

ACCOUNTING in the headlines

What does Kohl's 2015 Form 10-K communicate about its stockholders' equity?

Kohl's Corporation ([KSS](#)) operates department stores in 49 states in the U.S. and has annual sales in excess of \$18 billion. Its fiscal year ends on the Saturday closest to January 31 each year.

Kohl's has several line items comprising its stockholders' equity. See the excerpts to follow from Kohl's 2015 Form 10-K: its Consolidated Balance Sheets, an enlarged partial Consolidated Balance Sheet (page F-3), its Consolidated Statements of Changes in Shareholders' Equity (page F-5), and a section from its Notes to Financial Statements (page F-8). *All of these statements are included at the bottom of this post.*

Questions

1. Why would a fiscal year end of "the Saturday closest to January 31 each year" make sense for Kohl's?
2. What types of stock is Kohl's authorized to issue? How many shares of each type are authorized to be issued?
3. Approximately how many shares of common stock had been issued as of January 31, 2015?
4. Approximately how many shares of common stock were outstanding as of January 31, 2015? (Hint: You will need to calculate this number.)
5. Why is treasury stock shown as a negative on the balance sheet?
6. Has Kohl's accumulated earnings to date exceeded its accumulated losses and dividends declared to date? How do you know?

Kohl's Corporation Consolidated Balance Sheets from p. F-3 of Form 10-K as of January 31, 2015:

KOHL'S CORPORATION CONSOLIDATED BALANCE SHEETS (Dollars In Millions)		
	January 31, 2015	February 1, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,407	\$ 971
Merchandise inventories	3,814	3,874
Deferred income taxes	116	142
Other	361	327
Total current assets	5,698	5,314
Property and equipment, net	8,515	8,745
Other assets	218	298
Total assets	\$ 14,431	\$ 14,357
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,511	\$ 1,365
Accrued liabilities	1,160	1,138
Income taxes payable	78	116
Current portion of capital lease and financing obligations	110	139
Total current liabilities	2,859	2,758
Long-term debt	2,793	2,792
Capital lease and financing obligations	1,858	1,930
Deferred income taxes	368	339
Other long-term liabilities	562	560
Shareholders' equity:		
Common stock - 367 and 364 million shares issued	4	4
Paid-in capital	2,743	2,598
Treasury stock, at cost, 166 and 153 million shares	(8,744)	(8,052)
Accumulated other comprehensive loss	(20)	(34)
Retained earnings	12,008	11,462
Total shareholders' equity	5,991	5,978
Total liabilities and shareholders' equity	\$ 14,431	\$ 14,357

See accompanying Notes to Consolidated Financial Statements

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**Kohl's Corporation Consolidated Balance Sheets from p. F-3 of Form 10-K as of January 31, 2015
(enlarged Shareholders' Equity section):**

	January 31, 2015	February 1, 2014
Shareholders' equity:		
Common stock - 367 and 364 million shares issued	4	4
Paid-in capital	2,743	2,598
Treasury stock, at cost, 166 and 153 million shares	(8,744)	(8,052)
Accumulated other comprehensive loss	(20)	(34)
Retained earnings	12,008	11,462
Total shareholders' equity	5,991	5,978
Total liabilities and shareholders' equity	\$ 14,431	\$ 14,357

Kohl's Corporation Consolidated Statements of Changes in Shareholders' Equity from p. F-5 of Form 10-K as of January 31, 2015:

KOHL'S CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In Millions, Except per Share Data)

	Common Stock		Paid-In Capital	Treasury Stock		Accumulated Other Comprehensive Loss	Retained Earnings	Total
	Shares	Amount		Shares	Amount			
Balance at January 28, 2012	358	\$ 4	\$ 2,339	(111)	\$ (5,977)	\$ (53)	\$ 10,195	\$ 6,508
Comprehensive income	—	—	—	—	—	8	986	994
Stock options and awards, net of tax	2	—	115	—	(9)	—	—	106
Dividends paid (\$1.28 per common share)	—	—	—	—	3	—	(303)	(300)
Treasury stock purchases	—	—	—	(27)	(1,260)	—	—	(1,260)
Balance at February 2, 2013	360	4	2,454	(138)	(7,243)	(45)	10,878	6,048
Comprehensive income	—	—	—	—	—	11	889	900
Stock options and awards, net of tax	4	—	144	—	(13)	—	—	131
Dividends paid (\$1.40 per common share)	—	—	—	—	3	—	(305)	(302)
Treasury stock purchases	—	—	—	(15)	(799)	—	—	(799)
Balance at February 1, 2014	364	4	2,598	(153)	(8,052)	(34)	11,462	5,978
Comprehensive income	—	—	—	—	—	14	867	881
Stock options and awards, net of tax	3	—	145	—	(19)	—	—	126
Dividends paid (\$1.56 per common share)	—	—	—	—	4	—	(321)	(317)
Treasury stock purchases	—	—	—	(13)	(677)	—	—	(677)
Balance at January 31, 2015	367	\$ 4	\$ 2,743	(166)	\$ (8,744)	\$ (20)	\$ 12,008	\$ 5,991

See accompanying Notes to Consolidated Financial Statements

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Excerpt from Notes to Financial Statements on p. F-8 of Form 10-K as of January 31, 2015:

KOHL'S CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

p. F-8

1. Business and Summary of Accounting Policies

Business

As of January 31, 2015, we operated 1,162 department stores in 49 states and a website (www.Kohls.com) that sell moderately-priced private label, exclusive and national brand apparel, footwear, accessories, beauty and home products. Our stores generally carry a consistent merchandise assortment with some differences attributable to regional preferences. Our website includes merchandise which is available in our stores, as well as merchandise which is available only on-line.

Our authorized capital stock consists of 800 million shares of \$0.01 par value common stock and 10 million shares of \$0.01 par value preferred stock.