

**Czech University of Life Sciences Prague**  
**Faculty of Economics and Management**  
**Department of Economics**



**Bachelor Thesis**  
**Economic analysis of Google Inc.**

**Polina Sharipova**

**© 2019 CULS Prague**

# CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

## BACHELOR THESIS ASSIGNMENT

Polina Sharipova

Business Administration

Thesis title

**Economic analysis of Google Inc.**

---

### Objectives of thesis

The aim of this work is to evaluate significance of services of the company, examine the reasons for the effectiveness and success of the company. Also a forecast of the expected performance of the company will be made.

### Methodology

Literature review (theoretical section) is done using methods of synthesis, extraction, induction, deduction.

Comparative analysis of goods and services of competing companies.

Analysis of financial growth of the company.

Financial analyses will be made. It will be based on recent financial documents.

**The proposed extent of the thesis**

40-50 pages

**Keywords**

Investment, financial growth, competition, expected performance, Google

---

**Recommended information sources**

- Bakanov M., Sheremet A.,(2001) Theory of Economic Analysis. Moscow, Finance and Statistics. ISBN 5-279-02042-7
- Covili J., (2012) Going Google: Powerful Tools for 21st Century Learning, Corwin, Corwin Press. ISBN 978-1506325286
- Lyubushin N. P., Lescheva V. B.(2002) Analysis of the financial and economic activities of an enterprise, Moscow UNITY ISBN 5-238-00105-3
- Samuelson, P. (1983), Foundations of economic analysis. Cambridge: Harvard University Press. ISBN 9780674313033
- Vogel, H. (1995) Entertainment industry economics. Cambridge: Cambridge University Press. ISBN 978-1107075290
- 

**Expected date of thesis defence**

2018/19 SS – FEM

**The Bachelor Thesis Supervisor**

Ing. Pavel Kotyza, Ph.D.

**Supervising department**

Department of Economics

Electronic approval: 18. 2. 2019

**prof. Ing. Miroslav Svatoš, CSc.**

Head of department

Electronic approval: 20. 2. 2019

**Ing. Martin Pelikán, Ph.D.**

Dean

Prague on 13. 03. 2019

---

## **Declaration**

I declare that I have worked on my bachelor thesis titled “Economic analysis of Google Inc.” by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on \_\_\_\_\_

Polina Sharipova \_\_\_\_\_

## **Acknowledgement**

I would like to thank Ing. Pavel Kotyza, Ph.D., for the given lectures with a perfect explanation. Also, valuable materials that have been considered in my thesis, which helped me a lot in writing the whole project with use of all micro and macro-economic aspects.

# Economic analysis of Google Inc.

## Summary

The aim of this thesis is an economic analysis of Google. The work has theoretical and practical parts. The theoretical part contains a brief history of the company and its success, but mainly focuses on the concept of economic analysis, its types, the importance of its role in assessing the state of the company and its development and improvement.

The practical part contains an analysis of the company's financial statements based on vertical and horizontal analyzes, and also the method of calculating the coefficients. On the basis of these analyzes, the strengths and weaknesses of the company were identified in order to forecast its activities for the near future, in which financial deterioration is not expected, and the company shows stable performance indicators.

**Keywords:** economic analysis, financial statements, competition, expected performance, Google

# **Ekonomická analýza společnosti Google Inc.**

## **Souhrn**

Cílem bakalářské práce je provést zhodnocení ekonomické výkonnosti podniku Google inc. Práce skládá se ze dvou částí, a to teoretické a praktické. Teoretická část práce je zaměřena na koncepci ekonomické analýzy, její typy, její význam při posuzování stavu společnosti i jejím vývoji a zlepšování. Praktická část obsahuje horizontální a vertikální analýzu účetních výkazů podniku a také metodu výpočtu pomocí koeficientů. Na základě výsledků získaných v rámci provedené analýzy byly identifikované silné a slabé stránky organizace, aby bylo možné prognózovat a vytvářet varianty možných scénářů vývoje firmy, nejpravděpodobnějším scénářem vývoje společnosti je stabilní finanční stav a stabilní ukazatele výkonnosti.

**Klíčová slova:** Ekonomická analýza, Účetní závěrka, konkurence, očekávaný výkon, Google

## Table list

<b>Table 1</b> Analysis of the internal environment: strength and weakness .....	28
<b>Table 2</b> Management survey of Google’s internal environment.....	29
<b>Table 3</b> Google’s internal assessment .....	30
<b>Table 4</b> Google’s SWOT Analysis.....	31
<b>Table 5</b> The structure of the property and the sources of its formation Google inc. for 2017-2018 mln USD .....	34
<b>Table 6</b> The structure of the property and the sources of its formation Google inc. for 2015-2016 mln USD .....	36
<b>Table 7</b> Estimated Net Asset Value of Google Inc. for 2017-2018 USD million.....	38
<b>Table 8</b> Valuation of Google inc organization’s net assets. for 2015-2016 USD million .....	39
<b>Table 9</b> Key indicators of financial sustainability of Google inc. for 2017-2018 mln USD ..	39
<b>Table 10</b> Key indicators of financial sustainability of Google inc. for 2015-2016 mln USD	40
<b>Table 11</b> Analysis of financial stability by the magnitude of the surplus (shortage) of Google’s own working capital inc. for 2017-2018 mln USD.....	41
<b>Table 12</b> Analysis of financial stability by the magnitude of the surplus (shortage) of Google’s own working capital inc. for 2015-2016 mln USD.....	41
<b>Table 13</b> Calculation of liquidity ratios Google inc. for 2017-2018 mln USD.....	42
<b>Table 14</b> Calculation of liquidity ratios Google inc. for 2015-2016 mln USD.....	43
<b>Table 15</b> Analysis of the ratio of assets by degree of liquidity and liabilities by maturity of Google inc. for 2017-2018 mln USD.....	45
<b>Table 16</b> Analysis of the ratio of assets according to the degree of liquidity and liabilities by the maturity of Google inc. for 2015-2016 mln USD.....	46
<b>Table 17</b> The calculation of the probability of bankruptcy for 2015-2018 on the basis of the Altman model.....	47
<b>Table 18</b> Analysis of the financial results of Google inc. for 2017-2018 mln USD .....	48
<b>Table 19</b> Analysis of the financial results of Google inc. for 2015-2016 mln USD.....	49
<b>Table 20</b> Analysis of the profitability of Google inc. for 2017-2018 mln USD .....	50
<b>Table 21</b> Analysis of the profitability of Google inc. for 2015-2016 mln USD .....	51
<b>Table 22</b> Rating assessment of the forecast of the financial condition of the organization for 2017-2018 .....	52



<b>Table 23</b> Analysis of liquidity ratios Google inc. for 2017-2018 mln USD .....	53
<b>Table 24</b> Analysis of liquidity ratios Google inc. for 2015-2016 mln USD .....	54
<b>Table 25</b> Rating assessment of the forecast of the financial condition of the organization for 2015-2016 .....	55

### **Figure list**

<b>Figure 1</b> Dynamics of changes in the main indicators of the balance of 2015-2018.....	37
<b>Figure 2</b> Dynamics of changes in the main liquidity ratios 2015-2018.....	40
<b>Figure 3</b> Dynamics of changes in the main indicators of working capital 2015-2018 .....	42
<b>Figure 4</b> Dynamics of changes in the main liquidity ratios of 2015-2018.....	44

## **Content**

1. Introduction .....	11
2. Goals and Methodology .....	12
2.1 Goals.....	12
2.2 Methodology.....	12
3. Theoretical Foundations of Economic Analysis at the enterprise.....	13
3.1 The essence and content of Economic Analysis.....	13
3.2 Methods and tools of economic analysis, users of information. ....	15
3.3 Types of economic analysis and their role in enterprise management.....	16
4. Economic Analysis of Google inc.....	21
4.1 Characteristics of Google inc. ....	21
4.2 Comparative analysis of Google inc services with competing companies.....	23
4.3 Assessment of the position of Google inc in the market.....	25
5. The economic analysis of the reporting of Google inc .....	34
5.1. Analysis of financial statements Google inc. ....	34
5.2. Development of recommendations for improving financial sustainability .....	47
5.3. Google Inc. performance forecast .....	51
6. Conclusion .....	57
7. References.....	59

## **1. Introduction**

Economic analysis is an integral part of management activities and this is manifested not only in its ability to accurately identify problem areas using its methods, but also to use analysis in the planning process. To draw up a correct and efficient production plan or use all types of resources, firstly it is necessary to assess the past situation and then, based on the results obtained, use them in the planning process.

### **Relevance of the topic.**

The role of economic analysis in the enterprise is huge. The analysis is used in assessing the results of activities, identifying negative and positive aspects of the enterprise, planning and monitoring the progress of the implementation of plans and targets. One of the most significant roles is assigned to the analysis in the matter of defining and using reserves for increasing production efficiency. Economic analysis is the stage of management activity that promotes the development of innovation, the use of scientific and technological achievements in practice, increasing an intellectual potential in order to obtain new economic benefits.

Today, Google is a real business empire, with dozens of different assets in the Internet industry. The company's share in the global Internet search market reaches up to 60%, and the total revenue already exceeds \$ 66 billion a year.

At the same time the global Internet search market still maintains significant growth, and the growth dynamics are very high - the average market growth rate is two-digit, and the market volume has exceeded 100 billion dollars.

**The aim is** - to conduct an economic analysis of the enterprise, an analysis of the market situation.

## **2. Goals and Methodology**

### **2.1 Goals**

The aim of this thesis is to study the nature and content of economic analysis, its methods and tools, to consider the types of economic analysis and their role in enterprise management and also give a description of Google inc. and its brief history. The main objectives of this work are to assess the position of Google inc in the market and analyze the financial statements of Google inc. to see the changes over four years, to develop recommendations for improving financial sustainability and predict the results of Google inc.

### **2.2 Methodology**

**The methods of economic analysis used in the work are:** the method of grouping, the balance method, the method of average values, factor analysis, comparative analysis and Altman Z-score formula of 1968 for predicting bankruptcy from finzz.ru .

In this work, In this work, were used such an economic analysis methods as the grouping method, the balance method, the comparative analysis, the financial analysis conducted on the basis of the horizontal and vertical analysis, as well as the method of calculating the coefficients using the program Audit Expert - analytical system for diagnosing, evaluating and monitoring the financial condition of one or a group of enterprises based on financial and management reporting data.

### 3. Theoretical Foundations of Economic Analysis at the enterprise

#### 3.1 The essence and content of Economic Analysis

**Economic analysis** — is interrelated and interdependent methods of studying and scientific research of certain economic phenomena, processes, actions, results. In economics, it is used to identify patterns and trends in the development of economic processes in order to identify and evaluate the main factors that have a positive or negative effect on performance indicators. The results of economic analysis are used for forecasting and long-term planning of economic processes, as well as for developing programs and recommendations for further effective development and profitable activities.<sup>1</sup>

Economic analysis is divided into internal and external parts. The most comprehensive is the internal analysis conducted by functional departments and services of the organization. The external analysis is conducted by tax authorities, banks, debtors and creditors and other organizations, and is limited to establishing the degree of stability of the financial condition of the analyzed organization, its solvency and liquidity both at reporting dates and in the future.<sup>2</sup>

The objects of economic analysis are the property and financial situation of the organization, its production, supply and sales, financial activities, the work of individual structural divisions of the organization (workshops, production sites, teams). Economic analysis as a science, as a branch of economic knowledge, and finally, as an academic discipline is closely interconnected with other specific economic sciences.<sup>3</sup>

Financial analysis is a process of studying the financial condition and the main results of the financial activity of an enterprise in order to identify reserves for increasing its market value and ensure further effective development.

The results of financial analysis are the basis for making management decisions, developing strategies for the further development of the enterprise. Therefore, financial analysis is an integral part of financial management, it is the most important component.

There are six main methods of financial analysis<sup>4</sup>:

---

<sup>1</sup> 4. Bakanov M.I., Sheremet A.D. *The Theory of Economic Analysis*. 2018,p.211.

<sup>2</sup> 11. Krichevsky N. A. *How to improve the financial condition of enterprises*. Accounting №12, 2018, p.412.

<sup>3</sup> 12. Kovalev V.V. *Financial Analysis: Money Management. Selection of investments. Reporting analysis*. M.: Finance and Statistics, 2017,p.563.

<sup>4</sup> 12. Kovalev V.V. *Financial Analysis: Money Management. Selection of investments. Reporting analysis*. M.: Finance and Statistics, 2017,p.563.

- horizontal (time) analysis - comparison of each position of reporting with the previous period.
- vertical (structural) analysis - identifying the proportion of individual articles in the final indicator, taken as 100%.
- trend analysis - comparing each position of reporting with a number of previous periods and determining the trend.
- analysis of relative indicators (ratios) - the calculation of the ratios between the individual reporting items, the definition of the relationship of indicators.
- comparative (spatial) analysis - on the one hand, it is an analysis of the reporting indicators of subsidiaries, structural divisions, on the other - a comparative analysis with indicators of competitors, industry average indicators, etc.
- factor analysis - analysis of the influence of individual factors on the resulting indicator.

The main methods of financial analysis conducted on the enterprise<sup>5</sup>:

Vertical analysis - determining the structure of the final financial indicators (amounts for individual items are taken as a percentage of the balance sheet) and identifying the impact of each of them on the overall result of economic activity. The transition to relative indicators allows for inter-farm comparisons the economic potential and the performance of enterprises that differ in the amount of resources used, and also smoothest the negative impact of inflationary processes that distort absolute indicators of financial statements.<sup>6</sup>

Horizontal analysis is based on the study of the dynamics of individual financial indicators over time.

Liquidity in the economy - the property of assets to be quickly sold at a price close to the market. Liquidity - converted into money.

There are several types of liquidity of assets, highly liquid, low liquid and illiquid values (assets). For a product, liquidity will correspond to the speed of its sale at a nominal price, without additional discounts.

---

<sup>5</sup> 14. L. Kupchina. *Analysis of financial activity with the help of coefficients. Accounting №2, 2017, p.325.*

<sup>6</sup> 27. Helfert E. *Technique of financial analysis, 2018, p435.*

The main objectives of the economic analysis are to identify and measure of influencing factors affecting the volume of production and sales of products, reducing costs; study and use of reserves to improve the economic potential, quality and efficiency of the organization and its units; finding financial opportunities to improve the service of the enterprises.

Sources of information for economic analysis are accounting forms, accounting data, statistical reports and other sources similar to those which are used in the economic analysis of trade enterprises.

The subject of economic analysis is the material, labor and financial resources, as well as the sources of their education. The content and the main target setting is an assessment of the effectiveness of the use of these resources and the search for ways to optimize them, as well as factors affecting change, financial analysis and identification of ways to improve it.

Since analysis plays an essential role in achieving a stable financial position, its main tasks are:

- general assessment of the financial situation and factors affecting its change;
- definition of liquidity and financial stability of the enterprise;
- long-term and short-term forecasting of financial stability.

To solve these problems:

- the presence, composition and structure of the enterprise; causes and consequences of their change; availability, composition and structure of funds sources, causes and results of their change;

- state, structure and changes in long-term assets; availability, structure of current assets, causes and results of their change;

- liquidity and quality of receivables;
- solvency and financial flexibility;
- asset utilization and return on investment.

### **3.2 Methods and tools of economic analysis, users of information.**

The role of analysis increases. This is due to such circumstances as a need to continuously improve production efficiency but also due to an increase of raw material costs, strengthening of domestic and foreign competition and etc.<sup>7</sup>

---

<sup>7</sup> 15. Lyubushin N. P., Leshcheva V. B. *Analysis of the financial and economic activities of an enterprise: Proc. manual for universities / ed. prof. N. P. Lyubushin. - M.: UNITY - DANA, 2018, p.289.*

Modern management theories determine the need to substantiate all important management decisions using the analytical process. The analytical process includes the following steps:

1. Diagnosing a problem - involves not only identifying the symptoms and possible causes (problems), but also identifying a list of alternative actions (options) that can be taken to resolve problems.

2. Formulation of limitations and decision criteria - matching available resources with the necessary problems to solve for each of the alternatives.

3. Choosing an alternative - choosing the best economy solution among the existing ones.

4. Realization - the chosen solution to the problem should be implemented in practice, and the results obtained from this practice should be monitored.

5. Feedback about what happens when the solution is applied in the practice.

It is obvious that the economic analysis is preceded by administrative decisions and actions that justifies them and increases their efficiency. Therefore, economic analysis can be viewed as an activity of preparing the data necessary for a system of scientific substantiation and optimization of management decisions.

Economic analysis is the link between accounting and management decisions. In the process, its account information is analyzed analytically. Based on the results of the analysis, management decisions are adjusted.<sup>8</sup>

The effectiveness of economic analysis depends largely on the correctness of the methodology and organization of its implementation. Under the methodology is commonly understood as a set of analytical methods and rules for the study of an economic phenomena and processes of economic activities, subordinate to the goal of analysis.

### **3.3 Types of economic analysis and their role in enterprise management**

Economic analysis can be divided into different types in accordance with certain characteristics.

---

<sup>8</sup> 18. Prudnikov A. G. *Analysis of the financial condition of the company: Lecture / KSAU, Krasnodar. 2018, p.321.*



First of all, economic analysis is usually divided into two main types - financial analysis and management analysis - depending on the content of the analysis, the functions and tasks it performs.<sup>9</sup>

Financial analysis can be divided into external and internal parts. The first is conducted by tax authorities, banks, statistical agencies, parent organizations, suppliers, buyers, investors, shareholders, audit firms, etc. The main task of external financial analysis is to assess the financial condition of the organization. It is held under the organization of its own accounting department, finance department, the planning department and other functional services. Internal financial analysis solves much larger range of tasks compared to the external. Internal analysis examines the effectiveness of the use of own and borrowed capital, examines indicators of profit, profitability, identifies reserves of growth and strengthening the financial condition of the organization. Internal financial analysis therefore is focused on the development and implementation of optimal management decisions that improve the financial performance of the organization.

Managerial analysis, unlike financial, is the internal. It is conducted by the services and departments of this organization. It studies issues related to the organizational-technical level and other conditions of production, using certain types of production resources (labor resources, fixed assets, materials), analyzes the volume of output and its cost.

### **Types of economic analysis depending on the functions and objectives of the analysis**

Depending on the content, functions and tasks of the analysis, the following types of analysis are also distinguished: socio-economic, economic and statistical, economic and environmental, marketing, investment, etc.<sup>10</sup>

Socio-economic analysis examines the relationship and interdependence between social and economic phenomena.

Economic-statistical analysis is used to study the massive socio-economic phenomena. Economic and environmental analysis examines the relationship and interaction between the state of ecology and economic phenomena.

---

<sup>9</sup> 19. Rusak N. A., Rusak V. A. *Financial analysis of a business entity: Reference manual*. - M: Higher. shk., 2017, p.412.

<sup>10</sup> 21. Tryanina M. A. *From financial analysis to financial management*. // *Accounting Bulletin №10, 11*, 2017, p.310.

The purpose of marketing analysis is to study the markets for raw materials as well as the markets for finished products, the relationship of supply and demand, the level of prices for products, etc.

Investment analysis is aimed at choosing the most effective options for investment activities of organizations.

Economic analysis can also be divided into objects of study: microeconomic and macroeconomic analysis.

Microeconomic analysis examines the activities of individual economic units.

Macroeconomic analysis can be sectoral, that is, to study the functioning of a particular sector of the economy or industry; territorial, which analyzes the economy of certain regions, and, finally, cross-sectoral, examine the functioning of the economy as a whole.

Subjects of economic analysis can be divided into two groups:<sup>11</sup>

1. Directly interested in the organization. This group may include the funds owner of the organization, tax authorities, banks, suppliers, customers, management of the organization, and certain functional services of the analyzed organization.

2. Indirectly interested in the organization. These include legal organizations, audit firms, consulting firms, trade union bodies, etc.

Depending on the time of the analysis (in other words, on the frequency of its implementation), there are: preliminary, operational, final and perspective analysis.

A preliminary analysis allows us to assess the state of this object when developing a business plan. For example, the estimated production capacity of the organization, whether it is able to provide the planned volume of production.

Operational (or current) analysis is carried out daily, directly in the course of the current activities of the organization.

The final (subsequent, or retrospective) analysis examines the effectiveness of the economic activities of organizations for the past period.

Perspective analysis is used to determine the expected results in the upcoming period.

Depending on the methodology used to study objects in the economic literature, it is customary to subdivide the analysis of economic activity into the following types: quantitative, qualitative, express analysis, fundamental and marginal.

---

<sup>11</sup> 19. Rusak N. A., Rusak V. A. *Financial analysis of a business entity: Reference manual*. 2017, p.412.

Quantitative analysis is based on quantitative comparisons, measurement, comparison of indicators and the study of the influence of individual factors on economic indicators.

Qualitative analysis uses qualitative comparative assessments, characteristics, as well as expert assessments of the analyzed economic phenomena.

Express analysis is a method of assessing the economic and financial condition of an organization on the basis of certain signs expressing certain economic phenomena. Fundamental analysis is based on a detailed study of economic phenomena, as a rule, based on the application of economic-statistical and economic-mathematical methods of research.<sup>12</sup>

Marginal analysis explores ways to optimize the amount of profit derived from sales of products, works and services.

### **Dynamic and static economic analysis.**

By their nature, economic analysis can be divided into the following types: dynamic and static. The first type of analysis is based on the study of economic indicators taken in their dynamics, that is, in the process of their change, development over time, for several reporting periods. In the course of dynamic analysis, indicators of absolute growth rate, absolute value of one percent growth are determined and analyzed, and the construction of time series and their analysis is carried out. Static analysis assumes that the studied economic indicators are static, thus, they are unchanged.<sup>13</sup>

Operational economic analysis is applied at all levels of government. The share of operational analysis in making optimal management decisions increases with the approach to individual organizations and their structural divisions.

### **Conclusion on 3. chapter.**

A very important role in the development of optimal management decisions is played by the final, subsequent analysis. The most important source of information for carrying out such an analysis is the reporting of the organization. The final analysis provides a refined assessment of the organization's activities and its results for a certain period, ensures the identification of reasonable reserves for increasing the effectiveness of the organization's activities, and looks for ways to mobilize a usage of the reserve resources.

---

<sup>12</sup> 29. Shishkin A. K., Vartanyan S. S. *Accounting and financial analysis in commercial enterprises: A practical guide. 3rd ed. additional - M. : INFRA - ML 2017, p.231.*

<sup>13</sup> 28. Sheremet A.D., *Methods of financial analysis. - M. : INFRA-M, 2017, p.325.*

The results of the final analysis conducted by the organization are reflected in the explanatory note to the annual report.

The final analysis is the most complete type of analysis of the economic activities of the organization.

## **4. Economic Analysis of Google inc.**

### **4.1 Characteristics of Google inc.**

Google is an American transnational public corporation, reorganized on October 2, 2015 into the international conglomerate Alphabet Inc., a company in the Alphabet holding that invests in Internet search, cloud computing and advertising technologies. Google supports and develops a range of online services and products and makes a profit primarily from advertising through its AdWords program.

The company was founded by Larry Page and Sergey Brin. It was first registered as a private company on January 4, 1996, and on August 19, 2004 it began selling its shares in the stock market.

In July 2001, at the invitation of the founders of the company, the position of chairman among the board of directors and chief executive officer of Google was occupied by Eric Schmidt.

On April 4, 2011, Larry Page became CEO. Eric Schmidt remained chairman of Google.

Google manages more than a million servers in data centers around the world and processes more than one billion searches and 24 petabytes of user data every day. The rapid growth of Google since its inception has led to the emergence of a large number of products that are not directly related to the main product of the company - the search engine. Google has such online products as the mail service Gmail, social network Google+. The company also has desktop products such as the Google Chrome browser, the Picasa photo program and the Hangouts instant messaging program. Also, Google is developing a mobile operating system Android, used on a large number of smartphones.

According to Brand <sup>14</sup> Google is the most powerful brand in the world, and according to Brand-Finance, the most expensive brand in the world in 2011<sup>15</sup>. In 2011, Google was recognized as the company with the best reputation in the United States, ahead of Microsoft, Sony and other companies.

---

<sup>14</sup> *Forbes.com, 2019* www: "[forbes.com/sites/jenniferrooney/2014/05/20/google-beats-apple-as-brandz-most-valuable-global-brand/](http://forbes.com/sites/jenniferrooney/2014/05/20/google-beats-apple-as-brandz-most-valuable-global-brand/), 2014"

<sup>15</sup> *Brandfinance.com, 2019* www: "[brandfinance.com/press-releases/google-pips-apple-apple-no-longer-the-worlds-most-valuable-brand-global-brand-ranking-reveals/](http://brandfinance.com/press-releases/google-pips-apple-apple-no-longer-the-worlds-most-valuable-brand-global-brand-ranking-reveals/)"

### **Funding and initial public offering**

The first financing for Google was \$ 100,000 from Andy Bechtolsheim, one of the founders of Sun Microsystems, received in August 1998 before the company was registered. In early 1999 Bryn and Page offered Excite CEO George Bell to buy it for a million dollars, but he rejected the offer. On June 7, 1999, a round of financing of \$ 25 million was announced with major investors such as venture capital firms Kleiner Perkins Caufield & Byers and Sequoia Capital.

Google's initial public offering (IPO) took place five years later, on August 19, 2004. The company offered 19,605,052 shares at a price of \$ 85 per share. Revenue from an IPO of \$ 1.67 billion meant that Google had a market capitalization of more than \$ 23 billion.

On October 31, 2007, the value of the shares reached \$ 700, primarily due to the large volume of sales and income in the online advertising market. The company is currently listed on the NASDAQ under the ticker GOOG and on the Frankfurt Stock Exchange under the ticker GGQ1.

On February 12, 2014, the company's capitalization reached \$ 400 billion.

### **Acquisitions and partnerships**

Since 2001, Google has acquired many companies, focusing mainly on small venture capital firms. In 2004, Google acquired Keyhole, Inc. This startup developed a product called Earth Viewer, in which satellite photographs of the earth's surface were placed. Google renamed it to Google Earth in 2005. Two years later, Google bought YouTube for \$ 1.65 billion.

In addition to the many acquired companies, Google collaborated with other organizations for a variety of purposes: from research to advertising. In 2005, Google collaborated with the Ames Research Center (NASA) to build 93,000 m<sup>2</sup> of offices. In October 2005, Google entered into a partnership agreement with Sun Microsystems. Later Google launched AdSense Mobile, taking advantage of the emerging mobile advertising market. In 2006, Google and Fox Interactive Media signed an agreement to provide search and advertising activities on the social network Myspace.

In 2008, Google together with GeoEye launched a satellite to provide Google Earth with high-resolution images. The satellite was launched from Vandenberg airbase on September 6, 2008.

In 2018, Google acquired part of HTC. The cost of the transaction was \$ 1.1 billion. Since the deal was concluded, over two thousand HTC engineers will develop Google gadgets, including Google Pixel smartphones.

### **Services and tools**

The Google search engine occupies more than 60% of the world market. Every day, it registers about 50 million search queries and indexes more than 8 billion web pages. Google can find information in 191 languages (as of December 2, 2009).

### **Other services**

In addition to the search engine, Google provides many other services, such as Gmail and Hangouts. The Google Maps service has become the most popular among third-party application creators. This service is leading as a basis for integrated applications. While Google charges a fee for accessing its services through an API, Google Maps provides a free service if the hybrid application website is publicly available and does not charge for services based on Google Maps.

On April 8, 2008, Google introduced its new platform for scalable web applications - Google App Engine. Up to this point, many technical analysts predicted that Google will eventually enter this market, following giants like Amazon.com.

## **4.2 Comparative analysis of Google inc services with competing companies**

Due to the fact that Google operates in many areas of the economy, the company is under a lot of competitive pressure. For example, in the device manufacturing market and OS development, the main competitors are companies such as Apple, Facebook, Microsoft, etc. Among the search engines, Google's competitors are Yahoo!, Baidu, Bing, Yandex.

As the head of Google, Eric Schmidt, said, his company does not consider Apple and Facebook to be dangerous competitors. According to him, the main threat to Google is the search engine is Bing from Microsoft.

In August 2017, Bing for the first time bypassed Yahoo's search engine for its share in the American search market and ranked second. The combined share of Bing, MSN and Windows Live in the US market was 13.9%, which is 0.25% more than in July.

Yahoo's share has declined from 14.6% in July to 13.1% in August. Thus, US users turn to Bing in 27% of cases - either directly or through Yahoo. Google continues to be the market leader with a 65.1% share.

In the global market, the share of the search engine Bing over the past 12 months has grown by more than 50%.

## **Comparative analysis of Yandex and Google**

### **Main differences**

A distinctive feature of Yandex is an intuitive search in all word forms. A unique development for the peculiarities of the Russian language.

The difference is in the extent of coverage. Yandex is a Russian search engine, while Google is interested in all the information that is available on the Internet, regardless of the zone.

Both search engines have a very negative attitude towards the uniqueness of the site's information. But Yandex belongs to plagiarism much tougher. So, if a site with non-unique content may be in the Google index, then it may not be in Yandex.

Speaking about statistics, Yandex is the main competitor of Google in the CIS countries. For example, according to liveinternet.ru, in January 2013, 51.6% of Internet users used Yandex in Russia. The share of Google in the statistics is more modest - 34.9%. An explanation of this fact is that Yandex gives Russian users more relevant search results for them thanks to an ingenious search algorithm.

A comparative analysis of two search engines was conducted. For each engine, February 2019, several requests were made on various topics 'How to cook breakfast', 'How to write a good thesis', 'Skoda Octavia specifications in order to identify the speed', accuracy and relevance of the results to determine the advantages and disadvantages of both search engines.

### **Advantages and disadvantages**

#### Yandex

Advantages:

- continuous development of the system;
- the quality of search results is growing, the company offers more and more convenient services: a catalog, maps, news, weather forecast, mail;
- deep morphological analysis of the terms being processed;
- possesses a good mechanism for recognizing one document in several encodings or on mirror servers;
- huge index base.



Disadvantages:

- the difference in the search results when typing a word with a large (small) letter;
- frequent loss of the search base sectors - when parts of sites disappear from the search results and are restored in 2-5 days;
- updating the search base indexes is not often enough and regularly;

### Google

Advantages:

- a very powerful search engine, which is in constant development;
- the index base of this system is updated every two days, the quality of the search results is very high, finding the necessary document or information is quite easy;
- the system focuses primarily on links, and takes into account both incoming and outgoing links from the resource;
- is able to produce results on the semantics of the programming language queries (source code search).

Disadvantages:

- Often there are links to sites with outdated information;
- it happens that the links that are in the search results lead to a site that is under development;
- on the query "movie" and "movies" search results will be different.

## **4.3 Assessment of the position of Google inc in the market**

### **Analysis of the external environment**

In the external environment, it is necessary to distinguish the microenvironment and the macroenvironment. Companies in their activities must take into account environmental factors and be able to adapt to them.

The following macroenvironment factors are considered:

- Physical and geographical conditions
- Scientific and technical development
  - International setting
- Economic situation
- Political situation

- Socio-cultural situation

Google is closely connected with the field of IT and Internet technologies, so the impact of these factors will be as follows:

1. Economy

Economic instability affects the stock price, it has a direct impact on the state of the corporation.

2. Political situation

Changes in the laws can trigger a change in the company's development policy.

3. Socio-cultural situation

The development of society and communications leads to the development of the company.

4. Physical and geographical conditions

The wider the territorial coverage, the faster the company is developed.

5. Scientific and technical development

Scientific and technical development is a factor in the development of the company.

6. International setting

Google Inc operates worldwide. Due to international conflicts, loss of partners is possible.

External microenvironment includes the following elements, which can be controlled by the company in varying degrees.

1. Suppliers - are firms and individuals who provide the company and its competitors with material resources. Marketing managers should closely monitor resource prices and timely deliveries, as rising prices for purchased materials can lead to higher prices for products.
2. Marketing intermediaries - are firms that assist companies in promoting, marketing and distributing their products among clientele. These include marketing services agencies, marketing research firms, advertising agencies, banks, insurance companies, and other organizations that help a firm finance transaction and insure themselves against the risk of buying or selling goods.
3. Clientele. The company can act on five types of customer markets:
  - consumer market - individuals and households purchasing goods and services for personal consumption;

- producer market - organizations that purchase goods and services for use in the production process;
  - the market of intermediate sellers - organizations that purchase goods and services for resale;
  - the market of public institutions - government organizations that purchase goods and services either for their subsequent use in the public sector, or for the transfer of these goods and services to those who need them;
  - international market - buyers outside the country, including foreign consumers, manufacturers, resellers and government agencies.
4. Competitors. Any company faces many different competitors:
- competing desires are consumer desires in addition to acquiring the company's products;
  - commodity-generic competitors, that is, other basic ways to meet the needs;
  - commodity-specific competitors are varieties of the same product that can satisfy the specific desire of the buyer;
  - competing brands are different brands of the same product that the consumer is ready to give preference to.
5. Contact audiences. The composition of the marketing environment includes various contact audiences of the company, which can either promote or counteract the efforts of the company to serve the markets.

The company can develop an attractive marketing proposal that will lead to the desired response from the main contact audience.

**Analyzing the possibilities of the company:**

1. Increase users, the development of advertising quality
2. Mastering new markets, improving technology
3. Weakening competitors

**Analyzing the threats of the company:**

1. Problems with the law
2. Strengthening competitors

Rating assessment of the forecast of the financial condition of the organization for 2017-2018he marketing environment that can be controlled by the enterprise. It embodies the potential that enables the firm to function, and therefore, to exist and survive in a certain period of time.

**Table 1: Analysis of the internal environment: strength and weakness**

Possibilities	Threats		
Increased demand for services	Strengthening customer requirements for service quality		
S T R E N G T H	Position Leader in Pricing	Forming pricing policy taking into account the elasticity of demand; Consider the pricing strategy of "skimming off" for new services	Provide a competitive advantage by fully matching the price and quality of services
	High innovative potential of the enterprise	Support the demand for the company's services through marketing innovations	Create a service quality control service based on the company
W E A K N E S S	Low degree of renewal of the range of services	Consider a portfolio diversification strategy	Build a range based on the results of the assessment of competitiveness
	Undeveloped sales	Develop the direction of integration growth of the enterprise; Actively introduce direct marketing	Increase the effectiveness of the service delivery support system

Source: Own processing of data from Google, 2019

**Table 2: Management survey of Google's internal environment**

Evaluation parameters	Characteristic		Conclusion
	General	Specifics	
Top management	The head of the company	There is only one boss in the organization - sole management.	Communication of employees on work issues is based on an appeal to functional directors
Personnel	More than 1 million of people	Personnel includes: management and development team	The holding is well provided with personnel, as it provides good working conditions for its employees: convenient working hours, good wages
Education	Higher education	All workers have higher education, which speaks of them as high-quality workers with a certain amount of theoretical and practical knowledge	Professional staff
Experience	Employees come with work experience	Most of the employees who joined the company work in it constantly, which indicates a low staff turnover and extensive staff experience	The staff has a certain work experience, which makes it easier for them to integrate into the work process and team
Organizational structure of the company	Linear vertical	A clear delineation of functions and powers, each employee has his or her duties	Clarity of work, a good knowledge of the workers of their rights and obligations, functions and responsibilities, the separation of powers
Service	IT	Specific innovative services	The high level of service in this segment, due to the narrow specialization
Price	High	Prices vary by market	A wide price range provides customers with a choice
Company reputation	Good reputation in the market	-	The good reputation of the company gives a wide range of customers and on the basis of this high income
Income	Is profitable	Growth in revenue over the past 3 years	A certain level of profitability makes it possible to purchase modern equipment, not to save on hospitality and the quality of the staff employed

Source: Own processing of data from Google, 2019

Based on the data in the table, we will conduct an integrated ball assessment of the internal environment of the company. We present the results of the analysis in the form of a table in which the characteristics are presented, according to which each indicator is evaluated in points. Each indicator can be ranked from the highest +2 to the lowest -2.

2 – the strengths of the company;

- 1 – minor strengths of the enterprise;
- 0 – neutral factor;
- 1 – minor weaknesses of the enterprise;
- 2 – significant weaknesses of the enterprise.

The table shows that the company has a lot of asterisks in columns +2, +1, i.e. strengths that help it to function successfully in the market. All personnel of the enterprise has higher education. The management of the enterprise is highly organized. All functions and duties of employees are clearly divided among themselves.

**Table 3: Google's internal assessment**

Characteristics	Score in points				
	+2	+1	0	-1	-2
1. Personnel:					
- the level of education		*			
- qualification	*				
- training and professional development			*		
- staff credibility	*				
2. Management organization:					
- organizational structure of the enterprise	*				
- corporate style	*				
- compliance with legislation	*				
3. Finance:					
- total revenue	*			*	
4. Service:					
- service level	*				
- performance	*				
5. Marketing:					
- marketing information		*			
- marketing research				*	
- advertising		*			
- promotions, discounts		*			

Source: Own processing of data from Google, 2019

One of the strengths is the financial condition of the company.

The total revenue of the company shows steady growth over the past 3 years. The activity of the enterprise is financed mainly at the expense of its own funds, which is achieved at the expense of a fairly high and stable profit. At the same time, it should be noted that the company invests profits mainly in supporting current activities but not into expanding market share.

The weak point is marketing activities. The company does not collect marketing information about the state of the market or competitors. Marketing research is practically not carried out. However, the company pursues an active advertising policy: a website has been

created, flyers are distributed in neighboring houses, an advertising campaign is conducted through social networks. For regular customers established promotions and special offers.

Thus, we can conclude that the strengths provide the firm a strong position in the market. But for further successful activity among a growing number of competitors, it is necessary to focus efforts on marketing, primarily on the study of competitors.

**Table 4: Google's SWOT Analysis**

		Possibilities					TOTAL	Threats				Total	All in all
		Expansion of the range	Increasing the number of potential customers through the introduction of new services	Increase market share	Improving service center skills	Improved advertising campaign		Increasing the market share of major competitors	Reduced prices for services from competitors	The emergence of new competitors	Loss of customers		
Strengths	Regular customers	+2	+2	+1	0	0	+5	+1	0	+2	+2	+5	+10
	Geographical coverage	0	0	+1	0	+1	+2	0	+1	+1	+1	+3	+5
	Well-established and timely delivery of equipment	+1	+1	+2	0	0	+4	+1	+1	+1	+1	+4	+8
	Highly qualified staff	0	+2	+2	+1	+1	+6	+1	+1	+1	+1	+4	+10
	Good equipment	+2	+1	+2	0	0	+5	0	+1	+1	+1	+3	+8
Weaknesses	Dependence on one direction - the company deals only with one direction	-1	-2	-2	0	0	-5	-2	-2	-2	-2	-8	-13
	No comprehensive package of services	-1	-1	-1	-1	-1	-5	-2	-1	-2	-2	-7	-12
	Lack of service promotion program	-1	0	-1	0	-2	-4	-1	0	-1	-1	-3	-7
<b>Total</b>		+2	+3	+4	0	-1	+8	-2	+1	+1	+1	+1	+9

Source: Own processing of data from Google, 2019

The table shows that the company has a lot of strengths and a lot of opportunities, which allow the company to firmly hold its position in the market of services. Such strength as innovation allows the company to make a profit. However, the company does not seek to expand the list of services. The management of the company constantly cares about improving the quality of services, and by now the quality of services meets all the requirements for them.

The company has a well-established recruitment system in accordance with the employee requirements developed by the company. Existing frames are fully meet with its basic requirements. The staff of the company is known. The company has a convenient location. However, the company has weaknesses. Such the weakness is a marketing activity can greatly affect the company's activity. With such a system of marketing activity, there is an increase in uncertainty in future results when new products and services are released. To date, the financial condition of the company is quite stable and generally depends on the volume of sales of services. Therefore, the company uses all opportunities to increase the implementation of services.

### **Google development strategy.**

Google is evolving all the time. The company constantly hires the leading experts in its field to improve the search and its services. The results of this work can be assessed with the naked eye.

Mobile search is not in vain was selected as one of the main points of development. After all, the number of users who access the Internet from smartphones and tablets is growing every day. Therefore, Google, has developed a more advanced search that will be able to take a leading position in this area. The company attracts the best specialists to work, so you can be sure that as a result a real masterpiece will appear to users. It is unlikely that other companies will be able to make the same progress in this area.

Amit Singal in 2016 for thehindu.com said that the company has developed a plan for many years to bring. Improving mobile search is only one of the steps, but it is a very important step. Because in the near future users who access the Internet from such devices may become even more than people working at stationary computers.

Google also works on speech recognition. In parallel, experts improve the semantic search. For optimizers, Amit Singhal advises focusing on content quality. Many experts in the field of seo do not consider content too significant component, and it is completely in vain. Because it is high-quality texts, people-oriented, can contribute to the promotion of the site in the top search results. Do not forget that Google sometimes employs ordinary users who evaluate sites and report information to the company.

If it turns out that the resource is perfectly optimized, but it does not attract users, then it can be quickly downgraded to Google. And if on the resource there are not too correct links or too many banners, then you can say goodbye to the first place in the search.



**Conclusions on Chapter 2.** Over the past few years, many search engines have tried to circumvent Google, but they have failed. Despite the fact that companies introduced various services and software into the system, users were not impressed by this step. That is the reason for leading Google in product quality. The rest of the search engines simply cannot catch up with the giant in terms of the quality of services.

Some of the search engines are willing to challenge Google, they do it publicly and with public involvement. But the result is only proof that Google is invincible. Amit Sinhal stated that it would be better for such search engines to focus on the development of at least one quality product.

## 5. The economic analysis of the reporting of Google inc.

This chapter presents an analysis of the financial statements of Google inc for 2015-2018. The financial statements of Google Inc. are presented in the Appendix .The analysis was conducted on the basis of horizontal and vertical analysis and the method of calculating the coefficients by using the program Audit Expert. Based on the analysis, recommendations and conclusions were made.

### 5.1. Analysis of financial statements Google inc.

**Table 5: The structure of the property and the sources of its formation Google inc. for 2017-2018 mln USD**

Indicator	Indicator value				Change for the analyzed period	
	In mln USD		In % to balance sheet		Mln USD. (column.3- column.2)	± % ((column.3- column.2) : column.2)
	31.12.2017	31.12.2018	at the beginning of the analyzed period (31.12.2017)	at the end of the analyzed period (31.12.2018)		
1	2	3	4	5	6	7
<b>Assets</b>						
1. Fixed assets	57 200	81 838	29	35,2	+24 638	+43,1
including: fixed assets	42 383	59 719	21,5	25,7	+17 336	+40,9
intangible assets	–	–	–	–	–	–
2. Current assets, total	140 095	150 954	71	64,8	+10 859	+7,8
including: stocks	–	–	–	–	–	–
receivables	19 439	20 108	9,9	8,6	+669	+3,4
cash and short- term financial investments	101 871	109 140	51,6	46,9	+7 269	+7,1
<b>Liabilities</b>						
1. Equity	153 493	179 933	77,8	77,3	+26 440	+17,2
2. Long term duties, total	20 180	19 280	10,2	8,3	-900	-4,5
including: borrowed funds	3 969	4 012	2	1,7	+43	+1,1
3. Short-term liabilities *, total	23 622	33 579	12	14,4	+9 957	+42,2
including: borrowed funds	–	–	–	–	–	–
<b>Total assets</b>	<b>197 295</b>	<b>232 792</b>	<b>100</b>	<b>100</b>	<b>+35 497</b>	<b>+18</b>

Source: Own processing of data from Google, 2019

From the data presented in the first part of the table it can be seen that as of December 31, 2018, the share of non-current assets in assets of the organization is 1/3, and current assets - 2/3. The assets of the organization for the year increased by 35,497 mln. dollars (18%). At the same time, the own capital of the organization changed almost in proportion to the assets of the organization, having increased by 26,440 mln. dollars.

The growth of the organization's assets is primarily due to the growth of the following items in the balance sheet assets (the percentage of the article's change in the total amount of all positively changed items is shown in brackets):

- fixed assets - 17 336 mln. dollars. (48.8%)
- cash - 7,269 mln. dollars. (20.5%)
- profitable investments in material values - 6,046 mln. dollars. (17%)
- Value Added Tax on Acquired Values - 2,488 mln. dollars. (7%)

At the same time, in the liabilities side of the balance, the largest increase is observed in lines:

- retained earnings (uncovered loss) - 21,638 mln. dollars. (58.7%)
- estimated liabilities - 9 122 mln. dollars. (24.8%)
- additional capital (without revaluation) - 4 802 mln. dollars. (13%)

Among the negatively changed balance sheet items can be identified "other long-term liabilities" in liabilities (- 943 mln. dollars.).

As of December 31, 2018, the equity of the organization amounted to 179,933 mln. dollars. During the analyzed period (from December 31, 2017 to December 31, 2018), the equity of the organization clearly increased (+26,440 mln. dollars)

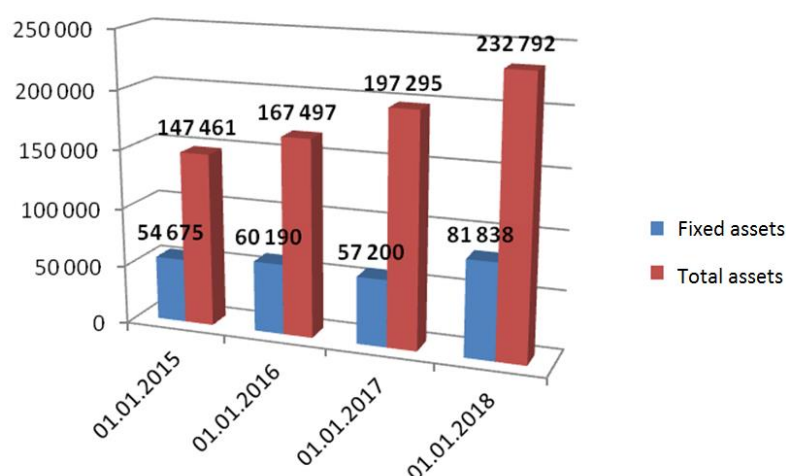
Analysis of the financial situation two years earlier.

**Table 6: The structure of the property and the sources of its formation Google inc. for 2015-2016 mln USD**

Indicator	Indicator value				Change for the analyzed period	
	In mln USD.		In % to balance sheet		Mln USD. (column.3- column.2)	± % ((column.3- column.2) : column.2)
	31.12.2015	31.12.2016	At the beginning of the analyzed period (31.12.2016)	At the end of the analyzed period (31.12.2017)		
1	2	3	4	5	6	7
<b>Assets</b>						
1. Fixed assets	54 675	60 190	37,1	35,9	+5 515	+10,1
including: fixed assets	29 016	34 234	19,7	20,4	+5 218	+18
intangible assets	–	–	–	–	–	–
2. Current assets, total	92 786	107 307	62,9	64,1	+14 521	+15,6
including: stocks	–	268	–	0,2	+268	–
receivables	13 909	14 232	9,4	8,5	+323	+2,3
Cash and short- term financial investments	78 251	92 211	53,1	55,1	+13 960	+17,8
<b>Liabilities</b>						
1. Equity	122 204	141 437	82,9	84,4	+19 233	+15,7
2. Long term duties, total	3 952	5 369	2,7	3,2	+1 417	+35,9
including: borrowed funds	3 952	5 369	2,7	3,2	+1 417	+35,9
3. Short-term liabilities*, total	21 305	20 691	14,4	12,4	-614	-2,9
including: borrowed funds	1 995	3 935	1,4	2,3	+1 940	+97,2
<b>Total assets</b>	<b>147 461</b>	<b>167 497</b>	<b>100</b>	<b>100</b>	<b>+20 036</b>	<b>+13,6</b>

Source: Own processing of data from Google, 2019

**Figure 1: Dynamics of changes in the main indicators of the balance of 2015-2018**



Source: Own processing of data from Google, 2019

From the data presented in the first part of the table, it is clear that as of December 31, 2016, in the assets of the organization, the share of non-current assets is 1/3, and current assets are 2/3. The organization's assets for 2016 increased by \$ 20,036 million (by 13.6%). Given the increase in assets, it should be noted that equity capital increased even more - by 15.7%. A faster increase in equity relatively to the total change in assets is a positive indicator.

The growth of the organization's assets is primarily due to the growth of the following items in the balance sheet assets (the percentage of the article's change in the total amount of all positively changed items is shown in brackets):

- cash and cash equivalents - \$ 13,265 million (60.7%)
- fixed assets - \$ 5,218 million (23.9%)
- deferred tax assets - \$ 1,468 million (6.7%)

At the same time, in the liabilities side of the balance, the largest increase is observed in lines:

- retained earnings (uncovered loss) - \$ 15,908 million (64.9%)
- additional capital (without revaluation) - \$ 3,325 million (13.6%)
- short-term borrowed funds - \$ 1,940 million (7.9%)
- other current liabilities - \$ 1,814 million (7.4%)

Among the negatively changed balance sheet items can be identified "other non-current assets" in the asset and "deferred income" in liabilities (-1,230 million dollars and -3,225 million dollars respectively).

As at December 31, 2016, the company's own capital amounted to \$ 141,437.0 million; this is \$ 19,233.0 million, or 15.7% higher than the value of equity as of December 31, 2015.

**Table 7: Estimated Net Asset Value of Google Inc. for 2017-2018 USD million**

Indicator	Indicator value				Change	
	In mln. doll.		In % to balance sheet		Mln doll. (column.3- column.2)	± % ((column.3- column.2) : column.2)
	31.12.2017	31.12.2018	At the beginning of the analyzed period (31.12.2017)	At the end of the analyzed period (31.12.2018)		
1	2	3	4	5	6	7
<b>1. Net assets</b>	153 493	179 933	77,8	77,3	+26 440	+17,2
2. Authorized capital	–	–	–	–	–	–
3. Excess net assets over share capital (row.1-row.2)	153 493	179 933	77,8	77,3	+26 440	+17,2

Source: Own processing of data by using the program, 2019

The available value of net assets positively characterizes the financial situation, fully satisfying the requirements of regulatory acts on the amount of the organization's net assets. Moreover, it is necessary to note an increase in net assets by 17.2% for the entire analyzed period. The excess of net assets over the authorized capital and at the same time, their increase over the period indicates a good financial position of the organization on this basis. The following table clearly shows the dynamics of net assets and the authorized capital of an organization.

**Table 8: Valuation of Google inc organization's net assets. for 2015-2016 USD million**

Indicator	Indicator value				Change	
	mln. USD		in % κ balance sheet		Mln. USD. (column.3- column.2)	± % ((column.3- column.2) : column.2)
	31.12.2015	31.12.2016	At the beginning of the analyzed period (31.12.2016)	At the end of analyzed period (31.12.2017)		
1	2	3	4	5	6	7
1. Net assets	122 204	141 437	82,9	84,4	+19 233	+15,7
2. Authorized capital	–	–	–	–	–	–
3. Excess net assets over share capital (row.1-row.2)	122 204	141 437	82,9	84,4	+19 233	+15,7

Source: Own processing of data by using the program, 2019

The available value of net assets positively characterizes the financial situation, fully satisfying the requirements of regulatory acts on the amount of the organization's net assets. Moreover, it is necessary to note the increase in net assets by 15.7% for the period from 01/01/2016 to 12/31/2016. The excess of net assets over the authorized capital and at the same time, their increase over the period indicates a good financial position of the organization on this basis. Visual changes in net assets and share capital are presented in the following table.

**Table 9: Key indicators of financial sustainability of Google inc. for 2017-2018 mln USD**

Indicator	Indicator value		Indicator change (column.3- column.2)	Description of the indicator and its standard value
	31.12.2017	31.12.2018		
1	2	3	4	5
1. Autonomy ratio	0,59	0,58	-0,1	The ratio of equity to total capital. Normal value: 0.45 and more (optimal 0.55-0.7).
2. Financial leverage ratio	0,44	0,48	+0,04	The ratio of borrowed capital to its own. Normal value: 1.22 or less (optimal 0.43-0.82).
3. The ratio of own working capital	0,2	0,1	-0,1	The ratio of working capital to current assets. Normal value: 0.1 or more.

Source: Own processing of data by using the program, 2019

The autonomy ratio of the organization on the last day of the analyzed period (12/31/2018) was 0.58. The resulting value suggests too cautious attitude of Google to attract borrowed funds. The autonomy coefficient for the entire period under review decreased by only 0.1.

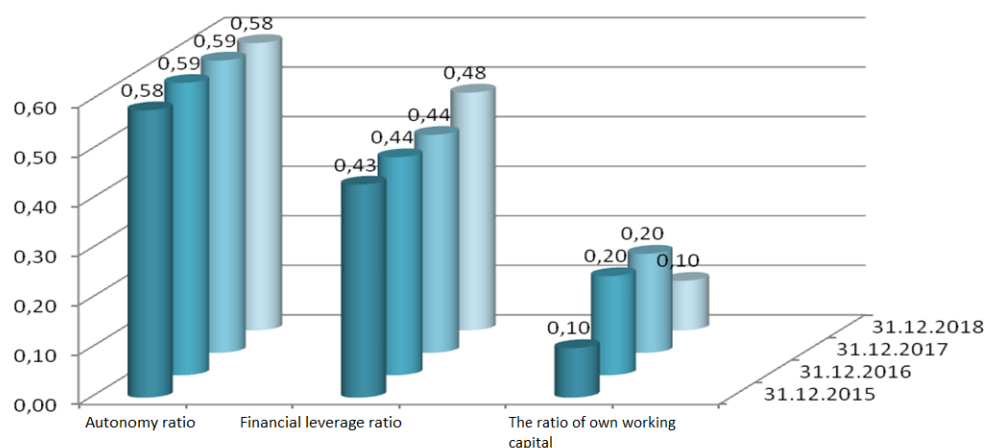
The ratio value of own working capital as of December 31, 2018 was 0.1. During the analyzed period, the ratio of the security of its own working capital clearly decreased (by -0.1). On 12/31/2018 the coefficient value is very good.

**Table 10: Key indicators of financial sustainability of Google inc. for 2015-2016 mln USD**

Indicator	Indicator value		Indicator change (column.3- column.2)	Description of the indicator and its standard value
	31.12.2015	31.12.2016		
1	2	3	4	5
1. Autonomy ratio	0,58	0,59	+0,01	The ratio of equity to total capital. Normal value: 0.45 and more (optimal 0.55-0.7).
2. Financial leverage ratio	0,43	0,44	-0,1	The ratio of borrowed capital to its own. Normal value: 1.22 or less (optimal 0.43-0.82).
3. The ratio of own working capital	0,1	0,2	+0,1	The ratio of working capital to current assets. Normal value: 0.1 or more.

Source: Own processing of data by using the program, 2019

**Figure 2: Dynamics of changes in the main liquidity ratios 2015-2018**



Source: Own processing of data from Google, 2019

The autonomy coefficient of the organization at December 31, 2016 was 0,59. This ratio characterizes the degree of dependence of the organization on borrowed capital. The value



obtained here indicates an unjustifiably high proportion of equity in total capital; the organization is too cautious about borrowing money. Over the past year there has been a slight increase in the autonomy ratio.

**Table 11: Analysis of financial stability by the magnitude of the surplus (shortage) of Google's own working capital inc. for 2017-2018 mln USD**

Indicator of working capital(IWC)	Indicator value		Surplus (deficiency) *	
	At the beginning of the analyzed period (31.12.2017)	At the end of the analyzed period (31.12.2018)	31.12.2017	31.12.2018
1	2	3	4	5
IWC <sub>1</sub> (calculated excluding long-term and short-term liabilities)	96 293	98 095	+96 293	+98 095
<b>IWC<sub>2</sub></b> (calculated taking into account long-term liabilities; actually equal to net working capital, Net Working Capital)	<b>116 473</b>	<b>117 375</b>	<b>+116 473</b>	<b>+117 375</b>
IWC <sub>3</sub> (calculated taking into account both long-term liabilities and short-term debt on loans and borrowings)	116 473	117 375	+116 473	+117 375

Source: Own processing of data by using the program, 2019

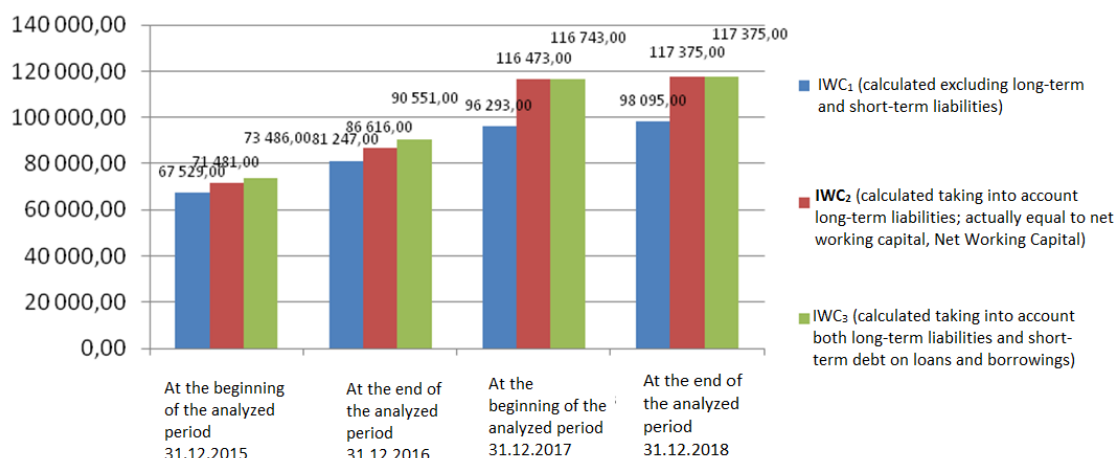
As of December 31, 2018, in all three calculation options, the company's own company's working capital reserves are covered, therefore, the financial situation on this basis can be characterized as stable. At the same time, it should be noted that all three indicators of covering own working capital of stocks over the past year have improved their values.

**Table 12: Analysis of financial stability by the magnitude of the surplus (shortage) of Google's own working capital inc. for 2015-2016 mln USD**

Indicator of working capital(IWC)	Indicator value		Surplus (deficiency)	
	At the beginning of the analyzed period (31.12.2015)	At the end of the analyzed period (31.12.2016)	31.12.2016	31.12.2017
1	2	3	4	5
IWC <sub>1</sub> (calculated excluding long-term and short-term liabilities)	67 529	81 247	+67 529	+80 979
<b>IWC<sub>2</sub></b> (calculated taking into account long-term liabilities; actually equal to net working capital, Net Working Capital)	<b>71 481</b>	<b>86 616</b>	<b>+71 481</b>	<b>+86 348</b>
IWC <sub>3</sub> (calculated taking into account both long-term liabilities and short-term debt on loans and borrowings)	73 476	90 551	+73 476	+90 283

Source: Own processing of data by using the program, 2019

**Figure 3 : Dynamics of changes in the main indicators of working capital 2015-2018**



Source: Own processing of data from Google, 2019

For all three calculation options as of December 31, 2016, there is coverage with the own working capital of the organization's existing reserves, therefore, the financial situation on this basis can be characterized as absolutely stable. Moreover, all three indicators of coverage with own circulating assets of stocks over the past year have improved their values.

**Table 13: Calculation of liquidity ratios Google inc. for 2017-2018 mln USD**

Liquidity ratio (Indicator)	Indicator value		Indicator change (column.3 - column.2)	Calculation, recommended value
	31.12.2017	31.12.2018		
1	2	3	4	5
1. Current (total) liquidity ratio	2,3	2,1	-0,2	The ratio of current assets to current liabilities. Normal value: 2 or more.
2. Quick (intermediate) liquidity ratio	1,3	1,2	-0,1	The ratio of liquid assets to short-term liabilities. Normal value: 1 or more.
3. Absolute liquidity ratio	0,3	0,2	-0,1	The ratio of highly liquid assets to short-term liabilities. Normal value: not less than 0.2.

Source: Own processing of data by using the program, 2019

As of December 31, 2017, at a rate of 2, the current (total) liquidity ratio is 2.1. Despite this, it should be noted that during the analyzed period, the coefficient decreased by -0.2.

The value of the quick (intermediate) liquidity ratio also corresponds to the norm - 1.2, with a norm of 1 or more. This indicates the sufficiency of liquid assets (i.e., cash and other assets that can be easily converted into cash) to repay short-term payables.

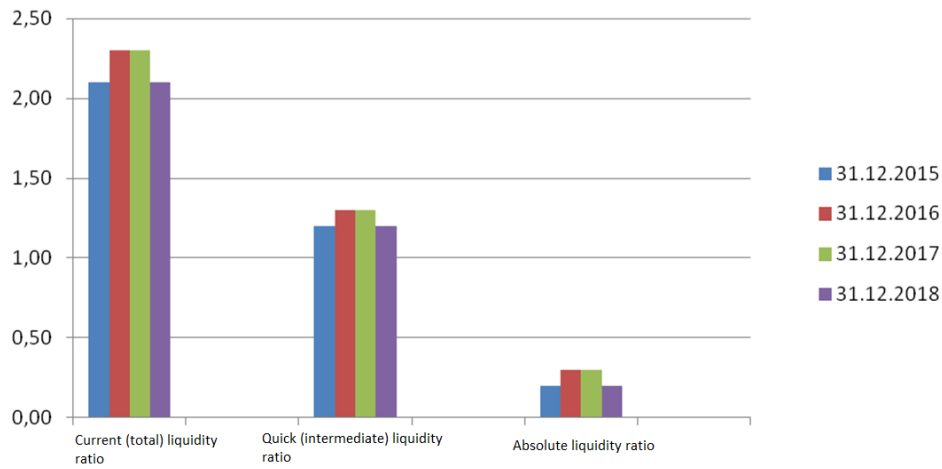
The third of the coefficients, which characterizes the organization's ability to repay all or part of short-term debt using cash and short-term financial investments, has a value corresponding to the allowable (0.2). Despite this, it should be noted that during the analyzed period (from December 31, 2017 to December 31, 2018), the absolute liquidity ratio decreased by -0.1.

**Table 14: Calculation of liquidity ratios Google inc. for 2015-2016 mln USD**

Liquidity ratio (Indicator)	Indicator value		Indicator change (column.3 - column.2)	Calculation, recommended value
	31.12.2015	31.12.2016		
1	2	3	4	5
1. Current (total) liquidity ratio	2,1	2,3	+0,2	The ratio of current assets to current liabilities. Normal value: 2 or more.
2. Quick (intermediate) liquidity ratio	1,2	1,3	+0,1	The ratio of liquid assets to short-term liabilities. Normal value: 1 or more.
3. Absolute liquidity ratio	0,2	0,3	+0,1	The ratio of highly liquid assets to short-term liabilities. Normal value: not less than 0.2.

Source: Own processing of data by using the program, 2019

**Figure 4: Dynamics of changes in the main liquidity ratios of 2015-2018**



Source: Own processing of data from Google, 2019

On the last day of the analyzed period, at a rate of 2, the current (total) liquidity ratio is 2.3. Over the year, the ratio increased by 0.2.

For a quick liquidity ratio, the standard value is 1. In this case, its value is 1.3. This indicates that the organization has liquid assets that can repay the most urgent liabilities.

The absolute liquidity ratio has a value corresponding to the norm (0.2). At the same time, during the analyzed period (2016), the absolute liquidity ratio increased by 0.1.

**Table 15: Analysis of the ratio of assets by degree of liquidity and liabilities by maturity of Google inc. for 2017-2018 mln USD**

Liquidity assets	At the end of the reporting period, mln. USD.	Growth for the analyzed period, %	Norm ratio	Liabilities on maturity	At the end of the reporting period, mln. USD.	Growth for the analyzed period, %	Excess / Lack of Payment Means mln. USD., (column.2 - column.6)
1	2	3	4	5	6	7	8
Highly liquid assets (cash + short-term investments)	109 140	+7,1	≥	The most urgent obligations (borrowed funds, current loan debt)	4 378	+39,6	<b>+104 762</b>
Marketable assets (short-term debt)	20 108	+3,4	≥	Medium-term liabilities (current liabilities other than current loan debts)	29 201	+42,5	<b>-9 093</b>
Slow-moving assets (other current assets)	21 706	+15,5	≥	Long term duties	19 280	-4,5	<b>+2 426</b>
A4. Hard-to-sell assets (non-current assets)	81 838	+43,1	≤	Permanent liabilities (equity)	179 933	+17,2	<b>-98 095</b>

Source: Own processing of data by using the program, 2019

Of the four ratios that characterize the presence of liquid assets in an organization, all but one is satisfied. The organization has enough highly liquid assets to repay the most urgent liabilities (more than 24.9 times). In accordance with the principles of the optimal structure of assets by the degree of liquidity, short-term receivables should be sufficient to cover medium-term liabilities (short-term debt minus current accounts payable). In this case, the organization does not have enough fast-moving assets to fully repay medium-term liabilities (69% of the required amount). However, it should be noted that this was a result of the unjustified overestimation of the value of highly liquid assets - their value is sufficient not only to cover the most urgent liabilities, but also suffices in conjunction with quick-selling assets to cover medium-term liabilities.

**Table 16: Analysis of the ratio of assets according to the degree of liquidity and liabilities by the maturity of Google inc. for 2015-2016 mln USD**

Liquidity assets	At the end of the reporting period, mln. USD.	Growth for the analyzed period, %	Norm ratio	Liabilities on maturity	At the end of the reporting period, mln. USD.	Growth for the analyzed period, %	Excess / Lack of Payment Means mln. USD., (column.2 - column.6)
1	2	3	4	5	6	7	8
Highly liquid assets (cash + short-term investments)	92 211	+17,8	≥	The most urgent obligations (borrowed funds, current loan debt)	2 041	+5,7	<b>+92 170</b>
Marketable assets (short-term debt)	14 232	+2,3	≥	Medium-term liabilities (current liabilities other than current loan debts)	18 650	-3,7	<b>-4 418</b>
Slow-moving assets (other current assets)	864	+38	≥	Long term duties	5 369	+35,9	<b>-4 505</b>
A4. Hard-to-sell assets (non-current assets)	60 190	+10,1	≤	Permanent liabilities (equity)	141 437	+15,7	<b>-81 247</b>

Source: Own processing of data by using the program, 2019

One of the another four ratios characterizing the ratio of assets in terms of liquidity and liabilities by maturity, two are fulfilled. The organization has enough highly liquid assets to repay the most urgent liabilities (more than 45.2 times). In accordance with the principles of the optimal structure of assets by the degree of liquidity, short-term receivables should be sufficient to cover medium-term liabilities (short-term debt minus current accounts payable). In this case, this ratio is not satisfied - short-term receivables cover the organization's medium-term liabilities by only 76%. However, it should be noted that this was a result of the unjustified overestimation of the value of highly liquid assets - their value is sufficient not only to cover the most urgent liabilities, but also suffices in conjunction with quick-selling assets to cover medium-term liabilities.

### **Altman Z-score**

The analysis of the forecast of bankruptcy of the enterprise on the basis of Altman's model, published in 1968.

### **Altman model**

$$Z = -0.3877 - 1.073 * X_1 + 0.0579 * X_2$$

X<sub>1</sub> – Current liquidity ratio,

X2 – Capitalization ratio.

Current Ratio = Current Assets / Short-term Liabilities.

Capitalization ratio = (Long-term liabilities + Short-term liabilities) / equity

**Table 17: The calculation of the probability of bankruptcy for 2015-2018 on the basis of the Altman model**

<b>Indicator</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Current liquidity ratio	2,10	2,30	2,30	2,10
Capitalization ratio	0,21	0,18	0,29	0,29
Z	- 2,62903	- 2,84493	- 2,83908	- 2,62399

Source: Own processing of data based on the formula from economicportal.ru, 2019

If  $Z > 0$ , the situation in the analyzed company is critical, the probability of bankruptcy is high.

In this case, the probability of bankruptcy is absent.

Evaluation by the five-factor Altman model

$Z < 0$  — the probability of bankruptcy is less than 50% and decreases as the Z value decreases,

$Z > 0$  – the probability of bankruptcy is more than 50% and increases as the Z value increases,

$Z = 0$  – the probability of bankruptcy is 50%.

Based on the Altman two-factor model, the probability of bankruptcy is less than 50%.

## **5.2. Development of recommendations for improving financial sustainability**

To develop recommendations for improving financial sustainability, it is possible to assess the strengths and weaknesses of the company's financial activities.

### **Organization Performance Review**

The table below summarizes the main financial results of Google inc. for 2017-2018 and 2015-2016.

Consider the period from 2017-2018.

According to the "Report on financial results" during the analyzed period, the organization received a profit from sales in the amount of USD 31,392 million, which accounted for 22.9% of revenue. Compared to the same period last year, the profit from sales increased by USD 2,510 million, or by 8.7%.

Compared to the previous period, in the current period, both sales revenue and expenses for ordinary activities increased (by 25,964 and 23,454 million USD, respectively). Moreover, in percentage terms, the change in expenses (+ 28.6%) is ahead of the change in revenue (+ 23.4%).

Profit from other operations for the last year amounted to 3,521 million USD., Which is 5,210 million USD. more than the balance of other income expenses for the same period last year. At the same time, the amount of profit from other operations is 11.2% of the absolute value of profit from sales for the analyzed period.

**Table 18: Analysis of the financial results of Google inc. for 2017-2018 mln USD**

Indicator	Indicator value, mln. USD.		Indicator change		Annual average, mln. USD.
	2017	2018	mln. USD. (column.3 - column.2)	± % ((3-2) : 2)	
1	2	3	4	5	6
1. Revenue	110 855	136 819	+25 964	+23,4	123 837
2. Expenses for ordinary activities	81 973	105 427	+23 454	+28,6	93 700
3. Profit (loss) from sales (1-2)	28 882	31 392	+2 510	+8,7	30 137
4. Other income and expenses, except interest payable	-1 689	3 521	+5 210	↑	916
5. EBIT (earnings before interest and taxes) (3+4)	27 193	34 913	+7 720	+28,4	31 053
6. Percentage to be paid	–	–	–	–	–
7. Changes in tax assets and liabilities, income tax, etc.	-14 531	-4 177	+10 354	↑	-9 354
8. Net income (loss) (5-6+7)	12 662	30 736	+18 074	+142,7	21 699
Cumulative financial result of the period	12 662	30 736	+18 074	+142,7	21 699
The change over the period of retained earnings (uncovered loss) according to the balance sheet	x	21 638	x	x	x

Source: Own processing of data by using the program, 2019



The table below summarizes the main financial results of Google inc for 2015-2016.

As can be seen from the "Report on financial results", for the period under review, the organization received a profit from sales of \$ 23,716 million, which equals 26.3% of revenue. Compared to the same period last year, the profit from sales increased by 4,356 million USD, or by 22.5%.

Compared to the previous period, in the current period, both sales revenue and expenses for ordinary activities increased (in the amount of 15 283 and 10 927 million USD, respectively). And in percentage terms, the change in revenue (+ 20.4%) is ahead of the change in expenses (+ 19.6%)

Profit from other operations in 2017 amounted to USD 434 million, which is USD 143 million. (49.1%) more than the profit for the same period last year. At the same time, the amount of profit from other operations is 1.8% of the absolute value of profit from sales for the analyzed period.

**Table 19: Analysis of the financial results of Google inc. for 2015-2016 mln USD**

Indicator	Indicator value, mln. USD.		Indicator change		Annual average, mln. USD.
	2015	2016	mln. USD. (column.3 - column.2)	± % ((3-2) : 2)	
1	2	3	4	5	6
1. Revenue	74 989	90 272	+15 283	+20,4	82 631
2. Expenses for ordinary activities	55 629	66 556	+10 927	+19,6	61 093
3. Profit (loss) from sales (1-2)	19 360	23 716	+4 356	+22,5	21 538
4. Other income and expenses, except interest payable	291	434	+143	+49,1	363
5. EBIT (earnings before interest and taxes) (3+4)	19 651	24 150	+4 499	+22,9	21 901
6. Percentage to be paid	–	–	–	–	–
7. Changes in tax assets and liabilities, income tax, etc.	-3 303	-4 672	-1 369	↓	-3 988
<b>8. Net income (loss) (5-6+7)</b>	16 348	19 478	+3 130	+19,1	17 913
Cumulative financial result of the period	16 348	19 478	+3 130	+19,1	17 913
The change over the period of retained earnings (uncovered loss) according to the balance sheet	x	15 908	x	x	x

Source: Own processing of data by using the program, 2019

Indicative analysis of net profit according to the form No. 2 in conjunction with the change in the indicator “Retained earnings (uncovered loss)” of the balance sheet suggests that in 2016 the organization used net profit in the amount of 3 570 million USD.

This means that the company is profitable and no recommendations in the area of profitability are necessary.

**Table 20: Analysis of the profitability of Google inc. for 2017-2018 mln USD**

Profitability ratios	Indicator values (B %)		Indicator change	
	2017	2018	Mln USD, (colomn.3 - colomn.2)	± % ((3-2) : 2)
1	2	3	4	5
1. The profitability of sales (the amount of profit from sales in each dollar of revenue). The normal value for the industry: at least 8%.	26,1	22,9	-3,2	-11,9
2. EBIT sales margin (sales profit before interest and taxes on each dollar of revenue).	24,5	25,5	+1	+4
3. Return on sales by net profit (net profit in each dollar of revenue). The normal value for the industry: at least 6%.	11,4	22,5	+11,1	+96,7
Profit from sales per dollar invested in the production and sale of products (works, services)	35,2	29,8	-5,4	-15,5
Interest Coverage Ratio (ICR). Normal value: 1.5 or more.	–	–	–	–

Source: Own processing of data by using the program, 2019

All three indicators of profitability for 2018, shown in the table, have positive values, since the organization received both profit from sales and, in general, profit from financial and economic activities for the period.

**Table 21: Analysis of the profitability of Google inc. for 2015-2016 mln USD**

Profitability ratios	Indicator values (B %)		Indicator change	
	2015	2016	<i>Mln USD</i> , (colomn.3 - colomn.2)	± % ((3-2) : 2)
1	2	3	4	5
1. The profitability of sales (the amount of profit from sales in each dollar of revenue). The normal value for the industry: at least 6%.	25,8	26,3	+0,5	+1,8
2. EBIT sales margin (sales profit before interest and taxes on each dollar of revenue).	26,2	26,8	+0,6	+2,1
3. Return on sales by net profit (net profit in each dollar of revenue). The normal value for the industry: at least 4%.	21,8	21,6	-0,2	-1
Profit from sales per dollar invested in the production and sale of products (works, services)	34,8	35,6	+0,8	+2,4
Interest Coverage Ratio (ICR). Normal value: 1.5 or more.	–	–	–	–

Source: Own processing of data by using the program, 2019

All three indicators of profitability for the year are shown in the table and they have positive values, since the organization received both profit from sales and profit from financial and economic activities for a given period.

The profitability of sales for the period under review, amounted to 26.3%. At the same time, there is an increase in the sales profitability compared with this indicator for the same period of last year (01.01–31.12.2015) (+ 0.5%).

Profitability, calculated as the ratio of profit before tax and interest expense (EBIT) to the organization's revenue, for the period under review was 21.6%.

Also, the company's services are cost-effective.

### 5.3. Google Inc. performance forecast

According to the results of the analysis carried out, the main indicators of the financial position and performance of Google.inc were selected and grouped by quality criteria for the entire analyzed period and forecast results of activities for the near future was made.

During the analysis, the following indicators were obtained with extremely good values:

- net assets exceed the authorized capital, moreover, they increased during the analyzed period;

- as of December 31, 2018, the coefficient of sufficiency of its own working capital shows a value quite appropriate to the normal value;
- fully complies with the standard value of the current ratio (total) liquidity;
- quick (intermediate) liquidity ratio fully corresponds to the normal value;
- absolute liquidity ratio is fully consistent with the normal value;
- absolute financial stability in terms of the surplus of own circulating assets;
- net profit for 2018 amounted to USD 30,736 million. (+18,074 million USD. Compared to the same period of last year).

During the analysis, the following positive indicators of the financial position and performance of the organization were obtained:

- substantial, compared with the total value of the organization's assets, net profit;
- change in equity is almost equal to the total change in the assets of the organization;
- a good ratio of assets in terms of liquidity and liabilities by maturity;
- for the last year there was a profit from sales (31,392 million USD.), Moreover, there was a positive trend compared to the same period last year (+2,510 million USD.);
- growth in earnings before interest payable and taxation (EBIT) per ruble of the organization's revenue.

The indicator negatively characterizing the results of Google inc, is the following - a significant drop in sales profitability.

**Table 22: Rating assessment of the forecast of the financial condition of the organization for 2017-2018**

Financial results for the period 01.01.18–31.12.18	Financial position as of 31.12.2018									
	AAA	AA	A	BBB	BB	B	CCC	CC	C	D
Excellent (AAA)	•									
Very good (AA)	•									
Good (A)	V	•	•	•	•	•	•	•	•	•
Positive (BBB)	•									
Normal (BB)	•									
Satisfactory (B)	•									
Unsatisfactory (CCC)	•									
Bad (CC)	•									
Very bad (C)	•									
Critically bad (D)	•									

The final financial rating of Google inc according to the analysis for the period from 01/01/2018 to 31/12/2018 (analysis step - year):

**AA**  
(very good)

Source: Own processing of data based on previous analysis, 2019

Based on own subjective assessment of the values of the indicators at the end of the analyzed period, as well as their dynamics during the period and the forecast for the next year, the following conclusions were made. That is, the financial situation is characterized as excellent; financial results for the year are also good. On the basis of these two estimates, a final rating assessment of the financial condition of the company was obtained, which was AA - very good condition.

Rating "AA" indicates a very good financial condition of the organization, its ability to meet its obligations in the short term (based on the principle of prudence), and possibly, long-term. Such organizations fall into the category of reliable borrowers, possessing a high degree of creditworthiness.

It should be noted that this rating is prepared on the basis of the initial data for the year. However, to obtain a sufficiently objective result, an analysis is necessary for at least 2-3 years.

#### **Determination of the forecast of unsatisfactory balance structure.**

The following table calculates the indicators recommended in the methodology of the Federal Office for Insolvency (Bankruptcy) (Order N 31-p dated 12.08.1994; the order has now become invalid, the calculations are given for reference purposes).

**Table 23: Analysis of liquidity ratios Google inc. for 2017-2018 mln USD**

Indicator	Indicator value		Change (column.3- column.2)	Standard value	Compliance with the actual value of the normative at the end of the period
	At the beginning of the period (31.12.2017)	At the end of the period (31.12.2018)			
1	2	3	4	5	6
Current liquidity ratio	7,99	8,21	+0,22	Not less than 2	Complies
The ratio of own funds	0,69	0,65	-0,04	Not less than 0,1	Complies
Coefficient of loss of solvency	x	4,14	x	Not less than 1	Complies

Source: Own processing of data by using the program, 2019

The analysis of the balance sheet structure was performed for the period from the beginning of the year 2018 to December 31, 2018.

Since both coefficients on the last day of the analyzed period were within the limits set for them, the coefficient of loss of solvency was calculated as the third indicator. This ratio

serves to assess the prospects for the enterprise to lose its normal balance sheet structure (solvency) within three months, while maintaining the dynamics of the first two factors that occurred in the analyzed period. The value of the coefficient of loss of solvency (4.14) indicates a low probability of a significant deterioration in the solvency of Google inc.

**Table 24: Analysis of liquidity ratios Google inc. for 2015-2016 mln USD**

Indicator	Indicator value		Change (column.3- column.2)	Standard value	Compliance with the actual value of the normative at the end of the period
	At the beginning of the period (31.12.2015)	At the end of the period (31.12.2016)			
1	2	3	4	5	6
Current liquidity ratio	7,59	6,67	-0,92	Not less than 2	Complies
The ratio of own funds	0,73	0,76	+0,03	Not less than 0,1	Complies
Coefficient of loss of solvency	x	3,22	x	Not less than 1	Complies

Source: Own processing of data by using the program, 2019

Since both coefficients as of December 31, 2016 turned out to be within the limits set for them, the coefficient of loss of solvency was calculated as the third indicator. This ratio serves to assess the prospects for the organization's loss of the normal balance sheet structure (solvency) within three months while maintaining the dynamics of the first two factors that occurred in the analyzed period. The value of the loss coefficient (3.22) indicates a low probability loss indicators of solvency normal values.

According to the results of the analysis, the main indicators of the financial position and performance of Google inc for 2016 were selected and grouped by quality criteria.

Financial position and performance of Google inc is characterized by such indicators:

- net assets exceed authorized capital, while for the period under review (2016) there was an increase in net assets;
- fully complies with the standard value of the current (total) liquidity ratio;
- fully corresponds to the normal value of the quick (intermediate) liquidity ratio;
- absolute liquidity ratio is fully consistent with the standard value;
- positive dynamics of equity relative to the total change in the assets of the organization;

- absolute financial stability in terms of the surplus of own circulating assets;
- for the last year there was a profit from sales (23,716 mln. USD.), moreover, a positive trend was observed compared to the same period of last year (+4,356 mln. USD.);
- Profit from financial and economic activities for the last year amounted to 19,478 million USD. (+3 130 million USD. Compared with the same period last year).

The analysis revealed the following positive indicators of the financial position and performance of Google inc:

- autonomy coefficient is unreasonably high;
- positive dynamics of sales profitability;
- a good ratio of assets in terms of liquidity and liabilities by maturity;

**Table 25: Rating assessment of the forecast of the financial condition of the organization for 2015-2016**

Financial results for the period 01.01–31.12.2016	Financial position as of 31.12.2016									
	AAA	AA	A	BBB	BB	B	CCC	CC	C	D
Excellent (AAA)	•									
Very good (AA)	•									
Good (A)	•									
Positive (BBB)	•									
Normal (BB)	V	•	•	•	•	•	•	•	•	•
Satisfactory (B)	•									
Unsatisfactory (CCC)	•									
Bad (CC)	•									
Very bad (C)	•									
Critically bad (D)	•									

The final financial rating of Google inc according to the analysis for the period from 01/01/2016 to 31/12/2016 (according to one reporting period):

**A**  
(Good)

Source: Own processing of data based on previous analysis, 2019

According to the results of the analysis, the financial position of Google inc was rated by a point system, which corresponds to the AAA rating (excellent position). The financial results of the organization for the period under review are assessed, which corresponds to the BB rating (normal results). It should be noted that the final estimates were obtained taking into account both the values of the indicators at the end of the analyzed period and the dynamics of the indicators, including their forecast values for the next year. The final score of the financial

condition, combining the analysis of the financial situation and the results of the organization's activity - according to the rating scale, this is a good condition (A).

The "A" rating indicates the good financial condition of the organization, its ability to meet its obligations in the short-term (based on the principle of diligence) perspective. Organizations that have this rating fall into the category of borrowers for whom the probability of obtaining credit resources is high (good creditworthiness).

**Conclusion on chapter 5.** Thus, for the next 3 years financial deterioration is not expected. The company demonstrates steady performance and bankruptcy is not expected.



## 6. Conclusion

A very important role in the development of optimal management decisions is played by the final, subsequent analysis. The most important source of information for carrying out such an analysis is the reporting of the organization.

The final analysis provides a refined assessment of the organization's activities and its results for a certain period, ensures the identification of reasonable reserves for increasing the effectiveness of the organization's activities, and looks for ways to mobilize and use these reserves. The results of the final analysis conducted by the organization are reflected in the explanatory note to the annual report.

The final analysis is the most complete type of analysis of the economic activities of the organization.

Marketing analysis of Google inc. showed that the company has a lot of strengths and a lot of opportunities, which allows the company to firmly hold its position in the market of services. Such a strong point as innovation allows the company to make a profit. However, the company does not seek to expand the list of services. The management of the company constantly cares about improving the quality of services, and to date it meets all the requirements for them. The company has a well-established recruitment system in accordance with the employee requirements developed by the company. The company has a convenient location. However, the company has weaknesses. Such a weak side as a weak marketing activity can greatly affect the company's activity. With such a system of marketing activity, there is an increase in uncertainty in future results when new products and services are released. To date, the financial condition of the company is quite stable and generally depends on the volume of sales of services. Therefore, the company uses all opportunities to increase the implementation of services.

Over the past few years, many search engines have tried to circumvent Google, but they have failed. Despite the fact that companies introduced various services and software into the system, users were not impressed by this step. That is the reason for leading Google in product quality. The rest of the search engines simply cannot catch up with the giant in terms of the quality of services.

Based on the qualitative assessment of the values of the indicators at the end of the analyzed period, as well as their dynamics during the period and the forecast for the next year, the following conclusions were made. That is, the financial situation is characterized as

excellent; financial results for the year as good. On the basis of these two estimates, a final rating assessment of the financial condition of the company was obtained, which was AA - very good condition.

Rating "AA" indicates a very good financial condition of the organization, its ability to meet its obligations in the short term (based on the principle of prudence), and, possibly, long-term. Such organizations fall into the category of reliable borrowers, possessing a high degree of creditworthiness.

In this way, for the next 3 years financial deterioration is not expected. The company demonstrates steady performance and bankruptcy is not expected.

## 7. References

### Printed publications:

1. Abryutina M.S., Grachev A.V. Analysis of the financial and economic activities of the enterprise, Moscow, Business and Service, 2011.
2. Artemenko V.T., Belendir M.V. Financial analysis, Moscow, Business and Service, 2017.
3. Balabanov I. T. Financial analysis and planning of an economic entity, Moscow, Finance and Statistics, 1998.
4. Bakanov M. I., Sheremet A. D. The Theory of Economic Analysis, Moscow, Finance and Statistics, 2001.
5. Dontsova L.V., Analysis of the effectiveness of production and economic activities of a construction organization, Moscow, Business and Service, 2004.
6. Drobozdina L.A., Okuneva L.P., Finance. Money circulation, Moscow, UNITY, 2001.
7. Efimova O.V., The financial analysis: Accounting, Moscow, OMEGA – L, 2010.
8. Efimova O.V., Analysis of liquidity indicators. Accounting № 6, Moscow, OMEGA – L, 1996.
9. Helfert E., Technique of financial analysis, New York, McGraw-Hill, 2018.
10. Kerimov V.E., Rozhenetsky O.A., Analysis of the ratio “costs by volume - profit”, Moscow, INFRA-M, 2018.
11. Kolpakova G.M., Finance. Money turnover. Moscow, Finance and Statistics, 2018.
12. Kovalev V.V., Financial Analysis: Money Management. The choice of investment. Reporting analysis, 2017.
13. Kreinina M.N., The goals and objectives of financial management, 2017,.
14. Kupchina L.A., Analysis of financial activity using coefficients, Accounting Report, 2017.
15. Lyubushin N.P., Leshcheva V.B., Analysis of financial and economic activity of the enterprise, Moscow, UNITY, 2002.
16. Maratkanov V.I., Guidelines for the implementation and registration of final qualification works of students of the specialty "Economics and management at the enterprise (energy)". Kazan: KSEU, 2017.

17. Negashev E.V., Analysis of the company's finances in the market; Moscow, Higher School, 2017.
18. Prudnikov A. G., Analysis of the financial condition of the company: Lecture / KSAU, Krasnodar, 2018.
19. Rovanovsky N.V., Finance. Textbook for universities, Saratov, Perspective, 2017.
20. Rusak N. A., Rusak V. A. Financial analysis of a business entity, Minsk, Textbook for universities 1997.
21. Senchagova V.K, Arkhipova A.I., Finance: Money circulation and credit, Moscow, Prospekt, 2018.
22. Sheremet A.D., Saifullin R.S. Methods of financial analysis. - M.: INFRA-M, 2017.
23. Shishkin A. K., Vartanyan S. S. Accounting and financial analysis in commercial enterprises: A practical guide. 3rd ed. additional - M.: INFRA-ML, 2017.
24. Sukhova L. F., Chernova N. A., A practical work on developing a business plan and financial analysis of an enterprise, Moscow, Finance and Statistics, 2018.
25. Zaitsev M.G., Evaluation of the efficiency of the use of working capital of the enterprise, Moscow, Digest Finance, 2017.

Electronic documents:

1. Forbes.com 2019, [online] www:  
*“<https://www.forbes.com/sites/jenniferrooney/2014/05/20/google-beats-apple-as-brandz-most-valuable-global-brand/>, 2014”*
2. Brandfinance.com 2019, [online] www: <https://brandfinance.com/press-releases/google-pips-apple-apple-no-longer-the-worlds-most-valuable-brand-global-brand-ranking-reveals/>
3. Investing.com 2019, [online] www;  
*“<https://ru.investing.com/equities/google-inc-income-statement>”*

## ATTACHMENT

### Balance sheet of Google inc. for 2015-2018

Period	2018	2017	2016	2015
	31.12	31.12	31.12	31.12
<b>Total current assets</b>	135 676	124 308	105 408	90 114
Cash and short-term financial investments	109 140	101 871	86 333	73 068
Cash	-	7 158	7 078	7 380
Cash and cash equivalents	16 701	3 557	5 840	9 169
Short-term financial investments	92 439	91 156	73 415	56 519
Total receivables, net	21 193	18 705	14 232	13 909
Accounts receivable - trade, net	20 838	18 336	14 137	11 556
Total Inventory	1 107	749	268	-
Future spending	3 723	2 903	3 979	2 511
Other current assets, total	513	80	596	626
<b>Total assets</b>	232 792	197 295	167 497	147 461
Fixed assets, total - net	59 719	42 383	34 234	29 016
Fixed assets, total - gross	82 507	59 647	47 527	40 146
Accumulated depreciation, total	-22 788	-17 264	-13 293	-11 130
Goodwill net	17 888	16 747	16 468	15 869
Intangible assets, net	2 220	2 692	3 307	3 847
Long-term financial investments	13 859	7 813	5 878	5 183
Bills receivable - long-term	-	-	-	-
Other long-term assets, total	3 430	3 352	2 202	3 432
Other assets, total	-	-	-	-
<b>Total current liabilities</b>	34 620	24 183	16 756	19 310
Accounts payable	4 378	3 137	2 041	1 931
Accounts Payable / Accumulated	-	-	-	-
Accumulated expenses	14 000	14 406	10 107	8 293
Promissory notes payable / short-term debt	-	-	-	2 000
Current portion of long-term loans and borrowings / capitalized lease	-	-	-	1 225
Other current liabilities, total	16 242	6 640	4 608	5 861
<b>Total liabilities</b>	55 164	44 793	28 461	27 130
Total long-term loans and borrowings	4 012	3 969	3 935	1 995
Long-term loans and borrowings	3 950	3 943	3 935	1 995
Finance lease liabilities	62	26	-	-
Other borrowed funds	4 012	3 969	3 935	5 220
Long-term deferred tax liabilities	1 264	430	226	189
Non-controlling interest in subsidiaries	-	-	-	-
Other liabilities, total	15 268	16 211	7 544	5 636
<b>Total share capital</b>	177 628	152 502	139 036	120 331
Common shares	1	1	1	1
Extra capital	45 048	40 246	36 306	32 981
Retained earnings (uncovered loss)	134 885	113 247	105 131	89 223
Unrealized income (loss)	-688	233	-179	-86
Other own funds	-1 618	-1 225	-2 223	-1 788
<b>Total liabilities and equity</b>	232 792	197 295	167 497	147 461
<b>Ordinary shares outstanding, total</b>	696	695	691	687

## Report on financial results of Google inc. for 2015-2018

Period	2018	2017	2016	2015
	31.12	31.12	31.12	31.12
<b>Total revenue</b>	136 819	110 855	90 272	74 989
Revenue	136 819	110 855	90 272	74 989
Other income	-	-	-	-
Cost of income	59 549	45 583	35 138	28 164
<b>Gross profit</b>	77 270	65 272	55 134	46 825
<b>Total operating expenses</b>	110 618	84 709	66 556	55 629
Sales / General / Administrative Expenses, total	24 459	19 765	17 470	15 183
Research and development	21 419	16 625	13 948	12 282
Depreciation	-	-	-	-
Interest expense (income)	-	-	-	-
Unusual expenses (income)	5 191	2 736	-	-
Other operating expenses, total	-	-	-	-
<b>Operating income</b>	26 201	26 146	23 716	19 360
Interest income (expenses), non-operating, net	8 503	764	90	35
Profit (loss) from the sale of assets	-	-	-	-
Other income, net	209	283	344	256
<b>Net profit before taxes</b>	34 913	27 193	24 150	19 651
Deductions for payment of taxes	4 177	4 707	4 672	3 303
<b>Net income after taxes</b>	30 736	22 486	19 478	16 348
Minority interest	-	-	-	-
Shares in branches	-	-	-	-
Recalculation according to generally accepted accounting principles of the United States	-	-	-	-
<b>Net profit before extraordinary items</b>	30 736	22 486	19 478	16 348
Extraordinary items	-	- 9 824	-	-
<b>Net profit</b>	30 736	12 662	19 478	16 348