# Week 2

**Ratio Analysis for Coca-Cola Company**

1. Download the annual reports for the years 2017 and 2016 available on the company

website. Identify the company’s Balance Sheet and Income Statement.

1. Analyse the financial performance of the company using ratio analysis (we start this week with profitability and liquidity ratios; we will complete the analysis of the ratios in the coming weeks).
2. Identify the closest competitor. Evaluate the financial performance of the company over time and with respect to the main competitor.

## Use the handout provided to summarise the results from the financial ratio analysis.

**Critically discuss the evolution of the company’s financial performance over time.**

**Critically discuss the company’s financial performance compared to competitors.**

**Recommendations for the assignment:**

* Identify a comprehensive set of financial ratios that allow you to analyse the financial performance of the company across different perspectives.
* Clearly show all the calculations.
* Discuss the financial performance of the company over time. Use tables and graphs to present your analysis.
* Use an objective criteria to identify the closest competitor of the selected company.
* Discuss the financial performance of the company with respect to the competitor. Use tables and graphs to present your analysis.

# Summary of the key financial ratios:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **COCA - COLA** | | | **PEPSI** | | |
| **Summary of financial ratio analysis:** | **2017** | **2016** | **2015** | **2017** | **2016** | **2015** |
| **LIQUIDITY RATIOS:** |  |  |  |  |  |  |
| Current Ratio |  |  |  |  |  |  |
| Quick Ratio (or Acid Test Ratio) |  |  |  |  |  |  |
| Cash Ratio |  |  |  |  |  |  |
| … |  |  |  |  |  |  |
| **PROFITABILITY RATIOS:** |  |  |  |  |  |  |
| Gross Margin |  |  |  |  |  |  |
| Operating Margin |  |  |  |  |  |  |
| EBIT Margin |  |  |  |  |  |  |
| Net Profit Margin |  |  |  |  |  |  |
| Return on Equity (ROE) |  |  |  |  |  |  |
| Return on Assets (ROA) |  |  |  |  |  |  |
| … |  |  |  |  |  |  |
| **LEVERAGE RATIOS:** |  |  |  |  |  |  |
| Debt/Equity Ratio |  |  |  |  |  |  |
| Debt/Capital Ratio |  |  |  |  |  |  |
| Equity Multiplier |  |  |  |  |  |  |
| Interest Coverage Ratio |  |  |  |  |  |  |
| …. |  |  |  |  |  |  |
| **WORKING CAPITAL RATIOS:** |  |  |  |  |  |  |
| Inventory Days |  |  |  |  |  |  |
| Account Receivable Days |  |  |  |  |  |  |
| Account Payable Days |  |  |  |  |  |  |
| Duration Working Capital Cycle |  |  |  |  |  |  |
| …. |  |  |  |  |  |  |
| **VALUATION RATIOS:** |  |  |  |  |  |  |
| Earnings per share |  |  |  |  |  |  |
| Price/Earnings Ratio |  |  |  |  |  |  |
| Book Value per Share |  |  |  |  |  |  |
| Dividend Yield |  |  |  |  |  |  |
| …. |  |  |  |  |  |  |

## NOTES: You only analyse Coca Cola (company A in your assignment) in details. Pepsi (company B in your assignment) is only used as a reference point to highlight your analysis of Coca Cola.

## https://www.accaglobal.com/sg/en/student/exam-support-resources/fundamentals-exams-study-resources/f5/technical-articles/relevant-costs.html