

# Cash flows yahoo and google



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Cash Flow of Google Cash flow for the past three years is reproduced below:

2007 2006 2005

Operating Activities \$5. 78(B) \$3. 58(B) \$2. 46(B)

Investing Activities (\$3. 681B) (\$6. 899B) (\$3. 58B)

Financing Activities \$403. 07M \$ 2966. 40B \$4. 370B

Internal Activities

Over the period of three years, the most significant contributor to the increase in the cash flows from the operating activities has been increase in the Net Income of Google. The amount of depreciation has significantly improved the cash flows too mainly due to its non-cash nature. The second main contributor in generating the operating cash flows is reduction in the current liabilities of the Google.

The cash flows from investing activities have remained negative during last three years with most important factor being the purchase of plant, machinery and equipment. Over the period of three years, Google has contributed to the capital expenditure for future expansion Besides Google seems to be active in managing its short term investment and generate significant cash flows.

The most significant indicators of the sources of financing activities being generated are the issuance of capital stock by the Google over the period of time. Apart from that Google has been relying on external financing to generate its cash flows from investing activities.

On the whole it can be safely assumed that Google has been able to generate very healthy operating cash flows which is in fact one of the ideal indicators for the investors as for as the cash flow generating capability of the company is concerned in long term basis.

<https://assignbuster.com/cash-flows-yahoo-and-google/>

## Cash Flow Statement of Yahoo Inc

2007 2006 2005

Operating Activities \$1. 918(B) \$1. 371(B) \$1. 711(B)

Investing Activities (\$572. M) (\$193. 68m) (\$821. 93M)

Financing Activities (\$1. 442B) (\$1. 094B) (250. 60M)

## Internal Activities

The major contributor towards generating positive operating cash flows are non-cash items specially depreciation and amortization. Cash flow from Operations has shown reduction in 2006 due to the reduction in net income. Cash Flow from investing activities is negative too because of the heavy capital expenditure being made over the period of three years. Cash Flows from financing have been negative too because of the fact that Yahoo has recalled some of its stocks from the market i. e. repurchased its stock from the open market to lessen the external shareholding.