

# Financial analysis apple and mcdonald's

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Financial analysis Apple and McDonalds Financial statements The financial statements indicate that for over one year, movement on McDonald's has been little in their bottom line area ranging from five-and-half billion United States dollars to five billion and six million dollars. In the top section, the company also experienced little changes in revenue ranging from twenty-seven billion United States dollars to twenty-eight billion dollars. However, the statements also demonstrate positive movements for the corporation since it has cut down on the percentage of sales associated with the cost of goods sold from a whopping eight point nine percentage to slightly less than eight point five percent. On the other hand, Apple Inc. experienced a drop in their bottom line from forty-one billion and seven million United States dollars down to thirty-seven billion. The experience was in spite of the fact that the company realized an increase in revenues to one hundred and seventy-one billion from slightly more than one hundred and fifty-six billion. A major input in the falling bottom line in spite of the increasing revenue was the increase in revenue collected by the company in the percentage of sales associated with cost of goods to more than sixty-two percent from fifty-three. The income statement also referred to as the statement of earnings covers the entire performance of McDonald's Corp. That includes results of operating activities. Similarly, the statement of financial position reports important classes as well as amounts of resources controlled and owned by the company.

### Ratios

The ratios explore the output and revenues generated by both Apple Inc. and McDonald's Corp's assets. Included in the evaluation is the level of operations versus the assets required to maintain operating activities.

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Evaluation takes place under the general terminology of operating performance ratios. The debt-to-equity ratio for McDonald's reduced in twenty eleven to two thousand and twelve but recorded slight improvements from two thousand and twelve to two thousand and thirteen. The debt-to-capital ratio faced the same fate as it deteriorated in two thousand and eleven through to two thousand and twelve. The trend in the subsequent financial year was similar to that in the debt-to-equity ratio. When calculating the interest coverage ratio as an EBIT and dividing it interest payments, it leads to the conclusion that MacDonald's Corp. Reducing in the preceding financial year with slight improvements in the subsequent year. The adjusted total assets for McDonald's followed the same trend explained above (Dess, Lumpkin, & Eisner, 2008). However, the adjusted financial leverage reversed the trend with improvements coming earlier and a decline reported later. For Apple, most of these ratios show a balanced movement where the company appears to be floating in an effective zone. The ratios balance each other that are also a major reason for the company to continue performing well against its competitors in the industry. Partially, it is possible to highlight increased competition for MacDonald's to receive figures that do not show stability in its financial movements. The payout ratio helps investors especially when they plan to invest in the specific companies. Professionals define it as the total earnings received by shareholders. It informs investors on how the companies spend their earnings. In calculation, it is apportion of earnings received by investors through dividends. If it remains high, it translates to mean that the corporation gives out a bigger fraction of their income to shareholders. However, a lower payout ratio shows that the organization ploughs back a bigger portion of its income.

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## Reference

Dess, G., Lumpkin, G. & Eisner, A. (2008). Strategic Management. Boston: McGraw-Hill Irwin.