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**Abstract:** The goal of this work is to analyze the discounted value method through educational literature, scientific articles and Internet resources. Methods of description, comparison, classification, analysis and synthesis were used to write a scientific article. In the process of writing this work, the investment management of the enterprise was studied, the concept and main tasks were described, the stages of managing the investment activity of the enterprise were characterized, the discounted value method in making investment decisions and its indicators were studied. In conclusion, of the scientific article, it should be said that for the successful development of any enterprise, project, region or the whole state, it is necessary to attract investment. The investment activity of companies makes it possible to invest capital in the further development of the company, thereby increasing its competitiveness in the world market and strengthening a favorable investment climate. However, when conducting an investment policy at an enterprise, the discounting process is of great importance. It allows you to make a competent and effective assessment of cash flows.

**Key words:** investment, discounting, method, activity.

**The discounted value method in making investment decisions**

Each company sees as a result of its activities the receipt of income from the sale of manufactured products. However, in order to make a profit, you should initially invest in the project and only after that you can count on an increase in the profit share. In general, investing is a certain process that is aimed at extracting income from the in itial invested funds. Investment management includes several stages:

1. Analysis of the investment climate of the country.

2. The choice of specific areas of investment activity of the company, taking into account the strategy of its economic development.

3. The choice of specific investment objects, which begins with the analysis of proposals in the investment market.

4. Determination of the liquidity of investments.

5. Determination of the required amount of investment resources and search for sources of their formation. [1]

As a result of the implementation of all these measures, an investment portfolio is formed, which is a set of investment programs implemented by the firm. The final stage of investment management is investment risk management. [2]

The discounting method allows you to calculate the effectiveness of investments taking into account inflation, project risks and the possibility of alternative use of capital. Of course, any investment should be considered by simple methods, but it is based on the calculation of the discount method that the decision on investments or loans for business is made.

There are two postulates of the investment project:

1. The invested funds must be fully reimbursed.

2. The profit received as a result of the investment should compensate for the temporary refusal to use the funds, as well as the risk arising from the uncertainty of the final result.

Discounting is a method based on bringing future earnings to their present value. He assumes that future funds will cost less compared to today's due to the positive rate of time preferences (a higher assessment of "present benefits" compared to "future benefits"). [3]

There are special tables that help you quickly calculate the current value of future income to facilitate the discounting procedure and make the right decision. The concepts of nominal and real interest rates should be distinguished, when analyzing the interest category.

The nominal rate is the current market interest rate without taking into account the rate of inflation.

The real rate is the nominal rate adjusted for the expected rate of inflation.

Determines the decision on the expediency (or inexpediency) of investments is the real rate. The main factors influencing the level of the loan interest rate are the degree of risk on the loan; the term for which the loan is issued; the amount of the loan; the level of taxation; restrictions on the conditions of competition in the market. The loan interest rate determines the level of investment activity. A low interest rate leads to an increase in investment and expansion of production, while a high one, on the contrary, constrains investment and production.

All enterprises are more or less connected with investment activities. Decision-making on investment projects is complicated by various factors: the type of investment, the cost of the investment project, the multiplicity of available projects, the limited financial resources available for investment, the risk associated with making a decision.

The degree of responsibility for the adoption of an investment project within a particular direction varies. The task becomes more complicated if we are talking about investments related to the expansion of core activities, since in this case it is necessary to take into account a number of new factors: the possibility of changing the position of the company in the goods market, the availability of additional amounts of material, labor and financial resources, the possibility of developing new markets, etc.

The question of the size of the proposed investment is important. So, the level of responsibility associated with the adoption of projects worth 100 thousand dollars and 1 million $ is different. Therefore, the depth of analytical study of the economic side of the project, which precedes decision-making, should also be different.

An important indicator in the evaluation of an investment project is the net discounted value (NPV). It represents the difference between the discounted amount of expected income and the investment costs. Using this criterion means, that investing makes sense only when NPV is 0.

Another important indicator of the profitability of an investment project is the internal rate of return (IRR). This is the estimated rate of interest at which the income received from the project becomes equal to the project costs, i.e. at which the net discounted value is zero.

The economic law of the decreasing value of money says that at present you can buy more than for the same amount in the future. Discounting is based on the choice of the present time as a starting point, which gives the value of expected cash flows, both profits and losses. To do this, use the discount rate, which represents the return of cash flows, that is, their profitability. [4]

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