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Amazon Company & Financial Reporting

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Abstract

This paper analyzes the annual reports and forms 10-k and 10Q of Amazon.com. The Amazon.com is an American e-commerce MNC, with its headquarters in Seattle, Washington. The company initially started as an online bookstore is now world's biggest online company. SEC filings deliver the pure information about a company. The annual and quarterly reports show key information regarding the management and operation of the Amazon company. The paper also shows some of the crucial information contained in the forms 10-k and 10Q reports. The analysis of the Form 10-K of the Amazon company reveals that the company has been involved in endless lawsuits relating to poor working conditions of its employees and well as discriminations relating to transgender issues.

Amazon Company & Financial Reporting

Accounting reporting and bodies that oversee accounting profession. The key assumptions in the financial reporting model include among other things the consistency where same methods of accounting are used for a given period of time unless a replacement is made. This is important in ensuring comparability of financial statements over a given period of time. Secondly, it is assumed that only transactions that are provable are recorded in filing its financial reports. Finally, the aspect of conservation assumption takes into consideration the fact that all the revenues and expenses are recognizable when they are earned (Ball, Kothari, & Robin, 2000). This is important in avoiding instances where businesses issue overly ambitious financial statements.

On the other hand, accounting principles supporting financial reporting model include; for instance, the accrual basis of accounting ¹ dictates that revenues must be recorded when earned and measurable, the matching principle posits that costs associated with making a product must be recorded. Additionally, the companies required to reveal all relevant economic information under the principle of disclosure (Robson, Willmott, Cooper, & Puxty, 1994). There are several bodies overseeing the ⁵ accounting profession including the Financial Accounting Standards Board (FASB).

¹ The role of Congress in settling the concerns that arise with accounting. ¹ The congress board has various roles to play to ensure that integrity, quality, and discipline are observed all the time by both the auditors and the clients. In case of an issue between the two parties, Congress plays a vital role by intervening and doing an investigation on the matter and provides a guideline of the solution thereon. They also take on the role of disciplining the rule breakers and imposing penalties accordingly (Griffin, 2003).

How the annual report differs from the 10-K? Basically the annual report and the form 10-K provide information required by the shareholder to forecast on the future investment in the firm. The main differences between the two reports are that the annual report provides information in detail and contains some graphical presentation and other images to represent the data. The form 10-K does not show information in such presentations. It is summarized and represents the financial reports of the corporation. These include executive compensation, legal proceedings, property holdings, and subsidiaries, etc. Another difference between these two documents is the access place. The annual report can be accessed by the public on the company's website (Griffin, 2003).

¹ How does the 10-K report differ in content from the 10-Q? Amazon company uses ¹ form 10-K to report its annual results while form 10-Q is used to report the quarterly results. Based the objective and the role of financial filing, annual report, which is contained in the form 10-K, is created mainly for the purposes of appealing to the investors. Therefore, the form 10-K document tends to be more of a conversational tone as compared to the 10-Q report document. Furthermore, because of annual report target ² shareholders and meant to encourage further investment, is typically a more graphically appealing document than the 10-K. Therefore, in ² this regard, annual report includes charts, graphs, and photos while a 10-K is just text and footnotes, plain-looking because it is mainly ² designed for the SEC and must meet specific requirements as set forth by the accounting bodies concerned with such filings (Griffin, 2003).

¹ Similarly, the form 10-K has got information relating to legal proceedings and executive compensation which is not captured in the annual report. It is important to remember that the form 10-K is mandatory to be filed with the SEC whereas the annual report does not need to be filed but should be prepared and displayed to the shareholders (Loughran & McDonald, 2017).

Disclosures in the form 10-K and The lawsuits facing Amazon company. Because form 10-K filing provides disclosures of risks the company faces, including current lawsuits, through the perusal of the form, there was startling revelation about the company. Even though it is common to see most of the successful business organizations have healthy financial reports, there some deep-rooted challenges that can only be revealed through the Form 10-K filings of such companies (Griffin, 2003). The challenges can be financial as well as legal suits. For example, through the analysis of form 10-K, it was surprising to note that Amazon has been facing series of the lawsuit on alleged discrimination against transgender employees and poor working conditions for their employees as well. These challenges have contributed immensely in damaging the reputation of the company to the public making it hard to continue enjoying the higher profits and its growth potential in the industry (Griffin, 2003).

References

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