Summarisation of last 3 Quarters IBM Balance sheet

- Total Assets
- Total Liabilities
- Shareholder Equity
- Cash and Cash Equivalents
- Intangible Assets

---

1) Current Ratio: Total Current Assets / Total Current Liabilities

(1st Quarter + 2nd Quarter + 3rd Quarter) / 3

<1 = liquidity challenges and potential risk as liabilities, may face challenges in meeting its short-term financial obligations.

>1= strong ability to cover its short-term liabilities with its current assets.

=1 1 is considered the minimum acceptable level, it suggests that the company may have limited liquidity.

2) Debt-to-Equity Ratio = Total Liabilities / Total Shareholder Equity

(1st Quarter + 2nd Quarter + 3rd Quarter) / 3

Depends on various factors, including the industry norms, company's financial health, risk tolerance, and management strategy.Here we need a CA to consult and in our case we need a **LLM**.

3) Total Cash Flow = Operati ng Cash Flow + Cash Flow from Investing Activities + Cash Flow from Financing Activities

If the cash flow is increasing quarter by quarter then it means improved profitability, efficient working capital management, reduced capital expenditures, effective cost control, and favorable financing activities.

comparing the cash flow from operations (CFO) to the company's net income can provide insights into the quality of the company's earnings and its ability to generate cash from its core operations.

Total Cash Flow = Operating Cash Flow + Cash Flow from Investing Activities + Cash Flow from Financing Activities

Cashflow VS net income

comparing the cash flow from operations to the company's total assets can give you an idea of the company's efficiency in generating cash based on its asset base.

Cashflow VS total Assets

When we compare all above three values (Cashflow vs net income vs total assets)it can gives us possible conclusions on -
Financial Health,Performance Analysis , Investment Decision and Industry Comparison.

4) Return on Assets (ROA)= is a financial ratio that measures a company's profitability by evaluating how efficiently it utilizes its assets to generate profits.

ROA = (Net Income / Total Assets) * 100

Net Income from cash flow

Total assets from Balance sheet

(1st Quarter + 2nd Quarter + 3rd Quarter) / 3

Depends on which the company operates, its competitors' performance, and historical performance.

We may need **LLM**.

5)Earnings per share

EPS = Net Income / Number of Outstanding Shares

Net Income from cash flow

Number of outstanding shares from Balance sheet

We can provide increase or decrease in eps.
Also from this we calculate PE ratio then company valuation it may help in comparison.

6)Quick Ratio= short-term liabilities

Quick Ratio = (Total Current Assets - Inventory) / Total Current Liabilities

if avg_quick_ratio>avg_current_ratio-

The company may have a stronger liquidity position in terms of its ability to meet short-term obligations without relying heavily on inventory."

else:

"A significant portion of the company's current assets is tied up in inventory.Some possible reasons can be Inventory-Intensive Business, Seasonal Variations, Challenges in Liquidating Inventory or Limited Liquid Assets."

7)Working Capital