

Financial report on the pepsico

[Business](#), [Company](#)



This is the financial report on the PepsiCo, Inc. In the following report we analyse the financial position of the company and its financial reporting standards. We elaborate on how clear, comprehensive, and helpful the financial statements are for its users and investors. We also tackle the critical appraisal of accounting policies used by the company and its market size and influence. In the report we reveal a detailed analysis of the company's financial performance and its history and future value. In conclusion we verify that the company financial reporting procedures and accounting standards are in accordance with the generally accepted accounting principles (GAAP).

Chapter I - Introduction a. Objective Our objective is to present an analytical review of the financial position and reporting of PepsiCo, Inc. PepsiCo is a world leader in convenient snacks, foods, and beverages, with revenues of more than \$35 billion and over 168, 000 employees. PepsiCo owns some of the world's most popular brands, including Pepsi-Cola, Mountain Dew, Diet Pepsi, Lay's, Doritos, Tropicana, Gatorade, and Quaker. Brands are available worldwide through a variety of go-to-market systems, including direct store delivery (DSD), broker-warehouse, and foodservice and vending.

PepsiCo was founded in 1965 through the merger of Pepsi-Cola and Frito-Lay. Tropicana was acquired in 1998 and PepsiCo merged with the Quaker Oats Company, including Gatorade, in 2001. PepsiCo (symbol: PEP) shares are traded principally on the New York Stock Exchange in the United States. The company is also listed on the Amsterdam, Chicago and Swiss stock exchanges. PepsiCo has consistently paid cash dividends since the corporation was founded.

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1PepsiCo's mission is " To be the world's premier consumer products company focused on convenient foods and beverages. They seek to produce healthy financial rewards to investors as we provide opportunities for growth and enrichment to employees, business partners and the communities in which we operate. And in everything what they do, they strive for honesty, fairness and integrity." In our review we will present the financial picture of PepsiCo, Inc., market size and influence it has. We will critically analyze and compute necessary financial ratios of the company and present by numerical data and theoretical analysis to review a depth financial position of the company and its market share.

b. History

2Pepsi-Cola was first made in New Bern, North Carolina in the United States in the early 1890s by pharmacist Caleb Bradham. In 1898, " Brad's drink" was changed to " Pepsi-Cola" and later trademarked on June 16, 1903. There are several theories on the origin of the word " pepsi". The only two discussed within the current PepsiCo website are the following: (1) Caleb Badham bought the name " Pep Kola" from a local competitor and changed it to Pepsi-Cola. (2) " Pepsi-Cola" is an anagram for " Episcopal" - a large church across the street from Bradham's drugstore. There is a plaque at the site of the original drugstore documenting this, though PepsiCo has denied this theory.

Another theory is that Caleb Badham and his customers simply thought the name sounded good or the fact that the drink had some kind of " pep" in it because it was a carbonated drink, they gave it the name " Pepsi". As Pepsi

was initially intended to cure stomach pains, many believe Bradham coined the name Pepsi from either the condition dyspepsia (stomach ache or indigestion) or the possible one-time use of pepsin root as an ingredient (often used to treat upset stomachs).[citation needed] It was made of carbonated water, sugar, vanilla, rare oils, and kola nuts. Whether the original recipe included the enzyme pepsin is disputed.

In 1903, Bradham moved the bottling of Pepsi-Cola from his drugstore into a rented warehouse. That year, Bradham sold 7, 968 gallons of syrup. The next year, Pepsi was sold in six-ounce bottles and sales increased to 19, 848 gallons. In 1924, Pepsi received its first logo redesign since the original design of 1905. In 1926, the logo was changed again. In 1929, automobile race pioneer Barney Oldfield endorsed Pepsi-Cola in newspaper ads as " A bully drink... refreshing, invigorating, a fine bracer before a race".

In 1929, the Pepsi-Cola Company went bankrupt - in large part due financial losses incurred by speculating on wildly fluctuating sugar prices as a result of World War I. Eight years later, the company went bankrupt again. Pepsi's assets were then purchased by Charles Guth, the President of Loft Inc. Loft was a candy manufacturer with retail stores that contained soda fountains. He sought to replace Coca-Cola at his stores' fountains after Coke refused to give him a discount on syrup. Guth then had Loft's chemists reformulate the Pepsi-Cola syrup formula.

Headquartered in Purchase, New York, The Pepsi Cola Company began in 1898 but it only became known as PepsiCo when it merged with Frito Lay in 1965. Until 1997, it also owned KFC, Pizza Hut, and Taco Bell, but these fast-

food restaurants were spun off into Tricon Global Restaurants, now Yum! Brands, Inc. PepsiCo purchased Tropicana in 1998, and Quaker Oats in 2001. c. How we collected the information The source of information for our project is from the company's web site, government web sites and other organizations, Wall Street Journal, SBF 250 quotes, Euronext 100 quotes, Dow Jones quotes, Business week, News week, New York Times and BBC News (Online) and other sources including competitor's web sites and publications.

On the 5th of April we (Alexander Pazniak, Mikolai Lukashuk, Taras Tymtsias) decided to start working on our final report for the Principles of Accounting. It was very difficult to choose company with good access to annual reports and financial statements in the Internet. First we decided to write about Nestle, we found all necessary information about this company, but when we started search annual reports of competitors of Nestle, that's become a big trouble, we didn't find any information of main competitors. After few hours of discussion we decided write about PepsiCo, Inc. We also found quite complete information about Pepsi and its financial statements. That was Thursday and in the evening we were going home to week-long Easter holiday. And by the end of our meeting we divided our project into three parts for each member of our group.

After long break on the 16th of April we met in the library. Alexander was looking for all information concern the history of the chosen company, its market, production and strategy. Mikolai and Taras were collecting all useful financial statements and information about possible competitors. We used

websites like [www. pepsico. com](http://www.pepsico.com), [www. google. com](http://www.google.com), [www. mail. ru](http://www.mail.ru), [www. coke. com](http://www.coke.com), [www. yandex. ru](http://www.yandex.ru), [www. hoovers. com](http://www.hoovers.com). We determined one main competitor of Pepsi: The Coca-Cola Company.

On the 20th of April we gathered in order to summarize all we already had. We also were looking for articles about PepsiCo on line. We found some on [www. bbcnew. com](http://www.bbcnews.com), [www. bizrate. com](http://www.bizrate.com), [www. newyorktimes. com](http://www.newyorktimes.com), [www. businessweek. com](http://www.businessweek.com) and Wall Street Journal. Mikolai and Alexander calculated financial ratios for the years 2004, 2005 and 2006 for PepsiCo, Inc. and The Coca-Cola Company.

Taras was also trying to find the price of shares for these four luxury companies. By the 7th of May we already had all required information. On the 10th of May we met at Sasha's place and started working on the first page of our final report. In two days we finished doing history of the company and we determined our objective. The most difficult part took Taras and Mikolai two evenings - to analyze all data and make a conclusion. We finished our final project on the 21st of May. And today is 21st and we are doing this page. Now we are happy and satisfied with our magnificent work!