

Sample essay on finance

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



Financial Structure: Caterpillar Inc v/s Union Pacific Limited

About the report:

In this report, we will compare the source of funding and financial position of two companies, i. e. Caterpillar Inc and Union Pacific Limited. The purpose of this report is to find out the difference between the financial structure of the two companies.

Union Pacific Limited:

Referring to the balance sheet of the company and accompanied note 14 of the financial statements, we notice that at the time of its latest annual reporting, the company had a mixed proportion of debt and equity in its capital structure.

Debt Position:

As for the debt position, the company had the total long term debt outstanding worth \$8827 million. Below is the abstract of the composition of the debt position of the company:

Note 14 of the financial statement also state that of the total debt, debt worth \$100 million was reclassified as long term debt as their intent to reclassify some of the short term debt on a long term basis.

Equity Position:

As for the equity position, by the end of December 31st, 2013, the company had total shareholder equity of \$21225 million that majorly comprised of retained earnings worth \$25288 million and issued share capital of \$1387

par value. In addition, the statement also indicates that the company had total repurchased stock (treasury stock) worth -\$8910 million.

Illustrating equity position of Union Pacific Limited:

Referring to the consolidated statement of change in equity, we find out that the total repurchased shares by the company are 98.8 Million. In addition, over the years, the company has refrained from issuing additional equity and the source of additional funds has been through retained earnings that by the end of 2013 amounted to \$25288 million. Below is the abstract from the annual filing of the company illustrating the composition of equity and financing sources of the company:

Caterpillar Inc:

Referring to the balance sheet of the company and accompanied notes to the financial statements, we notice that by the time of its latest SEC filing (December 31st, 2013), the company had a mix position of debt and equity and the same is discussed below:

Debt Position:

Referring to the balance sheet of the company, we find that by the end of 2013, the company had a total debt position of \$25312 Million. Additional information about the debt position of the company was provided in Note 8 to the financial statements that disclosed that during 2013, the company issued medium term notes worth \$3.99 Billion both at fixed as well as floating interest rates. Below is the abstract illustrating the debt composition of the company:

Equity Position:

Referring to the balance sheet of the company, we noticed that by the end of 2013, the company had total common equity of \$4011 Million that majorly comprised of retained earnings worth \$3024 Millions. As for the issue of shares, the company had issued only one share at its par value. Below is the abstract from the annual report, illustrating the composition of total common equity of the company:

Works Cited

" SEC 10 K Filing- Union Pacific Limited." 5 November 2014 .

" SEC 10K Filing- Caterpillar Inc." 5 November 2014 .