**Balance Sheet Analysis – Liabilities:**

The liabilities section of the Balance Sheet show what the company has borrowed in the way of accounts payable and other obligations due to lenders. The liabilities are listed in order of maturity. The current liabilities are made up of obligations that must be settled within one year. The long-term liabilities are the obligations that will be due in more than one year.

Pepsi Co. Liabilities on the balance sheet as listed on the 10-K is as follows:

|  |  |  |
| --- | --- | --- |
| **Pepsi Co. Liabilities** | **2021** | **2020** |
| Short Term Debt Obligations | 4,308 | 3,780 |
| Accounts Payable and other current liabilities | 21,159 | 19,592 |
| Disposal Group, Including Discontinued Operations , Liabilities | 753 | 0 |
| Liabilities, Current | 26,220 | 23,372 |
| Long-Term Debt Obligations | 36,026 | 40,370 |
| Deferred Income Tax Liabilities, Net | 4,826 | 4,284 |
| Other Liabilities, Noncurrent | 9,154 | 11,340 |
| **Liabilities** | **76,226** | **79,366** |
| **Equity** | **16,151** | **13,552** |
| **Total Liabilities and Equity** | **92,377** | **92,918** |

Coca-Cola Liabilities on the balance sheet as listed on the 10-K is as follows:

|  |  |  |
| --- | --- | --- |
| **Coca Cola Liabilities** | **2021** | **2020** |
| Accounts Payable and Accrued Expenses | 14,619 | 11,145 |
| Loans and Notes Payable | 3,308 | 2,183 |
| Current maturities of Long-Term Debt | 1,338 | 485 |
| Accrued Income Taxes | 686 | 788 |
| Total Current Liabilities | 19,950 | 14,601 |
| Long-Term Debt | 38,116 | 17,601 |
| Other Noncurrent Liabilities | 8,607 | 9,453 |
| Deferred Income Tax Liabilities | 2,821 | 1,833 |
| **Liabilities** | **69,674** | **66,012** |
| **Equity** | **24,680** | **21,284** |
| **Total Liabilities and Equity** | **94,354** | **87,296** |

**Current Liabilities:**

As mentioned above, current liabilities are those obligations that are due within one year.

Total Current Liabilities for Pepsi makes up 39.4% of the total liabilities for 2021. When comparing the current liabilities of Pepsi to that of 2020 it was 29.4%. This shows that in terms of current liabilities for Pepsi Co. there was a 10% increase in the current liabilities from 2020 to 2021.

Total Current Liabilities for Coca-Cola makes up 28.6% of the total liabilities for 2021. When comparing the current liabilities of Coca-Cola to that of the previous year (2020) this was 22.1%. The difference between 2020 and 2021 in current liabilities compared to total liabilities is showing an increase of 6.5%.

When comparing the current liabilities of Pepsi for 2021 to that of Coca-Cola, Pepsi’s current liabilities are 10.6% higher than Coca-Cola. This leads me to believe that since Pepsi has a higher level of accounts receivables than Coca-Cola they may not to turn around their payables as quickly.

**Long-Term Debt:**

The long-term debt that is included on the balance sheet is any obligation that is due in more than one year’s time.

The total Long-Term Debt for Pepsi makes up 47.3% of the total liabilities for 2021 compared to 50.9% in 2020. Between 2021 and 2020 the long-term debt has decreased by 3.6%.

The total Long-Term Debt for Coca-Cola makes up 54.7% of the total liabilities for 2021 compared to 26.7% in 2020. Between 2021 and 2020 the long-term debt has increased by 28%.

From these comparisons of long-term debt between Pepsi and Coca-Cola, Pepsi was able to reduce their long-term debt in 2021 by 3.6%, showing that they have been working on paying off their debt and not adding to their outstanding long-term obligations. Whereas, in 2021 Coca-Cola increased their long-term debt by 28% showing they made more long-term obligations to improve areas of their business.

**Deferred Income Tax Liabilities:**

The deferred income tax liabilities is the amount of tax that is expected to be paid in the year for taxes.

When looking at the deferred income tax liabilities for Pepsi in 2021 this made up 6.3% of the total liabilities, whereas, in 2020 this was 5.3% of the total liabilities. This was a 1% increase from 2020 to 2021.

For Coca-Cola the deferred income tax liabilities for 2021 was 4.0% of the total liabilities. However, for 2020 the deferred income tax liabilities was 2.8%, a difference of a 1.2% increase between 2020 and 2021.

When comparing Pepsi to Coca-Cola, the deferred income tax liabilities between 2020 and 2021 both increase by approximately 1%. Pepsi’s tax liabilities are 2.3% higher than Coca-Cola’s for 2021, this leads me to believe that Pepsi has a higher taxable income than Coke for the year.

**Other Noncurrent Liabilities:**

The other noncurrent liabilities are those liabilities that will be settled in more than a year or further into the future and can include pension and other tax liabilities.

For Pepsi in 2021, the other noncurrent liabilities made up 12% of the total liabilities. The other noncurrent liabilities for 2020 was 14.3%. This is a decrease of 2.3% between 2020 and 2021. This shows that some of these liabilities have been paid during the year.

For Coca-Cola in 2021, the other noncurrent liabilities made up 12.4% of the total liabilities. The noncurrent liabilities for 2020 was 14.3%, a decrease of 1.9% between the years. Coca-Cola also paid off some of these noncurrent obligations during the year.

**Total Liabilities:**

Finally, when looking at the Total Liabilities in comparison to the Total Liabilities and Equity for both Pepsi and Coca-Cola for 2021, they both decreased their total percentages for the year. Pepsi’s total liabilities made up 82.5% of the total liabilities and equity compared to 85.4% in 2020. Coca-Cola’s total liabilities made up 73.8% of the total liabilities and equity compared to 75.6% in 2020. This leaves Coca-Cola having a higher percentage of equity than Pepsi.