**Chapter 11 Current Liabilities**

Comparative Analysis Problem: PepsiCo®, Inc. versus the Coca-Cola Company

**ANS:a)** At December 26, 2015 PepsiCo’s largest current liability account was Account Payable with $ 5,546 million. And its total current liabilities were $ 13,507 million. Whereas, at December 31, 2015 Coca-Cola’s largest current liability account was of Trade and other payables with $ 1,239.6 million. And its total current liabilities were $ 2,001.3 million.

**B) 1)** Working Capital = Current assets − Current liabilities.

In 2013 the value of PepsiCo’s Working Capital was $(22,203 −17,839=4,364) million.  
In 2013 the value of Coca-Cola’s Working Capital was $(19,229 −14,386=4,836) million.

**2)** Current ratio = Current assets ÷ Current liabilities.

In 2013 the value of PepsiCo’s Current ratio was $(22,203/17,839=1.2:1) million.  
In 2013 the value of Coca-Cola’s Current ratio was $(19,229/14,386=1.3:1) million.

**C)** Working Capital measures company’s overall performance and efficiency. As working capital for both companies is positive this indicates that these companies are in position to pay-off their short term debt immediately. Current ratio measures whether a company is able to cover its short-term debts by selling its current assets or not. As both of the companies are having current ratio of greater than 1 means that these companies are in good position to cover short-term debts. Coca-Cola is more efficient than PepsiCo because working capital value and current ratio of Coca-Cola is higher than of PepsiCo.

Liquidity Measurement Ratios: Current Ratio  
Roger Wohlner - https://www.investopedia.com/university/ratios/liquidity-measurement/ratio1.asp