The whole foods company

Business

As to business combinations, the Company acquired assets from " Select Fish" in October 2003, and from " Fresh and Wild" in January 2004. Select Fish is a seafood processing and distribution factory based in Seattle, Washington. Fresh and Wild operates seven natural and organic food outlets in London and Bristol in England. Both stock acquisitions made use of the " purchase method" so that the purchase price was made on tangible and identifiable intangible assets, which was based on their estimated fair values at the date of acquisition.

The Implications

The estimated losses from Katrina justify this partial-disclosure that; informs stakeholders of the losses incurred due to the unexpected event in New Orleans; provides an estimate for insurance costs; lists losses; and highlights strategies to adapt to the change (e. g., costs written off as store expenses). The disclosure aims to minimize the risk of stakeholders selling stock because they anticipate a fall in dividends. An exact net loss is unable to be given as the insurance estimate of $2. 6 million may vary, depending on the future determination of asset losses (construction quotes and replacement costs at the current rate) and insurance recovery. Although the two stores were closed due to the extent of the damage, it is not unlikely that they will be re-opened if they were operating at a profit. The release of a Consolidated Statement assures stakeholders that the overall profits of Whole Foods will not be affected because of the contributions from the subsidiary companies (Fresh and Wild and Select Fish) located elsewhere. The Statement allows stakeholders to see that the losses are less when distributed across the whole group.

The value of the tangible assets for 2005 has changed due to their destruction in the hurricane.

Depreciation is a tax write off from profits and so Whole Foods will pay less tax this financial year. It is anticipated that there will be more net profit after tax and the share price will go up, and the shareholders will receive increased dividends. Although, there may be a concern due to the purchase price consideration contingent on the market price of Company stock on January 31st, 2006. Stakeholders may be eligible to receive stock, cash, or a combination equal to deficit multiplied by the shares continuously held, if share prices dropped below $68. 59. To negate the deficit in profits, the Company has written goodwill off (i. e., amortized it), I the value of the stock, and so increased profits, although this has also decreased assets. The Company will pay less tax and goodwill has been claimed as an intangible asset.

In conclusion, the disclosure makes stakeholders aware of the unexpected losses and provides an outline of the Company's stable position.

Stakeholders will likely remain loyal to the Company and not panic, so a sell-off is avoided that would lower the value of shares and the Company.

Declare now so stakeholders aware is unexpected, they stay loyal and not panic, avoid selloff that lowers the value of shares and thus company.