

# [Annual report analysis for adidas](https://assignbuster.com/annual-report-analysis-for-adidas/)

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## Introduction

Adidas is a name brand that most people know about.

Have you ever wondered though, what goes on behind the scenes? Well, that is what is going to be discussed in this paper. Some of the main ideas we are going to look are who the auditors are, the trends in assets and liabilities, the largest assets and liabilities, the types of stocks that are available, the type of income statement that is used, the trend of net income, the type of cash flow statement that is used, and the two largest items included in cash from investing. The purpose of this document is to get you better informed on the current standing of the Adidas Corporation.

Annual Report Analysis of Adidas Let’s first discuss who the auditors are and what opinion they have on the company’s financial statements. Auditors The KPMG AG group is who audits Adidas. They audited Adidas on Feb. 15, 2011. Kozikowski & Wolper (2010) stated, “ In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a HGB and give a true and fair view of the net assets, financial position and profit or loss of the Group in accordance with these requirements.

The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development. ” So, yes the auditors provide a clean opinion the financial statements. In the auditor’s opinion, the company complied with all the standards that were required. So, have there been any subsequent events that have had a material effect on the financial statements? Let’s take a look. Subsequent Events

Since the end of 2010, there have been no significant organization, management, economic, socio-political, legal or financial changes that have had a material effect on the financial statements. This shows that this is a stable group that can be relied on. Now, let’s see what kind of trends in assets and liabilities there have been in the past two years. Trends in Total Assets and Total Liabilities At the year of the fiscal year in 2008 Adidas group had € 9, 533, 000, 000 in total assets. Now, at the end of the 2009 fiscal year, Adidas group had € 8, 875, 000, 000 in total assets. This is a 6. % drop in total assets. At the end of 2008 fiscal year, Adidas group had € 6, 133, 000, 000 in total liabilities; and at the end of the 2009 fiscal year, Adidas group had € 5, 099, 000, 000 in total liabilities. That is a € 1, 034, 000, 000 change in liabilities. The current ratio for the 2008 fiscal year was 1. The current ratio for the 2009 fiscal year was 1. What were the three largest assets and liabilities? Let’s see. Three Largest Assets and Liabilities for Recent Year The three largest assets for the 2009 fiscal year were the following:

* Cash and cash equivalents
* Accounts Receivable
* Inventories

1. The three largest liabilities for 2009 fiscal year were the following:
2. Long-term borrowings
3. Accounts payable

Accrued liabilities Now that we know what the three largest assets and liabilities Adidas group has, why don’t we look at their stock options. Stock Options Adidas group offers registered no-par value shares. There are currently 209, 216, 186 shares outstanding at the end of the 2010 fiscal year. Income Statement Adidas group uses a multi-step income statement. There were no separately reported items. Gross profit dropped by 10. 4% and operating profit dropped by 52. 6% between 2008 and 2009 fiscal years.

Net Income Adidas group had a major drop in net income between the 2008 and 2009 fiscal years. At the end of the 2008 fiscal year, net income was € 645, 000, 000. At the end of the 2009 fiscal year, net income was € 245, 000, 000. This was a 61. 9% drop. The main reason for such a drastic drop in net income was a decrease in sales and financial income. Comprehensive Income Adidas group had net loss of €132, 000, 000 in 2009 and a net gain of €149, 000, 000 in 2008 on cash flow hedges. Also, there was an actuarial loss of €12, 000, 000 in 2009 and a gain of €2, 000, 000 in 2008 of defined benefit plans and asset ceiling affect (IAS 19).

Direct or Indirect Cash Flow Statement Adidas group uses the direct method because on the cash flow statement they report disbursements from operating activities. Items Included in Cash from Investing Activities The two largest items in cash from investing activities are the following: \* Proceeds from sale of property, plant and equipment \* Proceeds from sale of other intangible assets The proceeds from the sale of property, plant and equipment brought in €16, 000, 000 in net cash in 2009 and €27, 000, 000 in 2008. The proceeds from the sale of other intangible assets brought in €10, 000, 000 in 2009 and €8, 000, 000 in 2008.

These numbers are net cash. Summary So, we have learned that the Adidas group that they offer registered no-par value stock. There were major differences between 2008 and 2009 when it came to net income. They made a lot moremoneyin 2008 than they did in 2009. They use the direct method when it comes to cash flow statement. The corporation uses the multi-step income statement. Total assets and liabilities both declined from the 2008 fiscal year to the 2009 fiscal year.

## Works Cited

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