

Toyota and general motors basic finance

Business



In accordance with the income statement of the companies, Toyota made 4 cents of profits in revenues in 2008 for each invested in the stock US dollar and lost each 1 cent of each invested dollar in 2009.

The rationale is that it has been numerously reported that in 2009 the new advent of the global financial crisis took place and the customers base of both companies apprehended that the purchase of the vehicles may considerably affect their personal budgets and therefore the people abstained from the purchase of these commodities. It must be particularly accentuated that the financial authorities of the General Motors preferred to keep the main assets of the company in the form of shares, what eventually resulted in the lose of the market positions and lead the firm to the bankruptcy. Therefore, for the Toyota it is highly desirable to etain the assets in other forms. The main difference between the financial positions of the companies in 2008 and 2009 is that the consumers capacity of the buyers decreases substantially both in terms of the number of the vehicles and automotive spare parts (it is visible from the substantial discrepancies in the section “ Sales” of the Income Statements of the both firms, which clearly indicates the number of sales, and therefore the number of financial revenues were considerably decreased for the both companies. However, among the main peculiarities of this case study is the fact, that the General Motors decided to invest into its own stock, and therefore with the advent of the global financial crisis the firm was not capable to keep afloat financially, due to the fact that neither individuals, nor the buusiness institutions were willing to purchase the shares of the unprofitable business. Overall, it can be inferred that the main factors which caused the subsequent bankruptcy of

the General Motors was the buyers incapacity to purchase the manufactured vehicles and the ill-conceived to invest into the stock, rather in than to the reserve funds.

As far as the modern market positions of the firms are concerned, it is with noting that the Toyota is gradually recuperating from the repercussions of the global financial crisis, increasing its consumers base in the countries of Europe (both Western and Eastern) and operating more aggressively in the Eastern (primarily in the Asian) markets. The financial crisis is gradually decreasing, and the consumer's capacity of the potential buyers has been increased significantly. The General Motors Group in its turn filed for bankruptcy and all assets and liabilities of the firm were transferred to the legal successors of the firm and to the receivership committee, which launched the procedure of sanitation, trying to reestablish the solvency of the firm. Nowadays, while Toyota almost freely operates on the markets, the GM is gradually trying to re-take its pre-crisis market positions.