FERMATA ARTS FOUNDATION

Dedicated to promoting peace through arts and culture

NEW SPECTRUM COMMUNICATION AND BASIS OF INVESTMENT POLICY

Introduction

Industrial and commercial activities of enterprises and corporations are associated with the volumes and forms of ongoing investment. The term "investment" is derived from the Latin word "invest", meaning "to put in."

Interpreted more broadly, it refers to capital allocation for the purpose of subsequent increase of the capital.

In addition, capital gains resulting from investments should be sufficient to compensate the investor for making the funds unavailable, for the time being, for consumption, and to reward him for the risk, and to replace the losses from inflation in the forthcoming period.

Investments can comprise money, securities, other property, including property rights, other rights having monetary value, invested in objects of entrepreneurial and (or) other activity, for profit and (or) for achieving some other beneficial result.

Investments are the main form of implementing the development strategy of a company.

Investments provide for a dynamic development of the enterprise, and they can perform the following tasks:

· Expanding the company's own business through the accumulation of financial and material resources;

· Acquisition of new businesses;

· Diversification (exploration of new areas of business, implementing a strategy of developing multiple types of output).

An investment may consist in:

1) cash, special bank deposits, shares, stocks, bonds and other securities;
2) movable and immovable property (buildings, machinery, equipment, vehicles, computers, etc.);
3) copyrights, licenses, patents, know-how, software, technology and other intellectual property;
4) Use rights in land, or natural resources, or any other property, or other property rights.

Section1. BASIS OF AN ENTERPRISE'S INVESTMENT POLICY.

1.1. The investment policy of an enterprise.

Any particular investment is related to the overall investment activity of the company, which is the

24 Brentwood Dr
Avon, Connecticut, USA 06001
Tel/Fax: (1) 860 404 1781
E- mail: office@fermata-arts.org
http://www.fermata-arts.org

process of supporting and implementing the most effective forms of capital investment, to increase the enterprise's economic potential.
Implementing the investment activity requires elaboration of an investment policy. This policy is part of the enterprise's development strategy and its general policy of profit management. It consists in choosing and implementing the most effective forms of capital investment to expand the scope of operations and generate the investment profit.
Various authors approach the definition of the investment policy in different ways.
Investment policy is a component of the overall financial strategy of an enterprise, which selects and implements the most efficient ways to expand and upgrade the enterprise's production capacity.
Investment policy is a system of economic decisions that determine the size, structure and direction of investment, both within an economic unit (enterprise, firm, company, etc.), a region of a country, a nation, and also between these units, for the development of production, entrepreneurial activity, to obtain profits or other desirable outcomes.
Investment policy is a part of the economic policies pursued by enterprises; it involves establishing the structure and scale of investment, the directions of their use, the sources where they can be obtained, taking into account the need to renew the fixed assets and to update their technical level.

Determining the investment policy.
In formulating the investment policy, it is appropriate to adhere to the following principles:
1. Achieving desirable economic, technological, social effects of the decisions under consideration. For each investment object, specific methods are used to assess the effectiveness of the decision. On the basis of this assessment, the individual investment projects are classified according to their effectiveness (or profitability). *Ceteris paribus*, those of them that provide the maximum effectiveness for the enterprise are selected for implementation..
2. Obtaining the best return on investment for the enterprise, with minimal investment costs.
3. Efficient disposal of funds for the implementation of non-profit projects, i.e., reducing costs for the achievement of the intended scientific, technical, social or economic results.
4. The enterprise using government support to increase the effectiveness of an investment, in the form of budget loans, government guarantees , etc.
5. Obtaining grants and concessional loans from international financial institutions and private foreign investors.
6. Minimizing investment risks associated with the implementation of specific projects. Impact of commercial risks (construction, manufacturing, transportation and other risks) can be estimated through the likely change in the expected profitability of investment projects and the corresponding decrease in their effectiveness. Such risks can be reduced by customers of a project and by participating investors, through self-insurance, i.e., the creation of financial reserves, through diversifying the investment portfolio, and through commercial insurance. Protection against non-commercial risks (natural disasters, accidents, riots, etc.) is obtained by means of government guarantees and through investment insurance.
7. Ensuring investment liquidity should be envisaged in view of significant changes in the external investment environment, market conditions, or strategies of the enterprise itself in the forthcoming period (year). For such reasons, profitability of individual investment objects may be significantly

24 Brentwood Dr
Avon, Connecticut, USA 06001
Tel/Fax: (1) 860 404 1781
E- mail: office@fermata-arts.org
http://www.fermata-arts.org

reduced, causing a negative impact on the overall investment attractiveness of the company. In view of the impact of these negative factors, a decision often has to be made for a timely exit from inefficient projects and for reinvestment of the released capital.

1.2. Investment projects.

Having formed an investment program and determined the objects of investment, a company may proceed with the development of investment projects.

An investment project is an object of real investment prepared for implementation through the purchase of a complete property complex, or renovation, modernization, overhaul, etc. Preparation of an investment project for implementation typically requires the elaboration of a business plan. The total cost of investment resources allocated for specific periods of investment is described by an investment schedule. It is developed as a component of the business plan for those real investment projects which require an extended implementation period. The investment schedule includes a prediction and calculation of the enterprise's of total cash flow.

1.3. Financial results.

In a market economy, the management of financial results is central to the business life of economic entities. The financial condition is characterized by the presence of financial resources necessary for normal functioning, their appropriate deployment and effective use. The purpose of financial result management is timely detection and correction of any deficiencies in the development of the organization, discovering extra resources for improving the financial condition of the organization and ensuring the financial sustainability of its activities.

The practical interest in studies of these issue us due to the fact that an effective system of financial result management is one of the factors determining the development prospects of the organization, its future investment appeal, its credit-worthiness and its market value. A high-quality financial result
management system is fundamental for sustainable growth of an economic entity.

Conclusion.

In conclusion, I would like to highlight the main points of the work once again.

Investing is one of the most important aspects of any dynamic enterprise (organization).

Investments ensure a dynamic development of the enterprise and enable it to perform the following tasks:

· Expanding the company's own business through the accumulation of financial and material resources;

· Acquisition of new businesses;

· Diversification (exploration of new areas of business, implementing a strategy of developing multiple types of output).

Crucial for planning and implementation of investment activity is a preliminary analysis, which occurs at the stage of investment project development and is conducive to the adoption of rational

and sound management decisions.
From the various definitions of investment policy, one can see that each author interprets it differently, but the main idea is the same: the investment policy is necessary to increase productive capacity.
In developing the investment policy, it is recommended to determine the total amount of investment, methods of managing one's own equity resources, opportunities for attracting additional financial resources in the credit and stock markets.
In calculating the indicators of financial performance, one uses the net present value (NPV) and the internal rate of return (IRR).
The investment policy plays a key role in the development of the company and affects the financial results of the company.
Calculation on the example of the company “C”... (Performed by SCHWIPAR Centre for Innovational Development per a specific request and agreement (http://schwipar.com/)
In the example of the company "C", we see a decrease in net income, which was due to the specifics of investing in real estate.
At the end of the stage of investment in the object, the return on the capital increases, which in turn leads to an increase in the company profits,
and in asset values.

**24 Brentwood Dr
Avon, Connecticut, USA 06001
Tel/Fax: (1) 860 404 1781
E- mail: office@fermata-arts.org
http://www.fermata-arts.org**