

FIN-510 Assignment 4

Uber (UBER)

Does the company have one or more codes of ethics? To whom does each apply? What are the major provisions of the codes? Does each company follow its codes in practice? If not, how does their practice differ?

Uber is governed by one code of ethics. It exists to defend the idea that everyone deserves to be treated with respect, fairness, and decency. Uber rejects all forms of degrading treatment, neither uses nor supports slave labor or human trafficking, and it strongly condemns any sort of abusive behavior toward workers.

Who are the company's auditors? How much were they paid for the audit?

The independent auditor for Uber is PricewaterhouseCoopers. An Uber Auditor's yearly compensation is anticipated to be \$86,726. The hourly wage for auditors at Uber is \$1,958 higher than the national average.

Please Determine the Altman Z, Beneish M and Ohlssen O scores for the company. What are their significance?

Uber Technologies has an Altman Z-Score of -0.00, which indicates that it is in a distressed state. According to this, bankruptcy may happen within the next two years.

Investors can evaluate the risk associated with corporate credit using the Altman Z-score Plus tool. Companies with scores above 3 are less likely than those with scores below 1.8 to file for bankruptcy, which shows bankruptcy likelihood.

The eight elements required to construct the M-Score are identified using data from the firm's income statement, balance sheet, and cash flows. The amount by which the company had manipulated its results was then calculated using the M-Score.

If the firm being evaluated has a Beneish M-Score less than -2.22, it is not a manipulator.

Beneish M-Score values greater than -2.22 may indicate that the corporation is the manipulator.

The model's output shows a Beneish m-score of -1.78, which is exactly what is needed to pass. The O-goal score is used to predict whether or not a company will likely declare for bankruptcy soon. As a result, the Ohlson bankruptcy model evaluates the distress risk. This type of projection is only created using the Ohlson model using publicly available financial facts about a corporation.

Discuss any issues with the company's financial reporting or business practices that have or may lead to enforcement actions for legal or regulatory violations, or ethical breaches.

Transport for London ("TfL") placed Uber under administrative suspension in 2017 because of concerns about the company's erroneous operating license and potential harm to public safety. TfL suspended Uber's operating authorization once again in 2019. Uber, on the other hand, won a legal fight to keep operating in London until September 2020, when the judge concluded that the corporation no longer constituted a risk to public safety. The court later overturned its ruling and gave Uber a new 18-month license. Early in 2021, the UK Supreme Court finally put a stop to the lengthy legal struggle between Uber and its drivers (Aslam and others), affirming lower court judgements on Uber drivers' employment status.

Discuss the company's history, its period of greatest success, when it began to struggle and why.

Under the name Ubercab, the US-based ride-hailing firm Uber was established in 2009. Uber has become so well-known in the sharing economy that its aftereffects are known as uberization. In 2019, Uber's cab services had a staggering 67% of the market in the United States. While Uber's food delivery services had a 24% market share in 2018, Uber Eats is the company's food delivery service. Uber Cab's first nationwide growth occurred in 2011, which made the entire city of New York aware of its presence. Uber has experienced several milestones of success, discoveries, controversies, and expansion during the course of its ten-year journey, and these events combined have made Uber a household name. Uber cabs currently operate in more than 72 countries and provide you the choice to select from a variety of transport alternatives, including affordable trips, two-wheelers, cars, and SUVs. Uber is attempting to branch out into new industries by offering services like Uber Eats (food delivery) and Uber Freight (logistics). Uber is attempting to advance the field of self-driving cars once further through its Uber Advanced Technologies Group.

In 2022, Uber's mobility bookings will have fully recovered from 2019. This coincides with an increase of drivers. Due to the pandemic, Uber has suffered with supply and demand imbalances, which has resulted in surge pricing and longer wait times.

Evaluate the company's earnings quality. Is operating cash flow greater than net income year over year?

(In millions, except percentages)	Three Months Ended June 30,		% Change	% Change (Constant Currency ⁽¹⁾)
	2021	2022		
Monthly Active Platform Consumers ("MAPCs")	101	122	21 %	
Trips	1,511	1,872	24 %	
Gross Bookings	\$ 21,900	\$ 29,078	33 %	36 %
Revenue	\$ 3,929	\$ 8,073	105 %	111 %
Net income (loss) attributable to Uber Technologies, Inc. ⁽²⁾	\$ 1,144	\$ (2,601)	**	
Adjusted EBITDA ⁽¹⁾	\$ (509)	\$ 364	**	
Free cash flow ⁽¹⁾	\$ (398)	\$ 382	**	

According to their financial reports, operating cash flow is lower than net income.

Propose a brief strategic plan for the company's continued existence and success, focused on identifying the company's greatest challenges and needs, how the company has to change to meet those needs and challenges and how you would alter the company's current business model or practices to effect such changes.

Uber is facing a variety of challenges as it attempts to become profitable both locally and globally.

Uber's choice to categorize its drivers as independent contractors rather than employees has been called into question by the legal and judicial systems.

Changes in the law may also affect how much Uber pays in taxes; various governments have previously complained about how Uber avoids paying taxes. Several countries and airports have outright prohibited or severely regulated ride-sharing services.

As a result of certain authorities charging access or other special fees, Uber's rates are growing, making it less inexpensive than normal taxis.

In 2019, Thomas Cook one of the world's best known, largest and oldest travel companies, suddenly and without warning declared it was insolvent and went out of business. Please examine the company's last 3 annual reports. Is there anything in them that foreshadowed this result? If so, what?

With the promise of cost savings of £75 million annually and a platform from which to take on burgeoning internet rivals, that acquisition was meant to establish a European juggernaut. In truth, Thomas Cook was joining forces with a business that had only turned a profit once in the previous six years, and the merger left the combined entity with enormous debts.

The demise of Thomas Cook is not attributable to a decline in travel among Britons. Not at all: In 2018, 60% of people traveled abroad on vacation, up from 57% in 2017. Our approach to vacationing has altered, with city getaways now outpacing beach vacations by a wide margin.

According to Abta, the trade organization for travel agents, only one in seven of us currently visit a high-street travel agency to purchase a vacation. The majority of them are over 65, from poorer socioeconomic backgrounds, and have less disposable income.