

# Chapter 13

## Investment in the Business Operations of Polish Listed Companies



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**Abstract** Investing is one of the basic ways to increase the capital of a company. It is also a basic factor for economic growth and development, a prerequisite for conducting profitable operations in the long run. The research problem of this paper is the importance of investment in business operations and the relationship between investment and the value of assets on one hand and the results achieved by companies on the other. Its objective is to quantify the investments made by companies listed on the Warsaw Stock Exchange. The article hypothesizes that investments are an important asset of an enterprise, influencing the company's financial results. The source of data for the research is the financial statements of companies listed on the Warsaw Stock Exchange, operating as part of the RESPECT Index project framework.

**Key words** Investment · Investment income · Investment costs · Investment inflows · Investment expenditure

### 13.1 Introduction

We are used to considering survival, continued growth and qualitative development as the universally accepted objectives of an enterprise. For many years, the basis used to describe the growth and development of an enterprise was its profit. It is now assumed that the objective of the company's operations is to create and multiply value for its owners, and profit can be one of the categories affecting this value. Investments form another important category, contributing to an increase in capital and the development of the enterprise while also increasing its value.

Investments are the conditions to be met in the economic operations of every entity, which means that investing is one of the basic ways to increase capital. A well-planned, justified and timely investment can contribute to the company's

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development, while a wrong decision can lead to a reduction in liquidity and flexibility of operations, and with a significant value of invested capital can cause a financial crisis and even bankruptcy (Remlein, 2019, p. 91).

The research problem of this paper is the relationship between investment and the value of assets of companies on one hand and the economic results.

Its objective is to quantify the investments made by companies listed on the Warsaw Stock Exchange.

The article hypothesizes that investments are an important asset of an enterprise, influencing the company's financial results.

## 13.2 Literature Review

The subject literature considers investments in both the financial aspect, as a monetary expenditure made in order to earn income (Gitman & Joehnk, 2003, p. 3), and the material aspect, a process in which cash is transformed into other goods (Róžański, 2006, p. 13).

Investing as a term in the economic context is defined in connection with another category, i.e. capital. According to W.J. Baumol and A.S. Blinder (1991, p. 744), investing is a stream of resources intended for the production of new capital. According to these authors, the relationship between investing and capital is analogous to filling a bathtub with water. The water accumulated in the bathtub is compared to the capital resources, while the stream of tap water that supplies water in the bathtub to the stream of investments. Just as the tap needs to be opened to increase the amount of accumulated water, so does the capital increase only when the investment process is taking place. If investing is stopped, then the stock of capital will cease to grow.

R.J. Wonnacott and P. Wonnacott (1990, p. 26) define investing in a similar way, stating that it is a process of creating and accumulating capital. They also emphasize that the current capital is the result of past investments, and the investments currently implemented – after their completion – will result in an increase in the current capital stock.

Investing in financial terms is determined from a narrower perspective than in economic terms, and it focuses on the allocation of monetary resources, mainly in financial instruments, to obtain financial benefits. The general definition of investment is formulated by L.J. Gitman and M.D. Joehnk (2003, p. 3), who state that an investment is a component of every asset, which can be used to allocate funds, in the hope that it will generate income and/or preserve or increase its value. A more elaborate definition of investing is proposed by F.K. Relly and E.A. Norton (2006, p. 5), who define investing as the current allocation of cash for a certain period in anticipation of future funds that will compensate the investor time, inflation rate and risk.

As techniques and technology continue to develop, there is an increase in investment in intangible assets, and the development of capital markets stimulated

the increase in capital investments. Currently, when defining the concept of investment, emphasis is put on the financial side. The adoption of the monetary (financial) aspect in the concept of investment results from the inherent, natural relationship between finance and investment. In accounting, investments are equated to assets that the enterprise does not use for its own needs but from which it derives economic benefits just from the very fact of holding them. Pursuant to the Polish Accounting Act, the criteria for qualifying an asset as an investment are as follows:

- The purpose for holding the respective asset.
- The type of acquired economic benefits.
- Its exclusion from use to cover the internal needs of the enterprise.

In addition to the semantic issues, attention should be paid to the diversity of investment valuation principles and the presentation of investments in the financial statements.

The valuation of investments is not subject to our consideration; however, it should be noted that if the solutions included in the International Financial Reporting Standards (IFRS) are adopted, the company is obliged to assign a financial investment to the appropriate category and to apply the valuation model corresponding to this category. However, if the enterprise only applies the provisions of the Polish Accounting Act, then it has the option of applying a simplified approach to the valuation of financial investments. The consequence of adopting such a solution is the lack of an obligation to qualify financial investments in the appropriate categories, with the sole diversification in the form of short- and long-term investments.

The consequences of the adopted investment accounting policy (legal basis, classification, valuation) are reflected in the financial statements because they affect both the value of the assets on the balance sheet and the overall financial result.

### **13.3 Data and Methodology**

Addressing the research problem boils down to examining the investments of companies, as presented in their financial statements.

The source of data for the research is the financial statements of companies listed on the Warsaw Stock Exchange, operating as part of the RESPECT Index project framework.

In order to select the research sample, the following considerations were made:

1. The time range of the research covers the years 2010–2018.
2. The survey included companies listed on the RESPECT Index as at 27 December 2018.
3. Due to the specifics of operations and the different accounting and financial reporting principles, we excluded from the search sample banks, insurance

companies, and entities operating on the basis of securities trading regulations and regulations on investment funds and investment fund management.

4. Also excluded from the sample were companies that did not publish financial statements for all the years covered by our research.

All RESPECT Index listed companies accepted for the study are presented in Table 13.1.

Out of 31 listed companies, 15 companies were excluded due to the following reasons:

- Specifics of their operations and different accounting and financial reporting principles.
- Lack of financial statements for all years covered by our survey.

Considering the 9-year time span, 144 financial statements, published by companies, were subject to observation.

Of the 16 companies accepted for the research, we included six companies listed in the WIG20 index, seven companies that were part of the mWIG40 index, and further three that were part of the mWIG80 index.

## 13.4 Results and Discussion

A preliminary analysis of the individual financial statements of the analyzed companies allowed us to conclude that in the period 2010–2018, all of the surveyed companies invested their free funds. This proves how important an asset group the investments are for the companies. The results of the study on the share of the value of long-term investments in the total value of all assets of the surveyed companies in the audited period are presented in Table 13.2.

From the data contained in the table, we see that Tauron had the largest share of total long-term investments in its assets. This share oscillates around 90%, with the lowest value in 2014 (87.6%) and the highest in 2015 (93.8%). This demonstrates the company's high investment commitment and the reduction of business activity – to a large extent – to investment activities. In turn, the lowest results were recorded for the Bogdanka company (from 1.7% in 2014 to 2.6% in 2010). A detailed analysis of the balance sheet and additional notes demonstrates, owing to the type of its business, that the vast majority of assets are components of its property, plant and equipment (fixed assets). It is also noteworthy that the number of companies whose long-term investments accounted for more than half of their assets is increasing over the period considered (in 2011, there were just two such companies, three in 2012 and 2013, four in 2014 and 2015, and five companies in 2016, 2017 and 2018). This confirms the thesis on the significant role of investments in the business operations of enterprises.

The current classification of investments allows for the assessment of which type (subject) of investments enjoys the greatest recognition among the surveyed

**Table 13.1** RESPECT Index listed companies – selection of the research sample

Abbreviation	Name	Index	Industry	Available reports	Accepted in sample
CCC	CCC	WIG20	Retail	2011–2018	NO
ENG	Energia	WIG20	Energy industry	2014–2018	NO
KGH	KGHM Polska Miedź	WIG20	Raw materials	2010–2018	YES
LTS	LOTOS Group	WIG20	Fuel industry	2010–2018	YES
MBK	mBank	WIG20	Banks	2010–2018	NO
OPL	Orange Polska	WIG20	Telecommunication	2010–2017	NO
PEO	Bank Polska Kasa Opieki	WIG20	Banks	2010–2018	NO
PGE	PGE Polska Grupa Energetyczna	WIG20	Energy industry	2010–2018	YES
PKN	PKN ORLEN	WIG20	Fuel industry	2010–2018	YES
PGN	Polskie Górnictwo Naftowe i Gazownictwo	WIG20	Fuel industry	2010–2018	YES
PZU	Powszechny Zakład Ubezpieczeń	WIG20	Insurance	2010–2018	NO
SPL	Santander Bank Polska	WIG20	Banks	2010–2018	NO
TPE	TAURON Polska Energia	WIG20	Energy industry	2010–2018	YES
EAT	AmRest Holdings SE	mWIG40	Hotels and restaurants	2010–2017	NO
APT	APATOR	mWIG40	Electrical machinery industry	2010–2018	YES
ATT	GRUPA AZOTY	mWIG40	Chemical industry	2010–2018	YES
BDX	Budimex	mWIG40	Construction industry	2010–2018	YES
BHW	Bank Handlowy w Warszawie Spółka Akcyjna	mWIG40	Banks	2010–2018	NO
CAR	Inter Cars	mWIG40	Wholesale	2010–2018	YES
FTE	FABRYKI MEBLI "FORTE"	mWIG40	Timber industry	2010–2018	YES
GPW	Giełda pap. Wart. w Warszawie	mWIG40	Capital market	2010–2018	NO
ING	ING Bank Śląski	mWIG40	Banks	2010–2018	NO
JSW	Jastrzębska Spółka Węglowa	mWIG40	Raw materials	2011–2018	NO
LWB	Lubelski Węgiel BOGDANKA	mWIG40	Raw materials	2010–2018	YES
MIL	Bank Millennium	mWIG40	Banks	2010–2018	NO

(continued)

Table 13.1 (continued)

Abbreviation	Name	Index	Industry	Available reports	Accepted in sample
TRK	Trakcja PRKil	mWIG40	Construction industry	2010–2018	YES
KGN	Zesp. Elektrociepłowni Wrocl. KOGENERACJA	sWIG80	Energy industry	2010–2018	YES
ELB	ELEKTROBUDOWA	sWIG80	Construction industry	2010–2018	YES
AGO	Agora	sWIG80	Media	2010–2018	YES
PCR	PCC Rokita	sWIG80	Chemical industry	2011–2018	NO
BOS	Bank Ochrony Środowiska	sWIG80	Banks	2010–2018	NO

Source: Author's own elaboration based on <http://respectindex.pl>

**Table 13.2** Share of total long-term investments in total assets for the years 2010–2018 (in %)

Company	2010	2011	2012	2013	2014	2015	2016	2017	2018
KGH	25.4	13.7	47.7	45.1	40.6	44.1	34.7	29.2	32.0
LTS	7.2	7.3	6.3	7.1	8.5	12.0	13.6	15.0	16.3
PGE	71.6	68.6	76.2	77.7	77.8	74.6	67.3	66.2	62.8
PKN	29.0	19.8	21.8	23.0	17.8	20.9	20.8	19.8	27.8
PGN	33.8	32.7	35.5	34.6	36.2	33.6	35.4	33.9	35.0
TPE	93.3	93.4	89.0	91.6	87.6	93.8	93.4	90.4	91.5
APT	57.5	49.3	46.7	45.0	59.8	58.0	53.4	50.8	55.3
ATT	16.4	41.6	44.9	71.5	71.1	69.6	64.3	60.2	61.8
BDX	21.0	25.8	26.4	22.5	22.6	20.4	17.6	17.9	19.1
CAR	3.6	4.0	7.7	11.0	10.8	15.1	15.3	13.9	12.2
FTE	8.2	8.8	8.5	7.5	6.4	9.4	25.6	26.4	30.2
LWB	2.6	2.4	2.1	2.0	1.7	2.1	2.0	1.8	1.9
TRK	19.9	46.4	62.9	36.4	38.3	46.9	45.2	41.4	35.6
KGN	20.5	16.9	15.4	14.4	11.5	10.4	10.6	10.7	10.6
ELB	18.5	11.2	10.6	9.4	8.3	8.4	7.6	7.6	7.5
AGO	33.6	35.2	39.2	42.6	47.8	46.7	51.8	54.1	55.1

Source: Own elaboration, based on the financial statements of the surveyed companies

companies. A preliminary analysis allowed us to conclude that investments in the form of stocks and shares of other companies were very popular among the surveyed companies. Therefore, during the subsequent stage of our study, we analyzed the share of this type of investment in the value of long-term investments. The results of this analysis are presented in Table 13.3.

The results of the conducted analysis indicate that out of the 144 cases (16 companies, 9 years) considered, only in two cases did this share amount to less than 20%, and in the remaining cases, the ratio of the value of investments in the form of stocks and shares of other companies in the total long-term investments is high. The results testify to the large (and in some cases very large) investment commitment of the surveyed companies, and to locating their own resources in stock and shares of other companies. Table 13.4 presents a list of the surveyed companies that recorded a high (over 80%) share of investment in the form of stocks and shares of other companies in their total investments.

The results listed in the table indicate that the number of companies surveyed that had sole long-term investments in the form of investments in stocks and shares of other companies fluctuates between one company in 2010 and four companies in 2014. For the last year covered by our analysis, there were two companies that had their investment portfolios filled exclusively with stocks and shares of other companies. It is noteworthy that more than half of the surveyed companies had a share of 90% or more of the value of investments in the form of stocks and shares of other companies in their total long-term investments.

Subsequently, we conducted an analysis of the result categories of the investment activities presented in the income statement within the section devoted to financial

**Table 13.3** Share of value of investments in stock and shares of other companies in total long-term investments in 2010–2018 (in %)

Company	2010	2011	2012	2013	2014	2015	2016	2017	2018
KGH	90.3	74.8	93.4	96.0	97.0	47.0	19.2	33.3	32.0
LTS	74.6	70.9	90.8	82.8	100.0	100.0	88.5	96.5	99.9
PGE	97.9	99.7	100.0	100.0	100.0	99.8	98.8	99.3	99.6
PKN	99.7	99.6	99.6	99.6	99.4	97.7	99.3	98.1	99.2
PGN	73.4	68.6	55.9	63.6	67.2	73.4	75.0	86.3	76.1
TPE	95.1	94.7	88.1	79.0	78.3	64.2	57.5	76.5	78.1
APT	98.1	98.6	98.5	98.7	99.5	98.2	99.5	99.5	99.6
ATT	89.9	97.7	98.5	99.6	99.7	94.3	93.7	93.6	94.3
BDX	98.3	99.2	99.0	98.9	98.7	98.7	97.5	91.5	90.6
CAR	94.0	96.6	97.9	98.7	98.8	99.3	99.4	99.5	99.9
FTE	83.7	19.8	20.1	19.9	20.2	92.4	71.7	68.5	92.4
LWB	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
TRK	96.3	99.2	95.0	91.9	93.4	94.9	95.2	95.1	95.1
KGN	79.6	86.2	91.3	91.3	90.5	90.6	91.0	91.3	91.5
ELB	69.1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
AGO	99.8	99.6	99.6	96.3	97.3	98.7	99.1	100.0	99.6

Source: Own elaboration, based on the financial statements of the surveyed companies

**Table 13.4** Number of companies with a high share of investments in stock and shares of other companies in total long-term investments

Share	2010	2011	2012	2013	2014	2015	2016	2017	2018
100%	1	2	3	3	4	3	2	3	2
90–99.9%	8	8	9	8	8	9	8	8	11
80–89.9%	2	1	1	1	0	0	1	2	0
<b>Total</b>	<b>11</b>	<b>11</b>	<b>13</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>11</b>	<b>13</b>	<b>13</b>

Source: Author's own elaboration, based on the data from Table 13.3

activities. For the purposes of this research, values corresponding to the income obtained from owned or disposed investments were separated from financial income and designated as “investment income.” In the analyzed profit and loss accounts, investment income was presented in the following order:

- Dividends and profit shares.
- Profit from the sale of financial fixed assets.
- Interest on granted loans.
- Long-term investment write-offs.

Then the ratio of investment income to financial income ( $I_i/F_i$ ) was calculated. Table 13.5 presents results testifying to the share of investment income in the financial income.

As the results in Table 13.5 show, investment income constitutes a significant percentage of the total financial income. In some companies (Elektrobudowa), the total financial income equaled the investment income over the entire period subject



to our study. In others, this is the case for some of the years in the period considered (e.g. Budimex, Lotos, PGE). In addition, we observe a large group of companies where the investment income accounted for over 90% of their financial income (e.g. Kogeneracja, Tauron, PGE). The results show a large (and in some cases very large) impact of investment income on financial income and, as a result, on the result on financial activities and the financial result of the company. The number of surveyed companies with a high (over 80%) share of investment income in financial income is presented in Table 13.6.

The data in the table above demonstrate the following:

1. A large proportion (from 56.25% in 2011 to 87.5% in 2018) of the companies subject to our consideration had a high (over 80%) share of investment income in their financial income.
2. The number of companies with such a high share has the tendency to grow.

**Table 13.5** Share of investment income in financial income (in %)

Company	2010	2011	2012	2013	2014	2015	2016	2017	2018
KGH	29.0	61.3	14.9	13.7	13.4	38.0	32.8	15.6	0.0
LTS	58.7	100.0	77.5	92.1	95.5	91.5	88.9	82.2	99.3
PGE	100.0	99.0	92.9	98.5	99.8	99.9	99.0	100.0	100.0
PKN	91.1	99.5	22.6	59.9	97.7	92.2	94.9	81.6	94.4
PGN	91.2	76.7	85.6	63.6	90.1	90.5	98.2	93.3	91.7
TPE	99.9	99.7	99.8	99.8	99.9	98.9	100.0	90.4	99.9
APT	88.9	85.1	96.4	96.7	98.5	98.3	99.3	98.7	99.8
ATT	39.4	45.9	93.3	94.8	99.8	97.9	98.5	97.1	85.2
BDX	99.7	44.7	100.0	100.0	4.0	37.0	53.5	72.3	87.4
CAR	83.6	96.0	96.7	99.2	97.1	98.3	98.3	94.5	98.6
FTE	22.8	35.1	89.9	87.2	77.2	74.0	99.0	100.0	100.0
LWB	0.0	0.0	0.0	0.0	34.2	36.0	12.5	58.5	6.9
TRK	90.9	98.4	90.7	55.8	89.3	91.0	97.7	91.1	95.9
KGN	99.0	98.6	99.5	99.4	99.8	99.7	100.0	96.2	95.7
ELB	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
AGO	42.8	27.3	23.7	79.4	83.3	91.8	94.4	97.5	97.7

Source: Own elaboration, based on the financial statements of the surveyed companies

**Table 13.6** Number of companies with a high share of investment income in financial income

Ii/Fi	2010	2011	2012	2013	2014	2015	2016	2017	2018
100%	3	2	2	2	2	2	4	4	3
90–99.9%	5	6	8	8	8	10	8	8	9
80–89.9%	2	1	2	1	2	0	1	1	2
<b>Total</b>	<b>10</b>	<b>9</b>	<b>12</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>13</b>	<b>14</b>

Source: Author's own elaboration, based on the data from Table 13.5

Similarly, as in the case of financial revenues, this was done with the category of financial costs, from which “investment costs” were separated and the ratio of investment costs to financial costs was calculated (Ic/Fc). Among the cost items presented as part of financing activities, investment costs include the following:

- Loss on the sale of financial fixed assets.
- Long-term investment write-offs.

The indicators of the share of investment costs in financial costs are presented in Table 13.7.

As it results from the data presented in Table 13.7, the share of investment costs in financial costs is relatively small. Nevertheless, there are a few exceptions to that rule. Considering the large and very large share of investment income in financial income and the low and very low share of investment cost in financial costs, it can be stated that the result (profit) on investment activities has a high share in the total result of financial activities. However, due to the negative results on financial activities, it became impossible to calculate the ratio of the result on investment activities to the result on financial activities.

The subsequent stage of our research concerned the result of investment activities, as presented in the cash flow statement. The fact that cash flows from investing activities include inflows and expenses from the sale and purchase of fixed assets and intangible assets, we considered it appropriate to analyze the share of the inflows and expenses from investment activities that the inflows and expenses from investments understood in accordance to Polish Accountancy Law accounted for (Table 13.8).

**Table 13.7** Share of investment costs in financial costs (in %)

Company	2010	2011	2012	2013	2014	2015	2016	2017	2018
KGH	0.0	0.0	0.0	0.0	4.1	83.5	84.1	32.3	0.0
LTS	30.0	22.2	0.0	0.0	42.8	0.0	4.1	0.0	0.0
PGE	0.0	0.0	0.0	1.3	81.5	6.7	3.8	43.2	0.0
PKN	7.4	49.1	54.9	27.1	86.8	60.0	4.3	83.8	48.4
PGN	2.2	1.9	5.4	40.4	13.3	12.3	16.2	36.7	23.0
TPE	0.0	0,4	0,3	0.3	3.1	92.9	80.7	28.7	84.6
APT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ATT	26.1	3.0	6.5	0.0	1.1	0.0	12.5	34.0	2.3
BDX	35.5	36.9	85.6	76.6	0.0	15.5	0.5	0.0	1.9
CAR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FTE	0.0	0.0	0.0	0.0	0.6	0.0	0.0	0.0	0.0
LWB	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TRK	0.0	3.3	4.0	2.2	1.8	2.5	0.0	0.0	54.0
KGN	0.0	0.0	1.4	63.4	17.8	0.0	0.0	0.0	0.0
ELB	0,0	0,0	64.6	14.9	4.1	10.5	0.0	63.0	82.4
AGO	46.1	22.3	12.6	15.4	0.0	0.0	88.6	93.8	85.4

Source: Own elaboration, based on the financial statements of the surveyed companies

**Table 13.8** The share of investment inflows in inflows from investment activities

Company	2010	2011	2012	2013	2014	2015	2016	2017	2018
KGH	99.1	99.9	80.2	75.0	80.0	100.0	100.0	100.0	87.2
LTS	97.5	23.6	96.6	99.2	85.1	60.5	28.5	71.3	73.2
PGE	100.0	100.0	99.7	99.9	84.8	100.0	100.0	63.5	100.0
PKN	63.8	87.5	88.2	32.5	71.9	65.9	92.6	82.2	59.7
PGN	97.5	47.3	59.9	90.9	86.0	75.7	98.9	94.9	98.2
TPE	98.1	100.0	100.0	99.6	99.2	100.0	100.0	100.0	100.0
APT	99.0	83.0	51.1	98.8	99.7	99.8	99.9	99.3	99.5
ATT	18.9	67.0	96.0	98.0	98.9	98.2	99.9	99.8	64.9
BDX	55.4	77.0	88.0	96.1	99.2	91.1	97.2	99.8	95.7
CAR	84.2	93.4	87.6	99.1	82.8	93.9	98.5	99.4	97.7
FTE	87.7	95.8	73.0	83.9	89.6	80.9	99.5	94.5	2.4
LWB	99.5	85.5	96.5	92.2	39.3	68.3	99.6	47.8	5.7
TRK	99.7	99.9	98.5	67.8	94.7	89.0	70.2	85.3	97.8
KGN	84.9	96.8	98.1	97.6	98.7	97.6	98.9	79.3	93.0
ELB	92.6	98.4	93.1	43.5	96.5	47.2	91.0	93.5	95.8
AGO	58.4	8.4	24.0	18.0	12.1	53.0	24.6	43.9	52.6

Source: Own elaboration, based on the financial statements of the surveyed companies

The analysis of investment inflows demonstrates that, depending on the company and its investment policy, they are at different levels. Therefore, it is difficult to draw clear conclusions without a detailed analysis of the sources of these inflows. When we calculate the average share of investment inflows in investment activity inflows, we see that it fluctuates around 90% over the entire period under review, which largely means that investment activity inflows are largely determined by inflows from investments that are understood as non-operating assets. When analyzing the share of investment expenditure in the total investment activity expenditure (Ie/Iae), we come to completely different results (Table 13.9).

The results presented in Table 13.9 demonstrate that, in the vast majority of the surveyed companies, investment expenditure accounts for less than 50% of the investment activity expenditure, which in turn means that the remainder is expenditure covering operating assets. This proves that the inflows and expenses from the sale and purchase of property, plant and equipment, and also intangible assets, are incorrectly accounted as cash flows from investing activities. The number of surveyed companies with a low share of investment expenditure in investment activity expenditure is shown in Table 13.10.

The data contained in the table above show that within the examined group of companies

1. Most companies (the exception is 2012 and 2018 – seven companies, i.e. 43.75% of the surveyed group) had a low (below 50%) ratio of investment expenditure to investment activity expenditure.
2. The number of companies with a share of 0% has a tendency to grow.

**Table 13.9** The share of expenditure on long-term investments in expenditure on investment activities (%)

Company	2010	2011	2012	2013	2014	2015	2016	2017	2018
KGH	66.0	59.7	84.7	15.2	42.5	61.3	23.7	19.1	25.6
LTS	4.9	42.1	56.7	15.4	31.7	48.4	39.5	63.7	71.0
PGE	99.3	99.9	100.0	100.0	85.1	99.9	68.1	99.2	100.0
PKN	13.1	30.5	6.3	12.9	35.0	49.9	4.9	16.0	72.5
PGN	59.5	23.3	70.8	49.0	36.6	34.1	56.3	60.9	44.8
TPE	99.3	99.7	98.7	99.5	99.8	100.0	100.0	100.0	100.0
APT	9.9	13.3	0.0	26.3	90.4	40.8	17.4	59.8	74.0
ATT	69.4	80.5	53.8	80.7	0.0	52.0	23.7	31.3	79.8
BDX	15.2	96.1	81.8	59.3	79.5	72.9	18.6	97.4	82.3
CAR	43.2	39.3	100.7	64.7	57.2	85.7	62.1	24.7	17.6
FTE	1.4	5.1	0.2	9.3	0.0	25.9	82.6	66.0	70.3
LWB	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
TRK	71.0	98.8	86.2	75.2	28.9	69.0	57.0	52.7	30.9
KGN	5.9	12.4	4.9	0.0	0.0	0.0	0.0	0.0	0.0
ELB	47.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AGO	72.3	9.2	0.6	20.7	24.0	7.6	27.9	0.0	18.4

Source: Own elaboration, based on the financial statements of the surveyed companies

**Table 13.10** Number of companies with a low ratio of investment expenditure in investment activity expenditure

Ie/Iae	2010	2011	2012	2013	2014	2015	2016	2017	2018
0%	2	2	3	3	4	4	4	4	3
0.1–10%	4	3	4	2	2	1	0	1	0
10.1–50%	3	5	0	5	5	4	6	3	4
<b>Total</b>	<b>9</b>	<b>10</b>	<b>7</b>	<b>10</b>	<b>11</b>	<b>9</b>	<b>10</b>	<b>8</b>	<b>7</b>

Source: Author's own elaboration, based on the data from Table 13.9

The results of our research allows us to make a conclusion on the shortcoming of the cash flow statement in the area of investment activities, which comes down to accounting cash flows from transactions on non-investment assets, i.e. tangible fixed assets and intangible assets, in that category.

## 13.5 Conclusion

The analysis of the financial statements of Polish listed companies allowed us to draw the following conclusions:

- In the period 2010–2018, all analyzed companies invested their free funds.
- The number of companies whose long-term investments accounted for more than half of their assets is increasing over the period considered (in 2011, there were

just two such companies, three in 2012 and 2013, four in 2014 and 2015, and five companies in 2016, 2017 and 2018).

- The ratio of the value of investments in the form of stocks and shares of other companies in the total long-term investments is high. Over half of the analyzed companies had a share of 90% or more of the value of investments in the form of stocks and shares of other companies in their total long-term investments.
- The investment income constitutes a significant percentage of the total financial income. Over half of the companies had a high (over 80%) share of investment income in financial income.
- The share of investment costs in financial costs is relatively small.
- The analysis of investment inflows shows that, depending on the company and its investment policy, they are at different levels.
- In the vast majority of the analyzed companies, investment expenditure accounts for less than 50% of investment activity expenditure.

An analysis of the obtained results allows us to state that the research hypothesis – that is, that investments are an important element of a company's assets, which has an impact on its financial results – was positively verified.

The results show the large (in some cases very large) investment commitment of the analyzed companies, and investing their own resources in stock and shares of other companies.

Considering the large and very large share of investment income in financial income and the low and very low share of investment cost in financial costs, it can be stated that the result (profit) on investment activities has a high share in the total result of financial activities.

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