

ECONOMIC CALCULATIONS CONCERNING THE INVESTMENT OF A FORAGE PRODUCER COMPANY

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A forage producer company wishes to buy a new pelletising machine. The aim of our examination is to select the winner among the offers requested by the investor after carrying out the economic calculations. The net present value, the profitability index, the inner rate of returns and the discounted time of returns are also considered in our calculation. The investment is sponsored by the investor's own capital therefore the company is without capital transfer. In this case we cannot talk about financial leverage. The pelletising machine, beside proper maintenance would like to be used even after its useful lifetime. Although, naturally we can only take its useful lifetime into consideration when making our calculations.

