Starbucks Corporation Financial Statements Analysis

Student’s Name

Institution of Affiliation

Total revenue

Starbucks annual report shows an increase in revenue by 2,332.7 million dollars. In 2018, the total revenue was 24719.5 and in 2017 was 22,386.8 million dollars. The increment is an indication of the company employing marketing techniques and tapping the market niche. Therefore, the investors would consider the increment as a good performance and would increase the value of the shares.

Net Income

The net income increases over the years. The increase has a positive implication on the investors. It means that there is an increase on the return on capital. The higher the profit implies that the share value is higher. The expenses increased in the current year proportional to the revenue. Hence, there is increase in income.

Assets

Starbucks assets comprise of long-term and short-term items. The company utilizes the non-current assets to generate economic benefits to the company for longer periods. Long-term assets comprise of investments, property plant and equipment, goodwill and other intangible assets. The assets increased in the current year by half-compared to the prior period. This means that there is an investment made increasing the revenue in the current period. The increment has a positive implication on the shareholders.

Liabilities

Liabilities increased in the current year from 8,908.6 million dollars to 22,980.6 million dollars. The major liabilities are long-term debt. The company has borrowings constituting its liabilities section. In addition, the deferred revenue constitutes a bigger proportion of the liabilities. This may have a negative impact on the shareholders. It means that the company has more liabilities to settle from its income. The interest expense will increase leading to a reduction in profit affecting the share value.

Equity

There is a reduction in the share capital in the current year. This has a positive influence on shareholders. The shares become less diluted and the dividend increase due to reduced number of shareholders.