

Financial reporting problem essay sample



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In the light of this week's assignment of analyzing an annual report for a publicly traded company I decided to use the company now work for which is the spinoff company from the merger of international papers Xpedx division and Unisource; the new company name is Veritiv. Veritiv's total assets for this accounting period are \$1, 215 million dollars (Morningstar, 2014). The total assets of the prior annual reporting period were \$1, 039 million dollars (Morningstar, 2014). The reason this information is important is that assets stand for elements of value that each company owns; whether outright in their control or is due them. Moreover, it is more important when looking at total assets of the company is how they change over time; meaning if a company cash assets and marketable securities increase, while inventory is reduced it show that the company has become more efficient in their handling of assets methods (SpireFrame, 2014).

At the end of the most-recent annual reporting period, Veritiv had cash and cash equivalents of \$22 million dollars. Additionally, Veritiv's amount of an account payable at the end of the most-recent recording period was \$227 million dollars. Whereas, they have an account payable amount of \$275 million dollars for the previous reporting period (Morningstar, 2014). These figures are important as they show how well a company is handling their cash flow. Veritiv's net revenues for the past three annual reporting periods were for this accounting period \$4, 040 million dollars, for 2013 they were \$4, 089 million dollars, and for 2012, they were \$4, 123 million dollars (Morningstar, 2014). Looking at the change over the three periods there has been a steady decline in revenues from year to year, and the change in dollars from the previous period to this period is \$49 million dollars less.

Veritiv's total current assets for the most-current reporting period are \$871 million dollars; the previous reporting period they had total current assets of \$882 million dollars (Morningstar, 2014). The importance of this information to potential investors would be this numbers indicate how much, cash a company can access quickly in a year or less. As to the importance to employees, they can use this information to see if the company has enough liquidity to survive the downturn in the market. additionally if the company can create a better footing in the market. just as Xpedx did in their merger with Unisource that created the new company Veritiv; giving both companies a stronger position in the markets we serve.

Additionally, these numbers help customers to determine if the company is sound enough to buy their products. Likewise, to suppliers in selling to the company the supplies and equipment the company requires it to maintain a working business. Similarly, Stockholder can utilize this information to see how sound the company is financially and also to tell how the company's management is handling cash flow. Moreover, it can help stockholders determine if there needs to be a change in top management in order to change the direction the company is heading. Let us not forget about company managers and how the usefulness of knowing total current assets of their company can be.

They can use this information to formulate different types of plans; such as it a good time to roll out a new product or redesign an old one. Likewise, is it time to produce less or shut down an inferior producing product or line of product that are no longer selling as well as they had been. Likewise, if new equipment can be added or old equipment can be updated, or the purchase <https://assignbuster.com/financial-reporting-problem-essay-sample-report-samples/>

of a need building is feasible, and still is able to meet the needs of suppliers, creditors, customers, employees, and stockholders. Furthermore, this information is of importance to the community in which the company does business, as it shows if the company is going to sustainable of the long run and not just a flash in the pan business that is here one day and gone in a year or two. Communities like to deal with companies that are going to be a long-term fixture in the community because of tax revenue received from a prospering company and the aid to the local citizens in employment opportunity.

References

Morningstar. (2014). Veritiv Corp, VRTV. Retrieved from [http://financials.morningstar.com/balance-sheet/bs.html? t= VRTV®ion= usa&culture= en-US](http://financials.morningstar.com/balance-sheet/bs.html?t=VRTV&ion=usa&culture=en-US)

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