Criterions used for the investment decision

Daniela-Neonila MARDIROS - Universitatea "Al. I. Cuza", Iaşi

In the present paper, the author presents some criterions used for the selection of the most appropriate investment variant from the existent one. For that purpose, the enterprise's managers must cross an laborious analysis process and appeals, as criterions, at the net actual value, the internal profitability rate, the term of the investment recovery and the profitability index of it. Looking at the net actual value, the efficiency of an investment project is estimating after the incomes emited by it meaning that if the incomes are more representatives, the project will be more efficient. The internal rate of profitability appeared as a result of the valuation of diverse investment alternatives, in profitability terms, in report with the reference criterion represented by the medium rate of the interest. The term of the investment recovery represent the criterion according which we have in view the number of years in which the invested capital is recovered through the yearly medium bring up - to - date cash-flows. Looking the investment profitability index, it characterised the relative profitability of the investment on its whole life.