**COCA COLA**

**BUSINESS REPORT**

**Name of writer**

**Name of Institution**

**COCA COLA**

**BUSINESS REPORT**

**Answer 1**

Accounting and finance play a vital role in the successful implementation of the accounting policies. The layman thinks them as being the same department. However the fact of the matter is that these two are distinct departments performing completely different but interrelated duties. In the following lines we see some principle of both the departments.

**Organize Finances**

The basic financial management principle is that the organization should organize the finances. This statement means that the company should prepare such a set up that allows it to maintain a proper and easy to use accounts set. This can be done with the help of some software. It is even more important for a big company like Coca Cola. The company is a huge corporation. Thus the chances are higher that the company will go to loss in case poor financial management techniques are applied. This aspect helps the company to save time and spend the saved time can be used in the strategic type of issues.

**Spend Less than the Earning**

This statement is true for both the personal and corporate finance aspects. The company however big it may be. The finance generating capabilities will be limited. The company should focus on the various aspects of the overall operations. The company can either keep the profits as retained earnings or it can declare some dividends for the company shareholders.

**Put the money to work**

The money available should be put to earning some extra amount with the help of investment. The company should choose the investment options that are paying reasonable amount of profit. In this regard the overall economic situation in which the company is working should be assessed. In a market that is not performing well, a lower rate of return will be acceptable for the investors in the company.

**The debt should be restricted**

The debt that is to be taken, should be restricted to purchase those assets that are generating considerable income for the company. The debt should be used to produce at least that much money that is sufficient to pay the amount of expenses on debt.

**Learn quick and continuous**

The external environment of the company is changing very quickly. So are the requirements on the part of the company to tackle the challenges offered. The financial management plays an important role in the company when it is trying to adapt to these changes. The financial management department will have to consider the Impact of these changes and the steps necessary to minimize the adverse impacts of these changes on the company. The financial management department will also have to collaborate with the other departments to gain knowledge about the various aspects of the external environment.

**Understand Risk**

A huge portion of the text and practice in the financial management is focused on the risks attached to the various aspects of the business. The risks can vary in types and the intensity. Some risks are of immediate nature and have to be catered accordingly. The financial management department will have to see in detail the various types of risks that can hurt the company in the short as well as in the long run. In this regard the company has made some clear policies to manage the risks. The board of directors is directly involved in the process and the reporting is also done to them. The company has formed different committees to look after the different kinds of risks. The policy made considers all kinds of business risks. However the materiality aspect has to be considered while deciding on a risk. This concept applies that the risk should be such that it has some material effects on the business operations. The risks assessment is done by the internal; and external audit departments which are independent of each other. These departments provide a true and clear picture to the users of the report about the current scenario regarding the risks.

**Plan for the unexpected**

The company has to keep a close eye on the happenings around. The major aspect of this point can be diverted to the government actions that affect the company. The government may impose extra taxes or some other regulations that may affect the businesses.

***Answer 2***

The company has paid the due heed to the ethical issues. In this regard, the company has put up some certain framework that helps it to attain the goals that it has set up. The board of directors play a vital role in the making and implementing this policy. The company tries to work within the limits of the law and ethics as specified by the respective societies. The company also refreshes the knowledge of the employees through various courses on the subject. The ethics issues are generally reported directly to the board of directors. These directors communicate with all the other concerned parties. The company is also working to ensure that the accounting processes are sustainable over a longer period of time. The company is working on many projects for the subject outcomes to be achieved. The company wants to show practically what steps have been taken to increase the involvement in the sustainability area. The company is making such policies and implementing such decisions that will allow the provisions for certain amount of risks involved. These include the economic, environmental and social risks faced by the company. The company will play an active role in the making of such policies and laws that will help in maintaining a sustainable accounting system. The company will improve the correctness of the financial statements especially those areas which have the capital expenses involved. The concept of sustainability will be embedded into the overall company processes. The company will lead the efforts for the sustainability improvements across the companies. The special focus will be to improve thee roles that the financial heads play in this regard. The information that is related to the sustainability issues should be properly communicated to all the parties concerned. In the line of accounting and finance, the most important part is played by the investors. Thus the company does inform the investors on the present policies as well as the future developments at sight for the sustainability aspects. The points to ponder about the ethical issues are continuously reinstated with the help of refresher courses and meetings. The business conduct standards set up by the company are very high and the company works harder to achieve the given standards. The independency of the internal; and external departments will be maintained by keeping the direct reporting line between the audit head and the top management of the company.

***Answer 3***

The markets have shown enough changes in the prices of various stocks. The changes of prices put extra pressures on the investment departments run by the big organizations. These managers have to keep an eye on the various aspects or factors that affect the investment decisions. The regulations in the US have affected both the investors and the managers in a way that there are ever increasing number of options available to invest in. The role of the managers is that they have to state clearly the extent to which they are going to focus the short term rather the long term investment option. A clear debate can be considered in this regard involving the various stakeholders. A stakeholder is any outsider that is directly or indirectly affected by any of the nosiness decisions. The stakeholder analysis is very important in this regard because the different time spans on the investments affect different stakeholders. Thus if we talk abut the shareholders, we see that the y would prefer the company to indulge in short term high return investments. They will get the maximum return on their money invested in the company. The other stakeholders such as customers are concerned, they will need the company to focus on the long term investment. This debate can also be studied while considering some other stakeholders. The ethical issues in this respect may relate to the true, fair and accurate reporting of the investment options taken on. The coca cola company is the one that knows how to adjust to the changes in the environment. This is a form of long term investment in the people. The US people are very much attentive to the health concerns. The company reacted to this change by coming up with a diet version of the classic coke version. The company has also introduced the various alternatives for soda. All these efforts are long term and will allow the company to prosper over a period of time.

***Answer 4***

*Financial Analysis*

The company financial analysis will include the vertical and horizontal analysis of the company financial ratios. The following ratios will be used to assess the situation of the company. These ratios will be calculated for the current year as well as some comparison will also be undertaken against the figures of the last year. This will provide the insight into the comparisons of the various aspects for this year and the last year.

CurrentRatio:   
The current ratio is calculated by dividing the current assets of the company by the current liabilities. The figure that comes up shows the ability of the firm to pay its short term loans. The figure practically shows the available amount of current assets against every dollar of the current liabilities.

Current Ratio = Current assets/Current liabilities

47125/30821

1.52

This figure shows that the company has $ 1.52 of current assets against each dollar of the current liabilities. This shows a good position. However the figure for the company in the year 2017 was 1.34. This shows an improvement on the part of the company.

Quick Ratio:

This is calculated by dividing the amount of quick assets by the current liabilities. This will mean that the immediate short term debt paying ability will have to be studied.

Quick Ratio = Quick Assets/ Current liabilities

29064/30821

0.95

This amount shows that the company has $ 0.95 available of the quick assets against every dollar of the current liabilities. This also means that the company will not be able to pay off the short term debts if the y get due. The same ratio was 0.87 for the last year. This shows an improvement in the overall short term debt paying ability of the company.

Receivables Turnover in times

This comes under the operations section. This shows the number of times the organization is collecting the receivables in a given year. This amount is important to see the cash operating cycle of the company. The company has to pay off the payables as well so the company should keep an eye on this figure. The company should manage it in a way that the number of days for receivables are less as compared to the number of days on the payables. This will create the safety gap for the company.

Receivables/ sales

9.89

This shows that the company is able to collect the amounts from the debtors 9.89 times in a year. Last year the same figure was 10.35. Thus the company has slowed down in the operations section.

Receivables Turnover in days

The number of times that the organization will collect the receivables is kept in denominator and 365 is kept in the numerator. The answer to this fraction will give the number of days required to collect receivables. Same care should be shown in the management of this ratio as was discussed in the turnover in times.

365/9.89

36.90

This shows that the company takes 37 days on the average to complete its operating cycle. Last year it was 35 days.

Inventory turnover in times

This ratio shows the operating cycle of the company. The time taken by the company from final production to sale. This is important because the company inventory has certain storing costs. This cost has to be minimized by properly using this ratio.

Cost of goods sold/ inventory

23512/3564

6.6

This shows that the company is rotating the inventory 6.6 times in the year. In other words we can say that the company Is able to sell the whole inventory 6.6 times in the year. Last year this value came out at 6.8. This mean that the company has declined a little bit in this aspect.

Inventory turnover in days

This shows the number of days taken to fully utilize the inventory. This is also a measurement of the efficiency of operating cycle.

365/6.6

55

The above figure shows that the company takes 55 days on the average to complete the operating cycle. In the past year this figure turned out to be 50. Thus the company has deteriorated in performance in this regard. This will also affect the ability of the company to pay the short term creditors.

Gross Profit margin

This is calculated by dividing the gross profit by the sales. This shows the amount of gross profit per unit of sales made.

Gross profit/ sales\*100

28931/46001\*100

62.01

This ratio shows that the company is earning 62% gross profit over sales. The same figure was 59% last year. Thus the company has improves in this regard.

Net profit margin

This is calculated by dividing the net profit by the amount of sales. This will give the amount of net profit against each dollar of sales made.

Net profit/sales\*100

18645/46001

41

This value shows that the company is earning 41% net profit over sales. The value was 43 last year thus the company has declined in this aspect.

Earnings per Share

This ratio is important from the point of view of investors. The higher earnings per share will mean that the company is paying higher amount of money to the shareholders. This will however mean that the company is not retaining much of its earnings. This may prove a little dangerous for those who see the long term aspects of the company. The earning per share for the company in the year 2017 was $ 1.58. This figure was $ 1.56 in the last year. This shows a slight improvement by the company.

Answer 5

The coca cola company has two operational groups namely the corporate and bottled investments. The company runs in matrix and vertical structures. The problems arise when the decisions made at the top levels have to be implemented in the markets that are outside of the US. The company then has to face the differences in the accounting and financial systems. The company used the consolidation system for reporting of operations of its various parts. These changes have affected the proportionate share in the profit contributed by all the entities. The accounting information is an important tool to assess the situation of the company when the external and internal stakeholders are considered. The information from the internal perspectives can be judged to see if there are any specific threats to the company. The steps can be taken to cover against them. The trends in the accounting information however cannot be seen in isolation. The accounting department is a part of the organization and in the broad sense of the society. The company should keep in view the stakeholders that are or can be affected by this information. The company should then try and cater the rights of most of these. If we talk about the financial management aspect, almost similar considerations have to be undertaken by the managers in this field. There will be a slight difference in the way these departments handle the information available. The accounting department will prepare the books of accounts, they will ensure that the books contain enough information to help the stakeholders to understand them. There is also a need of full disclosure on the part of the company. The financial management department however will have to analyze the financial information. It will deliver the analytical assessment of the accounting records to help the stakeholders to take critical investment and other decisions. This information will be useful for the internal; and external stakeholders. The internal stakeholders will use the information to assess the extent to which it has adhered to the goals and objectives. The society as an external stakeholder will assess the information about the extent to which the company is adhering to the environmental principle.

# References

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