Funding the Future

Starbucks, accounts and tax

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I spent some time yesterday assisting the FT with a story on Starbucks, its accounts and tax.

The FT reports my comment this morning:

Richard Murphy, director of Tax Research, said: "The accounts offer no clear insight as to what is going on. And that is the problem. Starbucks still needs to put all their cards face up on the table in a spirit of transparency and openness and it is still not clear that they are."

There are numerous ambiguities in the accounts, including a reported £16 million transfer pricing adjustment that increases UK profits but which Starbucks says has nothing to do with tax, plus significant prior year tax adjustments meaning there is a current tax charge when a significant loss was made. Starbucks, I am told, say there is nothing to see in any of this.

But that is my point. Starbucks has eight sets of accounts with a UK impact but no one set of accounts that gives an over all view of its UK trade. The consequence is that it is nigh on impossible to determine what the actual performance is.

In the submission that I am making to the government on the future of auditing in the UK I suggest that this issue be addressed. Starbucks is without doubt a Public Interest Entity in the UK. These entities do, I think, require consolidated accounts for the UK activity, even if there is no UK parent company. This can technically be done. Then we would have one UK perspective on the activities of a multinational group in this country. That must make sense. As it stands, Starbucks' accounts do not. And that matters.