

# INVESTMENT PROJECTS IN FUNCTION OF DEVELOPMENT IN AGRIBUSINESS WITH SPECIAL ATTENTION TO NOT DISCOUNT INVESTMENT CRITERIA

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## Abstract

Investments play a significant role and function in the development of the companies because they lead to an increase in capital stock. Each project begins with the grip frame, which defines the basic elements as crucial elements that appear in the project. That is the case with investment projects in agriculture. These investments according to the project framework contain not only a financial dimension, but also a time dimension. Every investor asks pragmatic question: "During which time should I expect the return of the invested funds through proceeds expected from the project in agribusiness?" In order to answer this question our aim was not simply to use various methods containing various criteria linked to the appropriate method of calculation which is the main content of the paper. The aim of our work is to properly define: the project framework, the algorithm of the financial activities in accordance with the project framework and the manner of implementation of the project.

The paper uses two methods for applying no discount investment criteria as follows: period of return on investment and return on investment. The first method, the period of return on investment, contains calculation approaches such as: the static approach, calculating the period of return on investments through cumulative net flows, calculating the period of return on investment through savings in cost and calculating the period of return on investment through discounted flow of net inflows. The second method, rate of return on investments includes approaches such as: calculating the rate of return based on the initial investment, and accounting rate of profitability.

Immediate access was necessary through analysis which show strengths and weaknesses and their correlation with the immediate development of agribusiness. The methods of calculation have a great simplicity and convenience and therefore are often used by managers when making financial decisions. This calculation method should be taken as indicative of the size of profitability. The criteria for the calculation are limited so managers can exclusively use only these two criteria.

**Key words:** *Investment, Return, Yield, Project framework defined purpose, Cost criteria.*