

S. A JAIPURIA COLLEGE (MORNING SHIFT)
B.Com, SEMESTER-VI (HONS)
SUBJECT-FRFSA
Unit: 5- Introduction to Financial Statement Analysis
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Note No-1

Topic- Comparative Statement

Comparative Income statement

Problem-1:

From the following information, prepare Comparative Income Statement.

<u>Particulars</u>	<u>2017-18</u> (₹)	<u>2018-19</u> (₹)
Revenue from operations	60,00,000	75,00,000
Other Income	1,50,000	1,20,000
Expenses	44,00,000	50,60,000
Income Tax	30%	40%

Solution:

**Comparative Income Statement
for the year ended 31.3.18 and 31.3.19**

Sl. No	Particulars	2017-18(₹) (a)	2018-19 (₹) (b)	Absolute Change(₹) c=(b)-(a)	Percentage Change (%) d) = $\frac{c}{a} \times 100$
(i)	Revenue from operations	60,00,000	75,00,000	15,00,000	25.00
(ii)	Add: Other Income	1,50,000	1,20,000	(30,000)	(20.00)
(iii)	Total Revenue(i+ii)	61,50,000	76,20,000	14,70,000	23.90
(iv)	Expenses	44,00,000	50,60,000	6,60,000	15.00
(v)	Profit before Tax (iii- iv)	17,50,000	25,60,000	8,10,000	46.29
	Less: Tax (Note)	5,25,000	10,24,000	4,99,000	95.04
(vi)	Profit after Tax	12,25,000	15,36,000	3,11,000	25.38

Note:- Tax for 2017-18 → 17,50,000×30% = 5,25,000
Tax for 2018-19→ 25,60,000×40% = 10,24,000

Problem-2:

The statement of Profit and Loss of a company for the year ended 31st March 2018 and 2019 are available. You are required to prepare a Comparative Income Statement and also comment on the performance of the company.

**Statement of Profit and loss
for the year ended 31st March 2018 and 2019**

Sl.no	Particulars	31.3.2018 (₹)	31.3.2019 (₹)
I	Income		
	Revenue from operations	5,20,000	6,50,000
	Other Income	26,000	39,000
	Total	5,46,000	6,89,000
II	Expenses		
	Purchase of stock in trade	2,34,000	4,03,000
	Change in Inventories of stock in trade	26,000	(13,000)
	Employees Benefit Expenses	39,000	1,04,000
	Other Expenses	91,000	1,17,000
	Total	3,90,000	6,11,000
III	Profit (I-II)	1,56,000	78,000

Note: - Other Expenses include Provision for tax → $\frac{31.3.18(₹)}{78,000}$ $\frac{31.3.19(₹)}{91,000}$

Solution:

**Comparative Income Statement
for the year ended 31.3.18 and 31.3.19**

Sl. No	Particulars	31.3.18(₹)	31.3.19 (₹)	Absolute Change(₹)	Percentage Change (%)
		(a)	(b)	c=(b)-(a)	(d) = $\frac{c}{a} \times 100$
I	Revenue from operations	5,20,000	6,50,000	1,30,000	25.00
II	Other Income	26,000	39,000	13,000	50.00
III	Total Revenue (I+II)	5,46,000	6,89,000	1,43,000	26.19
IV	Expenses				
	a) Purchase of stock in trade	2,34,000	4,03,000	1,69,000	72.22
	b) Change of Inventories of stock in trade	26,000	(13,000)	(39,000)	(150.00)
	c) Employees benefit Expenses	39,000	1,04,000	65,000	166.67
	d) Other Expenses (Note)	13,000	26,000	13,000	100
	Total (a+b+c+d)	3,12,000	5,20,000	2,08,000	66.67
V	Profit before Tax (III-IV)	2,34,000	1,69,000	(65,000)	(27.27)
VI	Less:- Tax (Given)	78,000	91,000	13,000	16.67
VII	Profit after Tax	1,56,000	78,000	(78,000)	(50.00)

Working Note:-

- 1) Other expense = Expenses given – Provision for tax

For 31.3.18 → ₹91,000 - ₹78,000 = ₹13,000

For 31.3.19 → ₹1,17,000 – ₹91,000 = ₹26,000

- 2) It is assumed that Tax provided = Tax paid

Comments:

- 1) Revenue from operations have been increased by 25% in 2018-19 over 2017-18
- 2) Total Expenses have been increased by 66.67%. As a result profit before tax decreased by 27.27% in 2018-19 over 2017-18.
- 3) Profit after tax i.e. profitability of the firm has been deteriorated due to increase in total expenses.

Comparative Balance Sheet

Comparative Balance Sheet can be prepared on two or more different dates to assess the decrease or increase in various assets, liabilities and capital.

Comparative Balance Sheet analysis is undertaken for following purposes:-

- To study the trend of short term financial position
- To study the trend of long term solvency position
- To study the growth of the concern

Problem-3:

From the following balance sheet of PQR Ltd as on 31.3.18 and 31.3.19, prepare a comparative Balance Sheet.

Balance sheet as at 31.3.18 and 31.3.19

SI No	Particulars	Note No	31.3.18 (₹)	31.3.19 (₹)
I	EQUITY AND LIABILITIES			
	1. Shareholder's Funds			
	(a) Share capital		3,00,000	5,00,000
	(i) Equity share capital			
	(b) Reserve and Surplus		1,00,000	1,20,000
	2. Non Current liabilities			
	(a) Long term borrowing			
	(i) 6% Debenture		2,00,000	2,20,000
	3. Current liabilities			
	(a) Trade Payable		60,000	80,000
	(b) Short Term Provision		40,000	80,000
	Total		7,00,000	10,00,000
II	ASSETS			
	1. Non Current Assets			
	(a) Fixed Assets-			
	(i) Tangible		4,00,000	5,00,000
	(b) Non Current Investment		1,00,000	1,00,000
	2. Current Assets			
	(a) Trade Receivable		2,00,000	4,00,000
	Total		7,00,000	10,00,000

Solution:-

PQR Ltd
Comparative Balance Sheet
as at 31.3.18 and 31.3.19

SI No	Particulars	31.3.18(₹) (a)	31.3.19 (₹) (b)	Absolute Change(₹) c=(b)-(a)	Percentage Change (%) (d) = $\frac{c}{a} \times 100$
I	EQUITY AND LIABILITIES				
	1.Shareholder's Funds				
	(a)Share capital				
	(i)Equity share capital	3,00,000	5,00,000	2,00,000	66.67
	(b) Reserve and Surplus	1,00,000	1,20,000	20,000	20.00
		4,00,000	6,20,000	2,20,000	55.00
	2. Non Current liabilities				
	(a) Long term borrowing				
	(i) 6% Debenture	2,00,000	2,20,000	20,000	10.00
	3. Current liabilities				
(a) Trade Payable	60,000	80,000	20,000	33.33	
(b) Short Term Provision	40,000	80,000	40,000	100	
		7,00,000	10,00,000	3,00,000	42.87
	Total				
II	ASSESTS				
	2. Non Current Assets				
	(b) Fixed Assets-				
	(i)Tangible	4,00,000	5,00,000	1,00,000	25.00
		1,00,000	1,00,000	-	-
	(b) Non Current Investments				
2. Current Assets					
(a) Trade Receivable	2,00,000	4,00,000	2,00,000	100	
		7,00,000	10,00,000	3,00,000	42.87
	Total				

Problem-4:-

From the following information available from N Ltd, prepare Comparative Balance Sheet.

<u>Particulars</u>	<u>31.3.18</u> (₹)	<u>31.3.19</u> (₹)
Share Capital	30,000	60,000
Reserve	12,000	10,000
Debenture	60,000	60,000
Fixed Assets	80,000	1,02,000
Debtors	10,000	20,000
Bank	12,000	8,000

Solution:

**Comparative Balance Sheet of N Ltd
as at 31.3.18 and 31.3.19**

Sl No	Particulars	31.3.18(₹) (a)	31.3.19 (₹) (b)	Absolute Change(₹) c=(b)-(a)	Percentage Change (%) (d) = $\frac{c}{a} \times 100$
I	EQUITY AND LIABILITIES				
	1.Shareholder's Funds				
	(a) Share capital	30,000	60,000	30,000	100
	(b) Reserve and Surplus	12,000	10,000	(2,000)	(16.67)
	2. Non Current liabilities				
	(a) Long term borrowing (i) 6% Debenture	60,000	60,000	-	-
3. Current liabilities	-	-	-	-	
	Total	1,02,000	1,30,000	28,000	27.45
II	ASSETS				
	1.Non Current Assets				
	(a)Fixed Asset	80,000	1,02,000	22,000	27.5
	2.Current Assets				
	(a) Trade Receivable(Debtors) (b) Cash & cash equivalent-Bank	10,000 12,000	20,000 8,000	10,000 (4,000)	100 (33.33)
	Total	1,02,000	1,30,000	28,000	27.45