

The Value of Financial Equity Investment

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ABSTRACT. *In recent years, with the continuous improvement of China's economic level, long-term equity investment has occupied the main financial market in China. This article mainly through to the long-term equity investment and financial assets are studied, and the long-term equity investment and financial asset investment way, purpose, time limit, and according to the analysis result, put forward the long-term equity investment and financial asset investment way of transformation, is helpful to perfect the enterprise asset management mode, a higher investment interests, thus make the enterprise long-term stable development.*

KEYWORDS: *Long-term equity investment, Financial assets*

1. Introduction

1.1 Long-Term Equity Investment

Long-term equity investment refers to the investment project that complies with relevant regulations of the economic market and can occupy the market for a long time and bring certain influence regardless of whether there is value or market. It is called long-term equity investment. Long-term equity investment can not only improve the market core competitiveness of enterprises in the process of operation, but also adjust the capital structure of enterprises appropriately to ensure long-term development of enterprises. However, investment and operation have certain risks, so enterprises need to formulate sound investment management and emergency plans to minimize risk factors. Investment management operators need to have a long-term vision. In the process of investment, they need to make a sound investment development plan and analyze the specific investment of the project, so as to select a diversified treatment plan and obtain huge economic benefits for the enterprise.[1,2]

1.2 Financial Assets

Financial assets refer to the items that investors invest in that do not bring value or benefit to the market and can become financial assets. Among them, financial assets available for sale are an important part of corporate financial assets, which can be classified according to investment mode, purpose and investment term.

Among them, the types of financial investment assets are mainly divided into: stocks, bonds, non-derivative financial assets and so on. Among them, compared with long-term equity investment, financial assets available for sale have better liquidity, facilitate the reasonable allocation of funds, and have a strong sense of risk prevention. Transaction financial assets are an indispensable part of corporate financial assets, and the term of transaction financial assets is unstable. Companies cannot tell whether they will make profits in the short term or continue to make economic profits in the long term. According to the risks existing in the transaction process of financial assets, investors conduct analysis and research, and develop targeted solutions, so as to ensure the safety, stability and reliability of enterprise investment, effectively reduce the probability of economic risks, and thus bring better economic benefits for enterprises.[3-4]

2. Transformation between Long-Term Equity Investment and Financial Assets

Although there are some differences in the operation modes of long-term equity investment and financial assets, they are both important components of enterprise assets and a way for enterprises to invest abroad, which can effectively reduce the risk of asset diversification and bring certain economic benefits to enterprises. In the process of operation and development, enterprises can reasonably manage the invested enterprises or projects by increasing the amount of investment. In addition, long-term equity investment and financial assets can be transformed into each other in the course of business operation. For example, when an enterprise's investment is affected by the capital flow or is faced with the risk of being acquired, the enterprise can sell financial assets and transform the assets into growth period equity investment, so as to improve the equity of the enterprise, thus making the acquisition face certain acquisition difficulty, and thus alleviating the acquisition crisis. In addition, when an enterprise needs to acquire other enterprises, it can also use long-term equity investment to turn into financial assets for sale, so as to increase its cash flow and thus increase its capital demand.

Enterprise management personnel need to strengthen the enterprise financial management, enterprise financial personnel through the cost and income calculation, so as to effectively control the trend of capital flow. In addition, investment personnel need to improve the financial statement management system, which requires enterprise financial personnel in their daily work, careful, rigorous, so as to ensure the authenticity and accuracy of financial statement data. If the investors transform the equity investment and financial assets during the production period, it is necessary for the financial personnel of the enterprise to re-calculate the profit of the enterprise and record the profit and loss, so as to realize the maximum profit of the enterprise economy. Therefore, in the process of investment, enterprises need to conduct analysis and research according to the enterprise's own situation, develop a sound investment plan, reasonable investment plan.

3. The Conclusion

In recent years, with the continuous development and progress of China's economy, various industries in China are gradually moving towards the right track. Long-term equity investment and financial asset investment are important components in the process of enterprise investment and management, which have a great impact on the long-term development of enterprises. Although there are some differences between long-term equity investment and financial investment, enterprises need to analyze the changes in the economic market environment so as to choose the most suitable investment plan for the long-term development of enterprises. This paper mainly analyzes the concepts of long-term equity investment and financial investment and the transformation between them. It can be concluded that the mutual transformation of long-term equity investment and financial investment can effectively obtain the maximum economic benefits for investors and effectively avoid investment risks.[5-6]

To sum up, the enterprise management through the appropriate use of long-term equity investment and financial investment, can effectively improve the return on investment of enterprises, improve enterprise investment management system, enhances the working efficiency of the investment, optimize investment workflow, stability and reliability to ensure the safety of the enterprise investment, formulate emergency measures to minimize the investment risk, thus make the enterprise can long-term and stable development.

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