**One page report on the annual report of Starbucks Inc**.

1. Select a business from the provided list and analyze their latest annual report (either on the company website under investor relations or on finance.yahoo.com).

I chose Starbucks Inc. A copy of their 2015 annual report is attached. For a direct download please click [HERE](http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9MzIwNTI0fENoaWxkSUQ9LTF8VHlwZT0z&t=1&cb=635893441270363710) or click on the link on the bottom of this paper.

The balance sheet is listed on pages 19 and 48 of the annual report. Below is a copy of the balance sheets from both pages.

1. Complete the following steps for the selected company’s Annual Report. You can use information from the footnotes to answer these questions but make sure to reference from where the information came.
* Look at the Balance Sheet for the last two years. What caused the changes in the Balance Sheet from last year to this year? Use account names and numbers for both years to explain your answer.

 There seems to be large jumps across the board. The exceptions are Short Term Investments—which are down quite a bit. Another major decrease was in an account near the bottom “Accumulated Other Comprehensive Income/Loss”, falling from 25 million to a deficit of 199 million that is a loss of 224 million dollars. This could be linked to the Lawsuit payout to Kraft mentioned in the footnote on page 19. Amazingly the corporation is reporting almost a 2 billion dollar increase despite some major losses. On page 21 licensed stores went from 492 to a negative (482), that means near 1000 stores closed the doors. Congruently a jump from 250 to a whopping 1320 company stores opened in Asia. This account for the jump in the Property, plants, and equipment account. Other factors that attributed to the net gain reported are in accounts labeled “other intangible assets” and “Goodwill”. Goodwill just about doubled with and astounding in an increase of 800 million. Loans seem to make up the rest of the differences with increases in “Long-term debt” and “Long-term liabilities. Finally, Starbuck also sold about a million in stocks.





* Look at the Income Statement (sometimes called Statements of Operations) for the last two years. What caused the changes in the Income Statement from last year to this year? Use account names and numbers for both years to explain your answer.

 The Statement of Earnings is reported on page 46. For the most part, Company Operated stores show the biggest increase in income. This is to be expected when we take into account the loss of all those licensed stores mentioned in the balance sheet. The total increase in revenue is comparable to years 2013-2014. One gain that I see is “joint venture”. Starbucks lists several of these “joint venture” investments. On pg 72 The North American Coffee Partnership with the Pepsi-Cola Company, Starbucks Japan, and many others. However, the real tale is the fact that in 2014 despite a 20 million litigation charge, operating cost was 2 billion less than the previous year 2013, as well as 2015. The bottom line is 2014 2 billion dollars more was earned than 2015. Another interesting site is the 3 billion increase in the operating income on line 13 in 2014, upscaling from a reported deficit to approx. 3.1 billion. Unfortunately, one would have to go to a previous report to find why the operation expenses of 2013 were so high.



* What type of audit opinion did the external auditors give? What accounting standards did they use? Where are each of these components found?

Deloitte & Touche LLP of Seattle Washington expressed an unqualified opinion. This is considered the best of the four opinions. The others are Qualified, Adverse, and Disclaimer. These are given in order from best to worst. The Unqualified Opinion, sometimes called the “Clean Opinion” is given when a Financial Report is free of any misrepresentations. Further, audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). This information is available on page 88 of the Annual Report linked below.

