

Example of research paper on financial statements

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



Introduction

Financial statements are formal reports that summarize the key financial transactions and resources owned by a business. They are usually prepared on an annual basis. This paper seeks to evaluate and compare the financial statements of two companies in the beverage industry; Coca cola Company and Dr Pepper Snapple Group Inc. The U. S Securities and Exchange Commission has listed both Coca cola Company and Dr Pepper Snapple Group Inc. under the Standard Industrial Classification (SIC) number 2080; which is the code for the beverage industry. This paper seeks to list and explain the long term assets of both Coca cola Company and Dr Pepper Snapple Group Inc. It further seeks to evaluate the assets they have in common and those that distinctive to each business. This paper will rely on the annual reports for the two companies for the financial year that ended in 2012.

Non-current Assets

Non-current assets of Coca Cola Company totalled \$ 3, 790. 9 million. Long term assets of Coca Cola Company include; long term deposits valued at \$ 150 million, other receivables valued at \$ 3. 6 million, investments in bottlers' agreements valued at \$ 905. 2 million, property plant and equipment valued at \$ 1, 993. 8 million, prepayments valued at \$ 19. 8 million, defined benefits superannuation plans valued at \$ 15 million, derivatives valued at \$ 50. 4 million and other financial assets valued at \$ 24. 4 million.

Long term assets of Dr Pepper Snapple Group Inc include; investment in

unconsolidated subsidiaries valued at \$ 14 million, property plant and equipment valued at \$ 1, 202 million, other non-current assets valued at \$ 580 million and non-current deferred tax valued at \$ 130 million.

Notes to the Financial Statements on Long Term Assets

Notes to the Coca Cola Company financial statements show that investments in bottlers' agreements indicate an on-going relationship between Coca Cola Company and the Group. Its value increased by \$ 5. 6 million due to a positive net change in the net foreign currency movement. Property plant and equipment comprised of freehold land, freehold land and buildings, plant and equipment, and property, plant and equipment under construction. Changes in the value of property plant and equipment were occasioned by additions, depreciation and impairment, disposals, net foreign currency movements and reclassification. The value of other receivable under non-current assets was carried forward from the previous year. Defined benefits superannuation plans comprised of both defined benefit plan and defined contribution plan. Property plant and equipment of Dr Pepper Snapple Group Inc comprised of buildings, buildings improvements, machinery and equipment, vehicles, cold drink equipment and computer software. Depreciation was computed on a straight line basis. Changes in the value of property plant and equipment were occasioned by additions, depreciation and impairment, disposals, net foreign currency movements and reclassification. The company also periodically reviews its assets for impairment basing on the excess of the carrying amount of an asset over its fair value. Derivatives comprised of forward exchange rate and interest contracts. Other assets comprised of

pension and postretirement benefits, income taxes, risk management programs, revenue recognition and customer marketing incentive programs.

Long Term Assets Held by the Companies In Common

Assets held in common by Coca Cola Company and Dr Pepper Snapple Group Inc includes property plant and equipment, pension and postretirement benefits and investment in bottler's agreements. In companies, property plant and equipment comprises of freehold land, buildings, plant and equipment. However, Dr Pepper Snapple Group Inc has also classified motor vehicles and computer software under property plant and equipment. In both companies, Changes in the value of property plant and equipment were occasioned by additions, depreciation and impairment, disposals, net foreign currency movements and reclassification. Both Companies had pension and postretirement benefits. Coca Cola listed pension and post-retirement benefits as a separate item under non-current assets. However, Dr Pepper Snapple Group Inc included it under other non-current assets and disclosed it in the notes to the financial statement. In both companies, pension and postretirement benefits comprised of both defined benefit plan and defined contribution plan. Lastly, both companies had investment in bottler's agreements. However, it is interesting to note that whereas Coca Cola disclosed investment in bottler's agreements as a separate item under non-current assets; Dr Pepper Snapple Group Inc included it under intangible assets as revealed in the notes to the financial statements.

Long Term Assets Distinctive to Each Business

There are certain long term assets that are distinctive to each business. Coca Cola Company had Long term deposits and other receivables classified under long term assets which are non-existent in Dr Pepper Snapple Group Inc. The notes to the financial statements of Coca Cola Company did not disclose the nature of long term deposits. Other receivables were receivables from unrelated parties. Long term assets distinct to Dr Pepper Snapple Group Inc. include; computer software, risk management program, revenue recognition and customer marketing incentive programs.

Conclusion

Coca cola Company and Dr Pepper Snapple Group Inc have several long term assets in common. However, some common assets have been classified differently by the two businesses. They also have some assets that are distinct to each business.

References

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