## Investing and financing

Another portion of the statement of cash flows reports the investment that the company took during the reporting year. New investments are signs of growing or upgrading the production and distribution facilities and capacity of the business. Disposing of long-term assets or divesting itself of a major part of its business can be good or bad news, depending on what's driving those activities. A business generally disposes of some of its fixed assets every year because they reached the end of their useful lives and will not be used any longer. These fixed assets are disposed of or sold or traded in on new fixed assets. The value of a fixed asset at the end of its useful life is called its salvage value. The proceeds from selling fixed assets are reported as a source of cash in the investing activities section of the statement of cash flows. Usually these are very small amounts.

Like individuals, companies at times have to finance its acquisitions when its internal cash flow isn't enough to finance business growth. financing refers to a business raising capital from debt and quity sources, by borrowing money from banks and other sources willing to loan money to the business and by its owners putting additional money in the business. The term also includes the other side, making payments on debt and returning capital to owners. it includes cash distributions by the business from profit to its owners.

Most business borrow money for both short terms and long terms. Most cash flow statements report only the net increase or decrease in short-term debt, not the total amounts borrowed and total payments on the debt. When reporting long-term debt, however, both the total amounts and the repayments on long-term debt during a year are generally reported in the statement of cash flows. These are reported as gross figures, rather than net.