

PROBLEMS UNDER COMPARATIVE FINANCIAL STATEMENT ANALYSIS

1. Kalyani Ltd presents their Profit & Loss a/c for the year ending 31st March 2017. Prepare the Comparative Income statement.

Particulars	31/3/16 Rs.	31/3/17 Rs.	Particulars	31/3/16 Rs.	31/3/17 Rs.
To materials	25,000	42,000	By Sales	1,20,000	1,40,000
To Wages	12,000	23,000			
To Production exps.	14,000	19,000			
To Admin exps.	9,000	12,000			
To Selling exps.	7,000	8,000			
To Net Profit	53,000	36,000			
	1,20,000	1,40,000		1,20,000	1,40,000

Solution:

Kalyani Ltd Comparative Income statement for the period ending 31st March 2017

Particulars	2016 (base year) Rs.	2017 (current year) Rs.	Change in Rupees increase/decrease	Change in Percentage $\frac{\text{Change}}{\text{Base Year}} \times 100$
Sales:	1,20,000	1,40,000	+20,000	$\frac{20,000}{1,20,000} \times 100 = 16.67\%$
(-) Material Cost	(25,000)	(42,000)	+17,000	$\frac{17,000}{25,000} \times 100 = 68\%$
(-) Wages	(12,000)	(23,000)	+11,000	$\frac{11,000}{12,000} \times 100 = 91.67\%$
∴ Contribution	83,000	75,000	+8,000	$\frac{8,000}{83,000} \times 100 = 9.64\%$
(-) Production o/h	(14,000)	(19,000)	+5,000	$\frac{5,000}{14,000} \times 100 = 35.71\%$
(-) Admin o/h	(9,000)	(12,000)	+3,000	$\frac{3,000}{9,000} \times 100 = -33.33\%$
(-) Selling o/h	(7,000)	(8,000)	+1,000	$\frac{1,000}{7,000} \times 100 = -14.29\%$
Operating Profit (EBIT)	1,20,000	1,40,000	+20,000	$\frac{20,000}{1,20,000} \times 100 = 16.67\%$

2. Following is the Balance sheet of K G A Ltd., as on 31-3-2016. Prepare comparative balance sheet.

Liabilities	31-3-15	31-3-16	Assets	31-3-15	31-3-16
Share capital	1,00,000	1,00,000	Fixed assets	50,000	45,000
Profit/ loss a/c	20,000	35,000	Investments	30,000	65,000
Debentures	30,000	30,000	Current assets	80,000	70,000
Creditors	10,000	15,000			
	1,60,000	1,80,000		1,60,000	1,80,000

Solution:

K G A Ltd Comparative Balance sheet for the period ending 31.3.2016

Equities & Liabilities	2015 (base year) Rs.	2016 (current year) Rs.	Change in Rupees	Change in Percentage $\frac{\text{Change}}{\text{Base Year}} \times 100$
Shareholders Funds:				
Share Capital	1,00,000	1,00,000	0	0%
Reserves & Surplus				

Profit/ Loss a/c	20,000	35,000	+15,000	$\frac{15,000}{20,000} \times 100 = 75\%$
Non Current Liabilities				
Debentures				
Current Liabilities	30,000	30,000	0	0%
Creditors	10,000	15,000	+5,000	$\frac{5,000}{10,000} \times 100 = 50\%$
Total	1,60,000	1,80,000	+20,000	$\frac{20,000}{1,60,000} \times 100 = 12.5\%$
Assets				
Non-Current Assets:				
Fixed assets	50,000	45,000	-5,000	$\frac{5000}{50,000} = 10\%$
Investments	30,000	65,000	+35,000	$\frac{35,000}{30,000} = 116.67\%$
Current assets	80,000	70,000	10,000	$\frac{10,000}{80,000} = 12.5\%$
Total	1,60,000	1,80,000	+20,000	$\frac{20,000}{1,60,000} \times 100 = 12.5\%$

3. The balance sheet of S. Jagannathan spinners Ltd, as on 31-03-2011 was as follows:

Liabilities	31-3-2010	31-3-2011	Assets	31-3-10	31-3-2011
Eq. Share capital	1,60,000	3,00,000	Plant	3,60,000	2,00,000
Pr. Share Capital	2,00,000	1,40,000	Furniture	80,000	70,000
Gen Reserve	1,30,000	1,50,000	Vehicles	1,00,000	75,000
P/L a/c	40,000	60,000	Investments	50,000	1,00,000
Share premium	30,000	30,000	Stock	40,000	2,10,000
Creditors	1,50,000	2,00,000	Debtors	30,000	1,40,000
			Bank	50,000	85,000
	7,10,000	8,80,000		7,10,000	8,80,000

Prepare Comparative Balance Sheet.

Solution:

S. Jagannathan spinners Ltd
Comparative Balance sheet for the period ending 31.3.2011

Equities & Liabilities	2010 (base year) Rs.	2011 (current year) Rs.	Change in Rupees	Change in Percentage $\frac{\text{Change}}{\text{Base Year}} \times 100$
Shareholders Funds:				
Eq. Share Capital	1,60,000	3,00,000	+1,40,000	$\frac{1,40,000}{1,60,000} \times 100 = 33.06\%$
Pr. Share Capital	2,00,000	1,40,000	-60,000	$\frac{60,000}{2,00,000} \times 100 = 30\%$
Reserves & Surplus	1,30,000	1,50,000	+20,000	$\frac{20,000}{1,30,000} \times 100 = 15.38\%$
General Reserve	40,000	60,000	+20,000	$\frac{20,000}{40,000} \times 100 = 50\%$
P/L a/c	30,000	30,000	0	0%
Share premium				
Current Liabilities	1,50,000	2,00,000	+50,000	$\frac{50,000}{1,50,000} \times 100 = 33.33\%$
Creditors				
Total	7,10,000	8,80,000	+1,70,000	$\frac{1,70,000}{7,10,000} \times 100 = 23.94\%$
Assets				
Non-Current Assets:				
Plant	3,60,000	2,00,000	-1,60,000	$\frac{1,60,000}{3,60,000} \times 100 = 44.44\%$

Furniture	80,000	70,000	-10,000	$\frac{10,000}{80,000} \times 100 = 12.5\%$
Vehicles	1,00,000	75,000	-25,000	$\frac{25,000}{1,00,000} \times 100 = 25\%$
Investments	50,000	1,00,000	+50,000	$\frac{50,000}{50,000} \times 100 = 100\%$
Current assets				
Stock	40,000	2,10,000	+1,70,000	$\frac{1,70,000}{40,000} \times 100 = 425\%$
Debtors	30,000	1,40,000	+1,10,000	$\frac{1,10,000}{30,000} \times 100 = 366.67\%$
Bank	50,000	85,000	+35,000	$\frac{35,000}{50,000} \times 100 = 70\%$
Total	7,10,000	8,80,000	+1,70,000	$\frac{1,70,000}{7,10,000} \times 100 = 23.94\%$

4. The following Profit/Loss a/c and the balance sheet were presented by N.C Sengupta Garments Ltd., for the year ending 31st March, 2016. Prepare Comparative income statement and balance sheet for the same period.

N.C Sengupta Garments Ltd.

Profit/ Loss a/c for the period ending March 31st, 2016

Particulars	31-3-2016	30-3-2015
Income:	2,40,000	1,50,000
(-) Expenses:		
Raw materials	60,000	30,000
Power and Fuel	10,000	8,000
Employee cost	30,000	20,000
Other expenses	10,000	6,000
Operating Profit:	1,30,000	86,000
(-) Depreciation	9,000	7,000
Net Profit	1,21,000	79,000

N.C Sengupta Garments Ltd.

Balance Sheet as on March 31st, 2016

Sources of Funds	31-3-2016	31-3-2015
Equity Share capital	6,00,000	5,00,000
Reserves	3,00,000	2,00,000
Long-Term Loans	2,00,000	1,00,000
Current Liabilities	1,00,000	50,000
Total Liabilities	12,00,000	8,50,000
Application of Funds	31-3-2016	31-3-2015
Gross Block:	5,50,000	6,00,000
(-) Depreciation	50,000	40,000
Net Block	5,00,000	5,60,000
Investments	3,00,000	1,00,000
Current assets	4,00,000	1,90,000
Total Assets	12,00,000	8,50,000

Solution:

N.C Sengupta Garments Ltd.

Comparative Income Statement for the period ending March 31st, 2016

Particulars	2015 (base year) Rs.	2016 (current year) Rs.	Change in Rupees increase/decrease	Change in Percentage $\frac{\text{Change}}{\text{Base Year}} \times 100$
Income:	1,50,000	2,40,000	+90,000	$\frac{90,000}{1,50,000} \times 100 = 60\%$
(-) Expenses:				
Raw materials	30,000	60,000	+30,000	$\frac{30,000}{30,000} \times 100 = 100\%$
Power and Fuel	8,000	10,000	+2,000	

Employee cost	20,000	30,000	+10,000	$\frac{2,000}{8,000} \times 100 = 25\%$
Other expenses	6,000	10,000	+4,000	$\frac{10,000}{20,000} \times 100 = 50\%$
EBITDA	86,000	1,30,000	+44,000	$\frac{4,000}{6,000} \times 100 = 66.66\%$
(-) Depreciation	7,000	9,000	+2,000	$\frac{44,000}{86,000} \times 100 = 51\%$
EBIT	79,000	1,21,000	+42,000	$\frac{2,000}{7,000} \times 100 = 28.57\%$ $\frac{42,000}{79,000} \times 100 = 53\%$

N.C Sengupta Garments Ltd.
Comparative Balance Sheet for the period ending March 31st, 2016

Equities & Liabilities	2015 (base year) Rs.	2016 (current year) Rs.	Change in Rupees	Change in Percentage $\frac{\text{Change}}{\text{Base Year}} \times 100$
Equities & Liabilities				
Shareholder's Funds:				
Eq. Share Capital	5,00,000	6,00,000	+1,00,000	$\frac{1,00,000}{5,00,000} \times 100 = 20\%$
Reserves & Surplus	2,00,000	3,00,000	+1,00,000	$\frac{1,00,000}{2,00,000} \times 100 = 50\%$
Non-Current Liabilities				
Long Term Loans	1,00,000	2,00,000	+100,000	$\frac{1,00,000}{1,00,000} \times 100 = 100\%$
Current Liabilities	50,000	1,00,000	+50,000	$\frac{50,000}{50,000} \times 100 = 100\%$
Total	8,50,000	12,00,000	+3,50,000	$\frac{3,50,000}{8,50,000} \times 100 = 41.18\%$
Assets				
Non-Current Assets:				
Fixed assets (Net Block)	5,60,000	5,00,000	-60,000	$\frac{60,000}{5,60,000} \times 100 = 10.71\%$
Investments	1,00,000	3,00,000	+2,00,000	$\frac{2,00,000}{1,00,000} \times 100 = 200\%$
Current assets	1,90,000	4,00,000	+2,10,000	$\frac{2,10,000}{1,90,000} \times 100 = 110.53\%$
Total	8,50,000	12,00,000	+3,50,000	$\frac{3,50,000}{8,50,000} \times 100 = 41.18\%$

5. Prepare Comparative Income statement and Comparative Balance Sheet in the vertical format of Amitav Ghosh Industries Ltd., for the year ended March 31st, 2016.

Trading & Profit/Loss a/c

Particulars	31-3-2015	31-3-2016	Particulars	31-3-2015	31-3-2016
To Opening stock	4,00,000	5,00,000	By Sales	18,00,000	20,00,000
To Purchases	9,00,000	11,00,000	By Closing Stock	5,00,000	6,00,000
To Wages	6,00,000	5,00,000			
To Gross Profit c/d	4,00,000	5,00,000			
Total	23,00,000	26,00,000		23,00,000	26,00,000
To Fixed o/h	1,00,000	1,75,000	By Gross Profit b/d	4,00,000	5,00,000
To Debenture Interest	20,000	20,000			
To Depreciation	75,000	60,000			
To Net Profit c/d	2,05,000	2,45,000			
Total	4,00,000	5,00,000		4,00,000	5,00,000

Balance Sheet as on 31-3-2016

Liabilities	31-3-2015	31-3-2016	Assets	31-3-2015	31-3-2016
Eq. Share capital	10,00,000	10,00,000	Land & Building	13,00,000	12,00,000
6% Preference sh. Capital	5,00,000	5,00,000	Machinery	5,00,000	4,00,000
General Reserve	50,000	1,00,000	Furniture	1,20,000	1,00,000
Profit/Loss a/c	2,05,000	2,45,000	Closing stock	5,00,000	6,00,000
Bank Overdraft	3,50,000	4,00,000	Debtors	1,25,000	1,50,000
Creditors	5,40,000	3,80,000	Cash	1,00,000	1,75,000

	26,45,000	26,25,000		26,45,000	26,25,000
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Solution:

Amitav Ghosh Industries Ltd
Comparative Income statement for the period ending 31st March 2016

Particulars	2015 (base year) Rs.	2016 (current year) Rs.	Change in Rupees increase/decrease	Change in Percentage $\frac{\text{Change}}{\text{Base Year}} \times 100$
Sales:	18,00,000	20,00,000	+2,00,000	$\frac{2,00,000}{18,00,000} \times 100 = 11.11\%$
(-) Material Cost [Op stock=purchases- clo. stock]	8,00,000	10,00,000	+2,00,000	$\frac{2,00,000}{8,00,000} \times 100 = 25\%$
(-) Wages	6,00,000	5,00,000	-1,00,000	$\frac{1,00,000}{6,00,000} \times 100 = 16.67\%$
∴ Contribution	4,00,000	5,00,000	+1,00,000	$\frac{1,00,000}{4,00,000} \times 100 = 25\%$
(-) Fixed o/h	1,00,000	1,75,000	+75,000	$\frac{75,000}{1,00,000} \times 100 = 75\%$
EBITDA	3,00,000	3,25,000	+25,000	$\frac{25,000}{3,00,000} \times 100 = 8.33\%$
(-) Debenture Interest	20,000	20,000	0	0%
(-) Depreciation	75,000	60,000	-5,000	$\frac{5,000}{75,000} \times 100 = 6.67\%$
EAT	2,05,000	2,45,000	+40,000	$\frac{40,000}{2,05,000} \times 100 = 19.5\%$

Amitav Ghosh Industries Ltd
Comparative Balance Sheet for the period ending 31st March 2016

Equities & Liabilities	2015 (base year) Rs.	2016 (current year) Rs.	Change in Rupees	Change in Percentage $\frac{\text{Change}}{\text{Base Year}} \times 100$
Equities & Liabilities				
Shareholder's Funds:				
Eq. Share Capital	10,00,000	10,00,000	0	0
6% Pr. Share capital	5,00,000	5,00,000	0	0
Reserves & Surplus				
General Reserve	50,000	1,00,000	+50,000	$\frac{50,000}{50,000} \times 100 = 100\%$
Profit/Loss a/c	2,05,000	2,45,000	+40,000	$\frac{40,000}{2,05,000} \times 100 = 19.5\%$
Current Liabilities				
Bank Overdraft	3,50,000	4,00,000	+50,000	$\frac{50,000}{3,50,000} \times 100 = 14.29\%$
Creditors	5,40,000	3,80,000	+1,60,000	$\frac{1,60,000}{5,40,000} \times 100 = 29.63\%$
Total	26,45,000	26,25,000	-20,000	$\frac{20,000}{26,45,000} \times 100 = 0.76\%$
Assets				
Non-Current Assets:				
Land & Building	13,00,000	12,00,000	-1,00,000	$\frac{1,00,000}{13,00,000} \times 100 = 7.70\%$
Machinery	5,00,000	4,00,000	-1,00,000	$\frac{1,00,000}{5,00,000} \times 100 = 20\%$
Furniture	1,20,000	1,00,000	-20,000	$\frac{20,000}{1,20,000} \times 100 = 16.67\%$
Current assets				
Closing stock	5,00,000	6,00,000	+1,00,000	$\frac{1,00,000}{5,00,000} \times 100 = 20\%$
Debtors	1,25,000	1,50,000	+25,000	$\frac{25,000}{1,25,000} \times 100 = 20\%$
Cash	1,00,000	1,75,000	+75,000	$\frac{75,000}{1,00,000} \times 100 = 75\%$
Total	26,45,000	26,25,000	-20,000	$\frac{20,000}{26,45,000} \times 100 = 0.76\%$