# Espresso Reporting Challenge Solution

Attached is Espresso Corporation’s 2018 annual report. Using the information contained in the report, answer the following questions.

1. What was Espresso’s stock price high and low for the 2018 fiscal year?

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| *p.4 – High = $31.58. Low = $22.00* |

2. What are Espresso’s operating segments?

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| *pp.8-12:*  *Windows & Windows Live Division*  *Server and Tools*  *Online Services Division*  *Espresso Business Division*  *Entertainment and Devices Division* |

3. What does Espresso believe to be its foundation for success and what is its model for growth?

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| *p.13 – Innovation. Model for growth is based on ability to initiate and embrace disruptive technology trends, enter new markets and drive broad adoption of products and services.* |

4. What was the dividend per share declared on June 16, 2018?

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| *p.29 - $0.13* |

5. Why did revenue increase in 2018 compared with fiscal year 2017?

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| *p. 17 – Revenue increased mainly due to strong sales of Windows 7 and PC market improvement.* |

6. What were Espresso’s employee severance costs for 2018 and 2017?

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| *p.25 – In 2018, severance expense was $59 million compared to $330 million in 2017.* |

7. What are the key market risks that Espresso is exposed to?

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| *p.35 – foreign currency, interest rate, equity and commodity prices, and credit.* |

8. Who are Espresso’s external auditors?

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| *p.75 – Deloitte & Touche LLP.* |

9. How does management evaluate the effectiveness of their internal controls over financial reporting?

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| *p.76 – Based on the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.* |

10. Who is Espresso’s Chairman of the Board?

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| *p. 78 – William H. Gates III.* |

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