing over time allows balancing information from different reporting periods, whilst comparing over space makes it possible to compare data from different companies and different industries. The informational value of these comparisons depends on whether the reporting information has been prepared using the same and unchangeable principles.

Timeliness of information manifests itself by delivering information in compliance with the dates set out by relevant provisions. This contributes primarily to the improvement of the work of financial analysts who prepare evaluations and recommendations of economic plans of companies. Timeliness also means simultaneous dissemination of information, which makes it available at the same time to all parties concerned. This results in the reduction of the risk of improper (i.e., damaging to the interests of other stakeholders of the company) use of information by insiders (i.e., persons with access to the company's confidential information). The practice confirms that companies which have accelerated the publication of their reporting information are better perceived by the recipients of these messages (Gmytrasiewicz & Karmańska, 2004).

An important feature of investor relations is interactivity. This means taking into account the feedback flowing from investors. Registering and use of such feedback obtained in the form of comments or questions from analysts should be formally incorporated into the process of the investor relations.

Finally, investor relations should be characterized by integrity. This means that the development of these relations should not be solely the responsibility of a specialized IR division, but it should involve all key organizational units of the company. Messages to investors agreed to in such an "integrated" way are typically characterized by a higher quality, and their content is consistent with the intention of the persons responsible for the specific functions they perform in the company. This way of creating messages by the company ensures at the same times that the feedback from investors will be transferred to the appropriate organizational units of the company.

Listing the characteristics of effective investor relations one cannot overlook the importance of the relevance of information addressed to investors. Information is relevant if its inclusion contributes to the improvement of the assessment of certain phenomena and processes taking place in a business entity or to the improvement of the quality of forecasts made by the user of the information. Relevant information is characterized by the ability to influence the economic decisions of people using such information. Its omission, inclusion in other information or its distortion could also influence those decisions. In this context, the precise definition of what information may or may not influence the investors' decisions, will affect whether it is disclosed or whether it may be omitted. Information deemed relevant should be disclosed to investors as soon as possible. It is considered that the catalogue of relevant information which should be reported should include, inter alia:

- the periodic financial results;
- changes in the accounting system;
- transformations in the structure of the company;
- changes in the management of the company;
- mergers and acquisitions;
- offers to purchase or exchange shares;
- changes in capitalization;
- an issue of securities;
- changes in the listing conditions of the company's securities;
- the emergence of a new product on the market;
- signing or a loss of a significant commercial contract;
- opening or closing of a large plant;
- purchase or sale of significant assets;
- relevant matters concerning the community and natural environment protection;
- proceedings arising from instigating a legal action, or matters pending a judicial decision;
- change of the legal status of the company;
- provisions relating to the company issued by regulatory authorities (Niedziółka, 2008).

Non-disclosure of relevant information results in the emergence of confidential insider information, known only to selected owners of a company, who may use it for their own benefit and to the disadvantage of other investors. One way to avoid such a situation is a quick and public communication of relevant information to all investors.

The process of shaping investor relations cannot ignore the important principles that improve effective functioning of a capital market which are: equal, universal and free access to information disclosed by companies. Universality of information is understood as the ease of obtaining data on the situation in the capital market. This information must therefore be published in the mass media. A universal access to information is closely connected with an equal access to it. This equality is assured mainly by the legal regulations that apply to the trading in securities, which indicate information must be disclosed, in what form and when. The equality in access to information assures that a selected group of investors will not come into a possession of more information or information at an earlier date than others. Free access to information is closely related to the equal and universal access. Respecting the indicated principles limits the risk that investors bear when making decisions.

The shape of investor relations is not only determined by the requirements of efficiency in this sphere but also by specific regulations. The basic rules on disclosure of financial information of business entities in Poland are included in the provisions of the Accounting Act of 29 September 1994 (*Dziennik Ustaw* (*Journal of Laws*), 1994). Pursuant to this Act, the financial statements of Polish companies must be filed with an appropriate court for subsequent inclusion in a court register (Article 69). In this way they become a public document because the court register is a public document. Attached to the financial statements are: the auditor's opinion (if the financial statements have been subject to examination by auditors) copies of resolutions or decisions of the company's approving organs endorsing the financial statements and the proposals of the distribution of profits or covering losses, as well as reports on the activities of the company (this applies to entities preparing such report). Companies that are required to have their financial statements examined every year are obliged to publish the audited statements in the following journals: *Monitor Polski B* or *Monitor Spółdzielczy*.

In the case of Polish companies that are issuers of shares and securities the disclosure of reporting information is further regulated in the Ordinance of the Minister of Finance dated February 19 2009 on current and periodic information disclosed by issuers of securities and the conditions of recognizing this information as equivalent to the information required by the laws of non-EU member states (*Dziennik Ustaw* (*Journal of Laws*), 2009). The said ordinance sets out the type, scope, form, time table and frequency of reporting of the current and periodic information by issuers of securities.

As provided for in §82 of the ordinance, issuers of securities are required to prepare periodic reports, including quarterly reports, semi-annual reports and annual reports.

The periodic reports prepared for control purposes are made available to the public, and to stock market investors, in particular. They are published on the websites of the issuers.

Since it is possible that the information provided in accordance with the requirements laid down in the legal acts referred to above may not show the full picture of the company's business, additional information (or notes to financial statements), referred to as voluntary disclosures, may be disseminated. Using that option, companies more and more frequently provide additional information about themselves in order to enhance communication with stakeholders and to enable the existing and potential investors to make more accurate assessment of their activities. The scope of the voluntarily disclosed information depends largely on the decisions of the companies' management, and is expanding with increasing competition in attracting investors' capital. It is believed that increasing the amount of voluntary disclosures enhances the company's corporate image and goodwill, which results in increased investor confidence, ultimately resulting in higher valuation of the companies themselves.

However, there are a number of opinions to the contrary, arguing that greater disclosure brings negative effects, such as inter alia:

- increased costs of preparation and publication of information;
- lack of tangible benefits of a voluntary disclosure;
- possibility of the disclosures in the additional information be used by the competition (Niedziółka, 2008).

And indeed, it is harder to estimate the scale of the benefits of additional disclosure than to measure the cost of its preparation. Nevertheless, an increased credibility of a company being the effect of an expanded scope of the content of messages it sends, is undoubtedly conducive to the improvement of investor relations, which in the long term translates into higher company's valuation.

The Concept and Objectives of Accounting Policy

As already mentioned, among the indirect methods of shaping investor relations, the reports prepared on the basis of the data from the accounting system are of fundamental importance. The information contained in those reports largely derives from the accounting policy adopted by a given company, while the shape of this policy is determined by the company's objectives which can only be achieved when an appropriate relationship with the environment (market, owners, internal revenue service, society, etc.) has been established. This is because among the most important relationships between a company and the environment, investor relations play a vital role. That is why it is so important to ask the question which has already been posed at the beginning: how should the accounting policy be conducted to achieve better investor relations. This issue has been analyzed in the context of the views on the accounting policy that have been till date presented in literature.

Most definitions of the accounting policy presented in the context of microeconomics emphasize that the main function of the financial statements, in addition to the task of reflecting the real economic situation of a company, is maximization of the accomplishments of the company's objectives. In reality, that task boils down to the making of decisions that shape the information contained in the financial statements. This is possible owing to the specific, alternative solutions of certain accounting issues. The existence of alternative ways is justified not only by an objective impossibility of fully regulating all the cases that occur in business, but also by the need to ensure companies the right to choose from among suggested solutions, which in principle should serve a more faithful reflection of their condition presented in financial reports. The type of regulations called "choice rights" (or rights to choose) occurs when a certain fact (an actual state) may be solved in at least two different ways, being precisely described solutions that are mutually exclusive, and the choice can be made by the company's management board. The choice rights are therefore clearly and univocally granted an alternative ways to proceed. The nature and scope of those rights define the area of freedom a company has in shaping its financial statements.

In this context a fundamental question comes up whether the practice of influencing the information contained in the financial statements is not inconsistent with the general accounting principle of presenting a "true and fair view". The preparation of financial statements in accordance with this principle requires impartiality. This view has been reflected in the wording of point 36 of the conceptual framework of the International Accounting Standards, which states that preparation of the financial statements that would comply with the above principle requires impartiality, which means that the choice of the manner in which the information will be presented should not influence the decision-making process or the formulation of opinions in order to achieve the previously planned results or effects (International Accounting Standards Board, 2007).

This understanding of impartiality seems to be based on the unrealistic assumption that the author of financial statements has a neutral attitude towards the company and is not interested in what image of the company will be presented in the report he has prepared. The reality, as everyone knows, is different. It therefore appears that the principle of impartiality has in fact a declarative character and it can be assumed that, in practice its role is to raise the awareness of the existence of a boundary between arbitrary decisions and a reasonable business assessment.

In this context, the existence of the phenomenon of accounting policy should be regarded not only as a justifiable practice, but also rational from the company's point of view. Always, when it is allowable to choose between different solutions, the company will use this opportunity guided by a particular objective. Since a financial report is used primarily by external entities it can be concluded that the main purpose of the accounting policy is to influence the behavior of the recipients of this report. The accounting policy, however, must take into account the objective of a financial report and must maintain the quality of reporting, and in particular the relevance of information and its credibility. It should be obvious that accounting policies should be conducted following the principles of legality and comply with the existing rules and principles of proper accounting.

The diversity of recipients of the financial statements and their varied information needs means that the range of the accounting policy goals is defined very broadly. The goals that are typical financial goals include:

- lowering the tax burden;
- maintaining financial liquidity;
- achieving adequate financial results;
- achieving the required level of financial ratios used in the assessment of the company by a parent company, the company's creditors, lenders or contractors.

There are also objectives related to specific groups of employees in the company, such as:

- maximizing the remuneration of the members of the management or keeping their posts;
- influencing the value of those items of the financial statement which condition the financial benefits of the employees (bonuses, awards, allowances for earmarked funds, such as the social fund).

Among the objectives of the balance sheet policy are such which are conducive to the improvement of investor relations. They are:

- impact on the payment of profit after tax for the benefit of shareholders;
- impact on the financial ratios taken into account when assessing the company by potential buyers, or the value of shares to be subscribed for before the proposed new issue;
- satisfying the ambitions of the owners/shareholders;
- increasing confidence in the company;
- positive public perception of the company (Sawicki, 2009).

Thus, for companies that seek to improve investor relations, the hierarchy of objectives of the accounting policy they adopt is clear. Priority should be given to the objectives set out in the last group; other accounting policy objectives can only be pursued if they are not in conflict with the primarily identified priorities. In this way, the scale of the balance sheet dilemmas faced by businesses with an active accounting policy (i.e., problems associated with achieving a balance between the established objectives of this policy) is limited.

The effect of the accounting policy adopted by a company is that the image of its economic situation presented in the financial statements, deviates, in some way, from its original state (that is, from the state it was in before certain priorities pertaining to the accounting policy were pursued). It is generally assumed that the deviation is mostly aimed at improving or worsening the image of the company. Sometimes, however, the only goal is to obscure the picture of the company. If the accounting policy is used to increase the effects of investor relations, the expected effect of this policy should surely be the improved image of the company, which is directly related to the improved transparency of the condition of its business. Presenting the company in a more favorable way undoubtedly influences the price of shares that go up, and thus helps to attract additional capital for the company.

The effects of the deterioration of the company's image include the reduction of the share price, which may consequently discourage small shareholders from investing and encourage them to dispose of their shares at a low price to shareholders seeking majority shareholding. Such practices, based on the effect of "asymmetric information" (in this case between the small and leading investors) should be regarded as contrary to the principle of company transparency and equal access to the information to all stakeholders. Therefore, they cannot be classified as measures improving investor relations understood in the manner described above.

The Use of Accounting Policy Instruments in IR

The right to choose between various accounting solutions is the basis for defining the instruments of the eventually chosen accounting policy. These instruments are means and moves geared for achieving the objectives of the adopted accounting policy. Most frequently, these instruments are divided into:

- material instruments;
- time instruments;
- formal instruments (Weber, & Kufel, 1993).

The material instruments of the balance sheet policy are the solutions that influence the value of assets and liabilities, revenues and expenses, gains and losses. Among these solutions, the most important ones are those means that exploit the possibility of deciding how the financial statements are to be published and how the individual items are to be assessed and calculated, how the costs are to be settled over time, the provisions made, the interim settlements accounted for, the amortization or depreciation amounts calculated, and the value of the depreciation write-offs made in respect of those re-valuations made. The material instruments also include solutions that shift business operations in time (such as purchases of materials, goods, capital goods, services, or sale of services). Most of these solutions can be economically justified (as they may, for instance, help to shifting in time the tax liabilities). Nevertheless, in a big part they only serve the so-called "window dressing" function.

One the time instruments of accounting policy is choosing the date as at the balance sheet is made. This is especially important for companies whose activity is highly seasonal. Another time instrument is the opportunity to choose (within the law limits) the date for submission, approval and publication of the annual financial statements. Many companies in the process of creation of their own image deliberately bring forward or delay the publication date of the reports. If the publication of the financial statements confirming the successful development of the company coincides with important development events, such as share issue, sale of bonds, restructuring, etc., then a speedy provision of updated and audited information to the recipients may be the key factor determining the success or failure of the undertaken projects. An intentional delay of publishing of the financial statements is particularly characteristic of those companies whose business performance deteriorated or even closed at a loss. In this case, the time gained by the maximum delay in informing the recipients of the financial report about the adverse trends is most frequently used for implementing actions to improve the situation or image of the company, or is motivated by the desire to postpone the decision about changing its management.

Formal instruments are based primarily on the right to choose a variant (comparative or multi-step) and version of the profit and loss account, the structure of the balance sheet and level of disclosure of its items, and the manner in which the financial statements will be published.

The company making the choice between a comparative and a multi-step variant may disclose the items in the annual financial statements either in a greater detail than the statutory requirements, or a simplified version (in Poland only small companies are allowed to do so).

An important right of companies is the right to decide about the structure of the balance sheet items. The statutory requirements in this respect are to be understood as the necessary minimum. If a company wishes to allow a more accurate insight into its business, it can subdivide the items of the balance sheet, while respecting the prescribed layout**.** Among the formal instruments of accounting policy very important is the possibility of "free" classification of financial assets either as fixed assets or as current assets. This law applies to long- and short-term securities.

Companies also choose the manner in which the financial reports are published (announced). The obligation to publish financial reports is regulated by the Accounting Act. It gives companies some freedom in choosing the details of the content of this report. The right to choose the form of publishing also applies to an important part of the financial statements which is "additional information and explanations". A detailed list of "additional information and explanations", is set out in the Annex to the Accounting Act. The Annex orders to disclose information not included in the balance sheet and in the profit and loss account, or to include explanations confirming that the company's financial condition, its assets and obtained results are presented in the financial statements in a fair manner and may be relied on. A company is given some room for maneuver with regards certain terms that appear in the checklist "additional information and explanations".

It follows that the accounting policy instruments provide a real opportunity to influence the company's image. Before answering the question which of these instruments to use and how to enhance the effects of investor relations, it is worthwhile quoting the published results of the research conducted by the Polish Institute of Investor Relations which concerned investor relations shaped by Polish companies. The study was conducted on 214 listed in the Warsaw Stock Exchange and companies representing various industries.

One of the specific issues investigated in the research was the quality of financial reports prepared by companies. The investigations concluded that there were large discrepancies between the actual quality of these reports and the expectations expressed by their recipients. A significant percentage of analysts (70% of the questioned) graded the quality of financial information received from the companies as below the average or average. The investors pointed to many shortcomings of financial reports, such as failure to offer notes or comments on the figures, information too concise to understand, frequent use of too specialized language making the information incomprehensible, chaos in the structure of the reports and late release of information, close to the deadline. Other reasons for the low rates given to the quality of the provided financial information were irregularities and inconsistencies in the financial reports and numerous corrections of fundamental errors from previous years. It was emphasized that the low quality of financial information makes it difficult to compare companies from the same industry and cannot serve as the basis for accurate assessment of the company or for preparing financial forecasts (Dziawgo & Gajewska-Jedwabny, 2006).

Regarding the ease of access to information and information meeting the expectations, most investors (82%) assessed the ease of access to information as only satisfactory, while only 9% of the respondents considered it to be very good. Analysts criticized the lack of cooperation and communication with some of the companies and unsatisfactory amount of the additional information, while that provided was considered vague, incomplete and not facilitating investment decisions.

This not too good opinion on the quality of financial information may be surprising in view of the importance that investors assign to the quality of the messages. As demonstrated in the study the quality of investor relations (determined by financial information) affected the assessment of companies by 83% of investors. At the same time for 74% of investors the quality of information had a significant impact on the lengthening or shortening of the time horizon of their investment.

Eliminating or even reducing the shortcomings of financial reporting released by companies to their stakeholders may be achieved by the appropriate use of the instruments of accounting policy. In view of the shortcomings in the structure, details, time and ease of access to such information the most important seem to be formal and temporary instruments.

Among the formal instruments the most important ones include the right to choose the structure or layout and the level of detail of the items disclosed in the balance sheet and the right to choose the manner in which the financial statements should be published. The possibility of disclosing more detail than statutorily required and shown in report templates annexed to the Accounting Act and the possibility of including additional explanations (particularly in the part called "additional information") should be used as widely as possible as it ascertains greater insight into the company's business and facilitates its assessment by investors, which consequently improves investor relations. Actions to the contrary (i.e., reducing the level of detail in the prepared reports) can produce quite the opposite effect.

The time instruments of accounting policy can play a great role in shaping investor relations. These relations may be improved by early submission, approval and publication of audited annual financial statements, which will result in the reduction of the "information asymmetry" effect, thus allowing investors without a day to day, direct access to the company's accounting records to make more accurate decisions. Postponing publication of the financial statements in order to make or gain time for improving the unsatisfactory condition of the company, considering the principles of IR, i.e., timely presentation of information and equality in access to the information, reduces the credibility of the company and is a factor which, in the long run, degrades investor relations.

Material instruments of accounting policy may also play an important role in shaping investor relations, among them, in particular, the right to choose the methods of assessing individual items of the financial statements, the right to choose the date of cost settlement over time, the right to choose the manner in which to account for the provisions, reserves, interim settlements, amortization and depreciation write-offs and revaluation amounts. Solutions adopted by companies using those statutory rights law allow adjusting the value of assets and liabilities and the company's financial results, and bringing those values to a level close to market values. It is no doubt that the use of material instruments of the accounting policy for this purpose is fully justified and indeed desirable from the perspective of improving investor relations. As a result of these actions the investors receive information of a better quality and therefore their investment decisions are based on more reliable grounds.

Conclusions

Developing effective investor relations is a very important task for companies, including, in particular, companies with diversified and dispersed shareholders. An important way in which these relations may be shaped is through indirect communication. Such communication is based, among others, on financial reporting governed by the Accounting Act. Due to the fact that the companies have a "right to choose" alternative solution in accounting, companies adopt an accounting policy that serves their objectives and goals. These objectives may be varied, hence the shape of the accounting policy adopted (its goals, instruments and effects) may differ. However, the use of accounting policy to improve investor relations requires that actions of this policy are subject to certain principles of effective investor relations. As indicated, this means that these actions should be geared primarily to improve the quality of the provided reporting information which amounts to presenting it as quickly as possible, with the amount of detail required by investors. In addition, solutions implemented in connection of the assessment of financial amounts disclosed in reports should result in an approximation of their value to the market level.

In conclusion, the issue of adopting and then using a given accounting policy by a company cannot be considered in separation from its functioning. The shape of this policy should be determined by the kind of necessary conditions for the company's continued, successful growth and expansion. In case of companies whose major stakeholders are investors, the accounting policy of the companies should be geared to the development of effective investor relations.

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