Accounting - Johnson & Johnson. For the final project, you will be expected to locate the financial statements of a company and perform a trend and ratio analysis of those statements. Balance Sheet Analysis: In this section, answer the following for the trend analysis: How have the total assets, liabilities and shareholder equity changed over the three years (2019, 2018, 2017) and what could be some reasons why these numbers have changed the way they have? In addition, pick at least one appropriate (for this statement) ratio or financial in addition to what is provided and calculate that and explain it. See the section on ratio analysis below for ideas. Cash Flow Analysis: In this section, answer the following for the trend analysis: How have the total cash flows from operating, investing and financing activities as well as the change in in cash and cash equivalents changed over the three years (2019, 2018, 2017) and what could be some reasons why these numbers have changed the way they have? In addition, pick at least one appropriate (for this statement) ratio or financial in addition to what is provided and calculate that and explain it. See the section on ratio analysis below for ideas. Conclusion: In this section, answer the following: What are the most important things you have discovered in your analysis? What are some conclusions you reached? What are the highlights of your paper? Ratio Analysis: In addition to the trend analysis above, it is customary to also analyze ratios. Some commonly used ratios are: Beta: A measure of risk that is usually published and not calculated by you (A beta greater than 1 suggests that the company is more volatile/risky than the market) Current ratio = Current Assets/Current Liabilities (A current ratio greater than 1 means the company has enough assets to cover all current liabilities should the need arise) Quick ratio = (Current Assets – Inventory)/Current Liabilities (When you are dealing with a company that carries a lot of inventory, a quick ratio is a better indicator than a current ratio because it acknowledges that inventory is not typically liquid). Profit Margin = Net Income/Sales (Represents how much of each dollar in sales remains after all costs are covered) Return on Equity = Net income/Total equity (Represents the return for all holders of equity in that company) EBIT Return on Assets = EBIT/Total assets (Represents the pre-tax return on the total net investment in the firm from operations or alternatively, how efficiently management has used assets) Debt-equity ratio = Total debt/Total equity (Represents the long term solvency or financial leverage in that company) Please use Yahoo! Finance for the balance sheet numbers and cash flow