

Analysis case: coca-cola company

Finance



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Equity Methods Investments Equity Methods Investments The Coca-Cola Company represents the largest beverage company globally. The company produces and sells more than 500 brands of non-alcoholic beverages. The Coca-Cola Company has several investments; which includes the significant equity method investments.

Significant equity method investments entail investments in companies that Coca-Cola Company does not control and account for; at either the fair value or the cost method. The equity method enables Coca-Cola to analyze carrying values of investments.

The procedure for applying for equity method investments, by the Coca-Cola Company, entails equity investments at fair value. These are divided into trading securities, and available for sale securities. The realized or unrealized gains or losses on the trading securities or realized gains/losses on the available for sale securities should be included in the net income. The unrealized gains/losses, the net deferred taxes on the, for sale securities are added in the consolidated balance sheets as part of the accumulated other comprehensive income or loss.

Description of equity method application entails several issues. The trading securities are recorded as other assets or marketable securities in the consolidated balance sheets. Available for sale securities are represented as marketable securities or the other investments. This is done in the consolidated balance sheets; depending on duration of time of the investments.

The Coca-Cola Company reported an equity income of \$602, 000, 000 at the financial period ending December 31st, 2013. This represents an income decrease of \$217, 000, 000; from the December 31st, 2013 income of \$819, <https://assignbuster.com/analysis-case-coca-cola-company/>

000, 000.

Coca-Cola FEMSA, S. A. B., de C. V., have a fair value of \$7, 098, 000, 000 and a carrying charge of \$2, 247, 000, 000. Coca-Cola Amatil Limited has a fair value of \$2, 359 and a carrying charge of \$854, 000, 000. Coca-Cola HBC AG has a fair value of \$2, 429, 000, 000 and a carrying charge of \$1, 467, 000, 000. Coca-Cola Bottling Co. Consolidated has a fair value of \$182, 000, 000 and a carrying charge of \$85, 000, 000.

The investments in securities that the company is capable of holding at maturity analyzed as amortized costs. Investments in securities that are not held to maturity are analyzed at fair value.