**Individual Learning Project Questions**

Name\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

General Information:

1. **What is the name of your corporation?**

General Mills, Inc.

1. **Where are the corporate headquarters?**

Minneapolis, Minnesota, United States

1. **What is the corporation’s fiscal year end?**

May 31, 2020

1. **What are the primary products or services of the corporation?**

• Snacks, including grain, fruit and savory snacks, nutrition bars, and frozen hot snacks;

• Ready-to-eat cereal;

• Convenient meals, including meal kits, ethnic meals, pizza, soup, side dish mixes, frozen breakfast, and

frozen entrees;

• Yogurt;

• Wholesome natural pet food;

• Super-premium ice cream;

• Baking mixes and ingredients; and

• Refrigerated and frozen dough (10-K, page 101)

1. **Graph the high and low price of the company’s stock for each quarter of the last two years. What was the high and what was the low?**

2018

4th quarter: $38.76

2019

1st quarter

$51.75

2nd quarter

$52.52

3rd quarter

$54.87

4th quarter

$53.19

2020

1st quarter

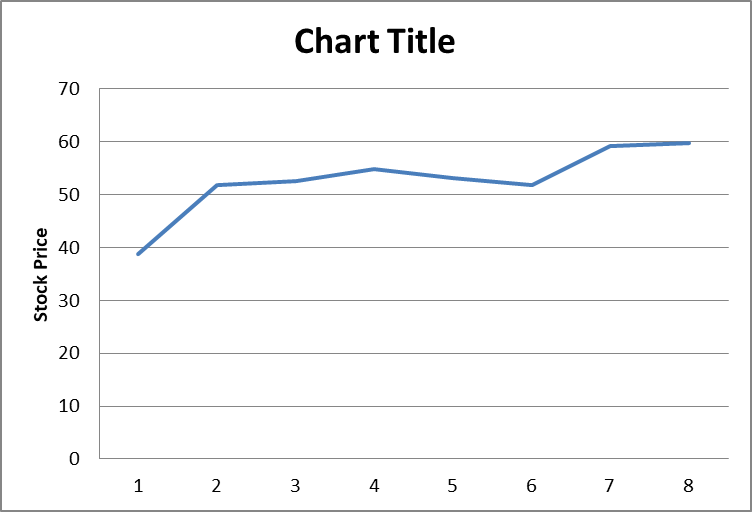
$51.82

2nd quarter

$59.21

3rd quarter

$59.67



As displayed by the above graph, the highest price is the current price (33d quarter, 2020) while the lowest price is the stock price incurred in the last quarter of 2018. The trends indicate that General Mill’s stock price has been appreciating over the last two years (Retrieved from Yahoo Finance https://finance.yahoo.com/quote/GIS/history/)

1. **Who is the company’s transfer agent and where are they located?**

Equiniti Trust Company, located in Minnesota (10-K, page 126)

1. **Who are your company’s competitors?**

* Kraft Heinz
* Nestle Cerelac
* Kellogg’s
* Dr. Pepper Snapple
* Conagra Brands

Retrieved from Owler.com https://www.owler.com/company/generalmills

**Market Information:**

1. **On which stock exchange is your corporation’s stock traded?**

New York Stock Exchange (10-K, page 126)

1. **What is the current market price of their stock?**

$59.80 as at 25 September 12.4 GMT (Yahoo Finance. Retrieved from https://finance.yahoo.com/quote/GIS/history/)

1. **What is the ticker symbol used to identify your corporation on the stock exchange?**

GIS (10-K, page 126)

Internet Information:

1. **What is the Internet address of your corporation? Be sure it appears as a hyperlink.**

<https://www.generalmills.com/>

1. **Is the corporation’s Annual Report online?**

Yes, on the company’s website,

1. **Are its financial statements on-line?**

Yes

1. **Is your company listed on Annualreports.com?**

Yes

1. **How long is your company’s 10-K report at the Securities and Exchange Commission website (Edgar Database)?**

127 pages

**Cash Flow and Retained Earnings:**

1. **List the amount of cash flows from each of the 3 activities: Operating, Investing, and Financing for the 2 most recent years. What was the increase or decrease in cash for each of these years?**

Operating

2019: $2.81B

2020: $3.68B

Operating cashflows increased by $869.2 million

Investing

2019: -$556.5 million

2020: -$486.2 million

Investing cashflows increased by $70.3 million

Financing

2019:-$2.176B

2020: -1.941B

Financing cashflows increased by $934.9 million (10-K, page 34)

1. **Were there any Non-Cash Investing/Financing Transactions? Describe the type and amount.**

There were none

1. **What is the dollar difference between accrual net income and Cash provided by Operations?**

The cash provided by operating activities was $3.676B while the accrual net income was 2.181B. The dollar difference is $1.495 B (10-K, page 34)

1. **What investing activity provided the largest inflow of cash in the current year?**

Other investing activities, valued at $20.9 million (10-K, page 34)

1. **What investing activity used the largest amount of cash in the current year?**

Purchases of land, buildings, and equipment, valued at $460.8 million (10-K, page 34)

1. **What financing activity provided the largest inflow of cash in the current year?**

Issuance of long-term debt at $1.638B (10-K, page 34)

1. **What financing activity used the largest amount of cash in the current year?**

Payment of long-term debt at $1.397B (10-K, page 34)

1. **Does the company have sufficient cash inflows from the appropriate category? Describe any problems the company many experience with cash flow from your analysis of the cash flow statement.**

General Mills’ has free cashflows amounting to $3.215B (10-K, page 47). The analysis shows that the company has sufficient cash inflows as it can be able to pay for its operating expenses and capital expenditures. Without free cashflow, Tesla would not be able to pursue opportunities to develop new products, initiate new acquisitions, reduce debts, and pay dividends.

1. **Show the change in Retained Earnings for the 2 most recent years. What was net income for each year? How much was paid out in dividends each year?**

Retained earnings in 2019 was $14.777B while in 2020 was $15.982B(10-K, page 61). The change in retained earnings was $985.4 million. In 2019, Tesla paid $1.196 in dividends while the company paid $1.182B in dividends in 2020 (10-K, page 62).

1. **Were the dividends on common stock and/or preferred stock? What the amount of each?**

The dividends on common stock was $1.96 for the 2020 financial yearn (10-K, page 62).

1. **Did Retained Earnings change for any reasons other than net income or dividends? Explain.**

The Executive Overview by the management indicates that the impact of COVID-19 affected General Mills’ business operations. As a result, there was a change in customer demand for away-for-home food produced by Genral Mills. Instead, customers preferred at home foods, which lowered the company’s revenues (10-K, page 74).

1. **What classes of stock does your company have?**

Common stock (10-K, page 4).

1. **How many shares of each class of stock are authorized, how many are issued, and how many are outstanding?**

Authorized: 759,613,328

Issued: 754,613,328

Outstanding: 609,869,264 (10-K, page 4).

1. **Does your company have any treasury stock? How many shares and what dollar amount?**

The company has treasury stock totaling 144,744,064 (10-K, page 4). The stock currently trades at $59.80 per share, so the dollar amount is $8.66B per market pricing but a value of $14,474,406 as per the par value.

1. **What is the par or stated value of each of your company’s stocks?**

General Mills’ stocks have a par value of $0.1 (10-K, page 61).

**Footnote Disclosures:**

1. **How many footnote disclosures does your company have?**

Eight disclosures (10-K, page 64).

1. **How many significant accounting policies are listed under its Summary of Significant Accounting Policies**?

17 (10-K, page 64).

1. **What does it include as Cash and Cash Equivalents?**

All investments purchased with an original maturity of three months or less to be cash equivalents (10-K, page 64).

1. **What method does it use to value Inventory?**

Last In, First Out (LIFO) method (10-K, page 64).

1. **What method(s) does it use to depreciate its assets?**

The straight-line method. Buildings are depreciated over 40 years while equipment, furniture, and software are usually depreciated over 3 to 10 years (10-K, page 64).

1. **Does it have any leased assets? If yes, describe them.**

Yes, the Häagen-Dazs retail shops where rental payments are based on a percentage of retail sales (10-K, page 20).

1. **What policies does it have in regard to Foreign Currency Translations?**

The company regards the functional currency as the local currency. Assets and liabilities are translated at the period-end exchange rates while income statement accounts are translated using the average exchange rates prevailing during the period (10-K, page 66).

1. **Describe any pending lawsuits in which it is involved.**

The company is embroiled in two class actions associated with the release of hazardous substances in Minneapolis, Minnesota and Moonachie, New Jersey(10-K, page 9).

1. **Provide its Earnings per Share for the 2 most recent years?**

The diluted earnings per share in 2019 was $2.90 while earnings per share in 2020 was $3.56 (10-K, page 22).

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**Report of the Independent Auditor(s):**

1. **Who is/are your company’s auditor(s)?**

KPMG LLP (10-K, page 55).

1. **Where are they located?**

Minneapolis, Minnesota (10-K, page 55).

1. **Does the auditor(s) give a qualified opinion, an unqualified opinion, a disclaimer of opinion, or an adverse opinion? What does that opinion mean? Is it good?**

The auditor gives a qualified opinion (10-K, page 55), indicating that the financial statements were presented fairly and that the company maintained effective internal control over financial reporting. The opinion is good as it means that the financial statements are clear and accurate and reflect the exact situation of the company.

1. **What is the auditor’s responsibility in regard to the financial statements?**

The auditor is responsible for ensuring that the management of the company fairly presented the information in the financial statements. The auditor carries out reviews in compliance with official auditing procedures to ensure that the information information presented in the financial statements is accurate and that the management implemented effective internal control to maintain the accuracy of the information (10-K, page 56).

1. **What is management’s responsibility in regard to the financial statements?**

The management is responsible for ensuring that the information reflected in the financial statements is accurate. The management should implement safeguards to enhance the accuracy of the information (10-K, page 55).

1. **What financial statements were included in the auditor’s opinion?**

The financial statements included in the auditor’s opinion consist of the balance sheet, consolidated statement of earnings, comprehensive income, total equity and redeemable interest, cash flows, and the related notes and financial statement schedule II (10-K, page 56).

1. **Did the auditor believe that the statements were presented fairly?**

The auditor gave a qualified opinion, an indication that they believed that the statements were presented fairly(10-K, page 56).

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**Management’s Report:**

1. **Who bears the responsibility for the integrity and the objectivity of the financial statements?**

The management is responsible for the integrity and the objectivity of the financial statements (10-K, page 55).

1. **What does management say they are doing to assure the public that the financial information is reliable?**

The management has implemented an internal control system that provides reasonable assurance of the fair presentation of the financial statements (10-K, page 55).

1. **What is the responsibility of the Audit Committee of the Board of Directors?**

The audit committee is responsible for reviewing the internal control, auditing, and financial reporting matters. The committee meets regularly with the management, internal auditors, and external auditors to discuss internal control matters (10-K, page 55).

. Analysis: (use Excel to complete this section)

1. Provide common-size analysis of your company’s income statement and balance sheet for the 2 most recent years (must be done using Excel with formulas). See Excel document
2. Provide horizontal analysis of your company’s income statement and balance sheet, showing the dollar amount and percent of change using the 2 most recent years (you must use an Excel spreadsheet with formulas). See Excel document
3. Perform ratio analysis on your company using the ratios listed in Exhibit 13.16 on page 505 of your text (these must be in an Excel spreadsheet, using formulas to calculate the ratios). You should present them in a similar format as the text: group by category, list name of ratio, formula in words, and the ratio calculation. Give a short explanation of your conclusions about your company after each category of ratios (i.e. How liquid is your company? How efficiently is it using its assets? etc.). See Excel document

**Conclusions:**

1. **Are you optimistic or pessimistic regarding the future of your chosen corporation? Explain.**

I am moderately optimistic about the future of General Mills. The company’s net profit margin increased from 2019 to 2020, but the net profit margin had deteriorated from 2018 to 2019. The fluctuation casts doubt over the company’s ability to provide returns on investments. Therefore, the company’s future as a profitable company is uncertain as it has been fluctuating over time.

1. **Would you invest in the stock of the company? Explain.**

I would invest money in General Mills. The company provides attractive dividends to shareholders, and its returns on investments for the past five years are more than 20%, indicating that the company efficiently utilizes equity to incur profitability.

1. **Would you invest in the bonds of the company? Explain.**

I would invest in the bonds of General Mills as the company has demonstrated its ability to pay for its liabilities. The company’s leverage ratios are positive, an indication that it is able to cater for liabilities using its assets.