

INVESTMENTS AND INVESTMENT PROCESS

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As an economic investment category perform essential functions, without which normal, cost-effective development. This investment is largely shaping the future of the country as a whole, its separate regions, each entity - investments made today is the foundation of tomorrow's prosperity.

«The concept of "investment" comes from the Latin term invest, which means "dress". Broadly speaking this category of investment is a capital investment for its future growth. This capital gain shall be sufficient to compensate the investor rejection of the use of the funds available for consumption in the current period to obtain compensation for risk, to compensate losses from inflation in the period ahead.» [1.]

By definition, a financial investment - all kinds of assets (funds) invested in economic activity for profit. The economic definition of investment can be summarized as follows: Investment is spending on the creation, expansion, reconstruction and technical upgrading of capital, as well as associated with the change of working capital as changes in inventories are largely dependent on the main traffic charges capital.

Investment objectives are:

- The company's commitment to increase profits;
- Expansion of the company;
- The desire for prestige, social influence, power;
- Solving social problems, such as maintaining and increasing employment, reducing unemployment, improving cultural and educational level of the people;
- Solving environmental problems, etc.

«Investments in business activities carried out in various forms. In order to record, analyze and plan investments are classified according to various criteria:

1. For investment targets

2. During the period investments

3. Ownership investors

4. By region x» [2]

In turn, the current economic situation caused largely by past investments. The value of investments is that the implementation of their functions is a prerequisite and basis of the following:

- Restructuring of social production, balanced development of all sectors of the economy;
- Expanded reproduction;
- Accelerating scientific and technological progress;
- Ensure the defense of the state;
- Development of financial markets, banking;
- Improve the quality of goods and services to ensure their competitiveness;
- Protection of the environment, solving environmental problems;
- Increase employment, reduce unemployment;
- International cooperation;
- Social development.

«Investment process - a complex system of interrelated elements (business objects condition, results).» [3] Specific investment process within defined target and type of investment (real or financial investments).

It is essential to understand that because the investment process, investing long-term investments related to the economic resources to develop and to benefit in the future, the main aspect of the nature of these investments are in the conversion of equity and debt investor assets that their use will create new value.

The main stages of the investment process has three stages.

The first (preparatory) stage of investment decisions within its first phase, forming investment objectives. In the second phase determine the direction of investment. The third phase is the choice of specific sites for investment, preparation and signing of the investment agreement. The signing of the investment agreement invested tangible and intangible benefits given the status of investments.

The second phase of the investment process - investment, practical steps to implement the investment converted into legal form by signing various agreements. They may be contracts involving the transfer of property; agreements designed to perform work or services, licensing and other civil contracts. The second stage ends with the creation of investment activity.

At the finishing stage - associated with the operation of the created object investment. In this phase of the organized production of goods, works and services; A system of marketing and sales of a new product. During the operational phase compensation of investment costs, revenues generated from the sale of investments. It is this stage coincides with a payback period of investment. [4-6]

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Priorities various forms of investment are determined by both internal and external factors. Most of the internal factors are the functional orientation, that is the main activity of the company-investor. Other internal factors are: strategic orientation of operations, the value of the enterprise, the stage of its life cycle. For large companies and organizations of the real economy, and at the stage of "maturity" typical growth of financial investment. For businesses earlier stages of development the dominant form of investment - investments in tangible and intangible assets.

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