

CHAPTER

3

Tools of Financial Statement
Analysis—Comparative Statements
and Common-Size Statements

MEANING OF KEY TERMS USED IN THE CHAPTER

- 1. Financial Statements**

These are the final accounts prepared at the end of the accounting period and includes Balance Sheet and Statement of Profit & Loss along with Notes to Accounts.
- 2. Comparative Statement**

It is the statement prepared to compare individual items or components of the financial statements of two or more years of a company. The amount of each component of financial statements is placed side by side and difference is ascertained, which is shown as a percentage of the base year.
- 3. Comparative Balance Sheet**

It is the statement prepared to compare individual items or components of Balance Sheet of two or more years of a company.
- 4. Comparative Statement of Profit & Loss (Income Statement)**

It is the statement prepared to compare individual items or components of Statement of Profit & Loss (Income Statement) of two or more years of a company.
- 5. Common-size Statement**

It is the statement prepared to compare components of financial statements (Balance Sheet and Statement of Profit & Loss) of two years by converting them into percentages taking a common base.
- 6. Common-size Statement of Profit & Loss (Income Statement)**

It is the statement prepared to compare components of Statement of Profit & Loss of two years by converting them into percentages taking a common base, *i.e.*, Revenue from Operations.
- 7. Common-size Balance Sheet**

It is the statement prepared to compare components of Balance Sheet of two years by converting them into percentages taking a common base, *i.e.*, Total Assets or Total of Equity and Liabilities.

CHAPTER SUMMARY

- **Comparative Financial Statement** is a tool of financial analysis that shows change in each item of the financial statement in both absolute amount and percentage terms, taking the item in preceding accounting period as base.
- **Objectives or Purposes of Comparative Financial Statements**
 1. To know the nature of changes influencing financial position.
 2. To know the weaknesses and soundness about liquidity, profitability and solvency of the enterprise.
 3. To forecast and plan.
 4. To know the movements of key financial statistics.
- **Tools for Comparison of Financial Statements**
 1. Comparative Balance Sheet.
 2. Comparative Statement of Profit & Loss (Income Statement).
 3. Common-size Statement of Profit & Loss.
 4. Common-size Balance Sheet.
- **Comparative Balance Sheet**

"Comparative Balance Sheet analysis is the study of the trend of same items, group of items and computed items in two or more Balance Sheets of the same business enterprise on different dates." —Foulka
- **Comparative Statement of Profit & Loss (Income Statement)**

Comparative Statement of Profit & Loss shows the operating results for a number of accounting periods so that changes in data in terms of money and percentage from one period to another may be known.
- **Common-size Statement of Profit & Loss (Income Statement)**

Common-size Statement of Profit & Loss is a statement in which amounts of individual items of Statement of Profit & Loss for two or more years are written. These amounts are further converted into percentage of common base which is Revenue from Operations.
- **Common-size Balance Sheet**

Common-size Balance Sheet is a statement in which amounts of individual items of Balance Sheet for two or more years are written. These amounts are further converted into percentage of a common base, which is Total Assets or Total of Equity and Liabilities of the Balance Sheet.

FORMAT OF COMPARATIVE BALANCE SHEET

COMPARATIVE BALANCE SHEET

as at ...

Particulars	Note No.	Previous Year ₹	Current Year ₹	Absolute Change (Increase/Decrease) ₹	Percentage Change (Increase/Decrease) %
		(A)	(B)	(C = B - A)	$(D = \frac{C}{A} \times 100)$
I. EQUITY AND LIABILITIES					
1. Shareholders' Funds					
<i>(a) Share Capital:</i>					
(i) Equity Share Capital	
(ii) Preference Share Capital	
<i>(b) Reserves and Surplus</i>	
2. Non-Current Liabilities					
<i>(a) Long-term Borrowings</i>	
<i>(b) Long-term Provisions</i>	
3. Current Liabilities					
<i>(a) Short-term Borrowings</i>	
<i>(b) Trade Payables</i>	
<i>(c) Other Current Liabilities</i>	
<i>(d) Short-term Provisions</i>	
Total	
II. ASSETS					
1. Non-Current Assets					
<i>(a) Property, Plant and Equipment and Intangible Assets:</i>					
(i) Property, Plant and Equipment	
(ii) Intangible Assets	
<i>(b) Non-current Investments</i>	
<i>(c) Long-term Loans and Advances</i>	
2. Current Assets					
<i>(a) Current Investments</i>	
<i>(b) Inventories</i>	
<i>(c) Trade Receivables</i>	
<i>(d) Cash and Cash Equivalents</i>	
<i>(e) Short-term Loans and Advances</i>	
<i>(f) Other Current Assets</i>	
Total	

Note: If current year's figure has decreased, show the absolute change and percentage change in brackets so as to reflect negative item.

FORMAT OF COMPARATIVE STATEMENT OF PROFIT & LOSS

COMPARATIVE STATEMENT OF PROFIT & LOSS
for the years ended...

Particulars	Note No.	Previous Year	Current Year	Absolute Change (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
		₹	₹	(C = B - A)	$(D = \frac{C}{A} \times 100)$
		(A)	(B)	(C = B - A)	$(D = \frac{C}{A} \times 100)$
I. Revenue from Operations	
II. Other Income	
III. Total Revenue (I + II)	
IV. Expenses					
(a) Cost of Materials Consumed	
(b) Purchases of Stock-in-Trade	
(c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	
(d) Employees Benefit Expenses	
(e) Finance Costs	
(f) Depreciation and Amortisation Expenses	
(g) Other Expenses	
Total Expenses	
V. Profit before Tax (III - IV)	
Less: Income Tax	
VI. Profit after Tax	

Note: If current year's figure has decreased, show the Absolute change and Percentage change in brackets so as to reflect negative item.

FORMAT OF COMMON-SIZE STATEMENT OF PROFIT & LOSS (INCOME STATEMENT)

COMMON-SIZE STATEMENT OF PROFIT & LOSS
for the years ended...

Particulars	Note No.	Absolute Amounts		Percentage of Revenue from Operations (Net Sales)	
		Previous Year	Current Year	Previous Year	Current Year
		₹	₹	%	%
I. Revenue from Operations (Net Sales)		100	100
II. Other Income	
III. Total Revenue (I + II)	
IV. Expenses					
(a) Cost of Materials Consumed	
(b) Purchases of Stock-in-Trade	
(c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	
(d) Employees Benefit Expenses	
(e) Finance Costs	
(f) Depreciation and Amortisation Expenses	
(g) Other Expenses	
Total Expenses	
V. Profit before Tax (III - IV)	
VI. Less: Income Tax	
VII. Profit after Tax	

FORMAT OF COMMON-SIZE BALANCE SHEET

COMMON-SIZE BALANCE SHEET

as at...

Particulars	Note No.	Absolute Amounts		Percentage of Balance Sheet Total	
		Figures as at the end of Previous Year (₹)	Figures as at the end of Current Year (₹)	Previous Year %	Current Year %
I. EQUITY AND LIABILITIES					
1. Shareholders' Funds					
(a) Share Capital:					
(i) Equity Share Capital	
(ii) Preference Share Capital	
(b) Reserves and Surplus	
2. Non-Current Liabilities					
(a) Long-term Borrowings	
(b) Long-term Provisions	
3. Current Liabilities					
(a) Short-term Borrowings	
(b) Trade Payables	
(c) Other Current Liabilities	
(d) Short-term Provisions	
Total		100	100
II. ASSETS					
1. Non-Current Assets					
(a) Property, Plant and Equipment and Intangible Assets:					
(i) Property, Plant and Equipment	
(ii) Intangible Assets	
(b) Non-current Investments	
(c) Long-term Loans and Advances	
2. Current Assets					
(a) Current Investments	
(b) Inventories	
(c) Trade Receivables	
(d) Cash and Cash Equivalents	
(e) Short-term Loans and Advances	
(f) Other Current Assets	
Total		100	100

Note: It does not include line items of Balance Sheet, accounting treatment of which are not to be evaluated.

SOLVED QUESTIONS

Illustration 1.

From the following Statement of Profit & Loss, prepare Comparative Statement of Profit & Loss of Exe Ltd.:

Particulars	31st March, 2026 (₹)	31st March, 2025 (₹)
I. Income		
Revenue from Operations	33,00,000	30,00,000
Other Income	60,000	60,000
Total	33,60,000	30,60,000
II. Expenses		
Purchases of Stock-in-Trade	24,00,000	23,00,000
Change in Inventories of Stock-in-Trade	1,20,000	1,00,000
Employees Benefit Expenses	90,000	70,000
Finance Costs	60,000	60,000
Other Expenses	90,000	80,000
Total Expenses	27,60,000	26,10,000
III. Profit (I – II)	6,00,000	4,50,000
Tax is payable @ 30%		

Solution:

Exe Ltd.
COMPARATIVE STATEMENT OF PROFIT & LOSS
for the years ended 31st March, 2025 and 2026

Particulars	Note No.	31st March, 2025 ₹	31st March, 2026 ₹	Absolute Change (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
I. Revenue from Operations		30,00,000	33,00,000	3,00,000	10.00
II. Other Income		60,000	60,000	...	...
III. Total Revenue (I + II)		30,60,000	33,60,000	3,00,000	9.80
IV. Expenses					
(a) Purchases of Stock-in-Trade		23,00,000	24,00,000	1,00,000	4.35
(b) Change in Inventories of Stock-in-Trade		1,00,000	1,20,000	20,000	20.00
(c) Employees Benefit Expenses		70,000	90,000	20,000	28.57
(d) Finance Costs		60,000	60,000	...	...
(e) Other Expenses		80,000	90,000	10,000	12.50
Total Expenses		26,10,000	27,60,000	1,50,000	5.75
V. Profit before Tax (III – IV)		4,50,000	6,00,000	1,50,000	33.33
Less: Income Tax		1,35,000	1,80,000	45,000	33.33
VI. Profit after Tax		3,15,000	4,20,000	1,05,000	33.33

Illustration 2.

From the following Statement of Profit & Loss of Moontrack Ltd., for the years ended 31st March, 2011 and 2012, prepare Comparative Statement of Profit & Loss:

Particulars	Note No.	2011–12 (₹)	2010–11 (₹)
Revenue from Operations		40,00,000	24,00,000
Other Income		24,00,000	18,00,000
Expenses		16,00,000	14,00,000

(Outside Delhi 2013)

Solution:

COMPARATIVE STATEMENT OF PROFIT & LOSS
for the years ended 31st March, 2011 and 2012

Particulars	Note No.	31st March, 2011 ₹	31st March, 2012 ₹	Absolute Change (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
I. Revenue from Operations		24,00,000	40,00,000	16,00,000	66.67
II. Other Income		18,00,000	24,00,000	6,00,000	33.33
III. Total Revenue (I + II)		42,00,000	64,00,000	22,00,000	52.38
IV. Expenses		14,00,000	16,00,000	2,00,000	14.29
V. Profit (III – IV)		28,00,000	48,00,000	20,00,000	71.43

Illustration 3. Prepare Common-size Statement of Profit & Loss from the following Statement of Profit & Loss:

Particulars	Note No.	31st March, 2026 (₹)	31st March, 2025 (₹)
I. Income			
Revenue from Operations (Net Sales)		10,00,000	10,00,000
Other Income		11,000	10,000
Total		10,11,000	10,10,000
II. Expenses			
Purchases of Stock-in-Trade		7,00,000	6,50,000
Change in Inventories of Stock-in-Trade		48,000	50,000
Employees Benefit Expenses		98,000	80,000
Other Expenses		90,000	1,17,500
Total		9,36,000	8,97,500
III. Profit (I – II)		75,000	1,12,500

Additional Information:

Other Expenses include
Provision for Tax

₹	₹
75,000	1,12,500

Solution:

COMMON-SIZE STATEMENT OF PROFIT & LOSS
for the years ended 31st March, 2025 and 2026

Particulars	Note No.	Absolute Amounts		Percentage of Revenue from Operations (Net Sales)	
		31st March, 2025 (₹)	31st March, 2026 (₹)	31st March, 2025 (%)	31st March, 2026 (%)
I. Revenue from Operations (Net Sales)		10,00,000	10,00,000	100.00	100.00
II. Other Income		10,000	11,000	1.00	1.10
III. Total Revenue (I + II)		10,10,000	10,11,000	101.00	101.10
IV. Expenses					
(a) Purchases of Stock-in-Trade		6,50,000	7,00,000	65.00	70.00
(b) Change in Inventories of Stock-in-Trade		50,000	48,000	5.00	4.80
(c) Employees Benefit Expenses		80,000	98,000	8.00	9.80
(d) Other Expenses		5,000	15,000	0.50	1.50
Total Expenses		7,85,000	8,61,000	78.50	86.10
V. Profit before Tax (III – IV)		2,25,000	1,50,000	22.50	15.00
VI. Less: Tax		1,12,500	75,000	11.25	7.50
VII. Profit after Tax		1,12,500	75,000	11.25	7.50

3.8

Illustration 4.

Revenue and expense data for the year ended 31st March, 2026 of Star Paper Mills Limited and for the Paper Industry are as follows:

Star Paper Mills Limited data is expressed in rupees, the Paper Industry data is expressed in percentage.

Particulars	Note No.	₹
I. Income		
Revenue from Operations	1	70,00,000
Other Income		35,000
Total		70,35,000
II. Expenses		
Cost of Materials Consumed		48,00,000
Changes in Inventories of Finished Goods and WIP	2	2,40,000
Employees Benefit Expenses		5,74,000
Other Expenses	3	9,24,000
Total		65,38,000
III. Profit (I – II)		4,97,000

Notes to Accounts

1. Revenue from Operations	₹
Gross Sales	70,70,000
Less: Returns	70,000
	70,00,000
2. Changes in Inventories of Finished Goods and WIP	
WIP: Opening Inventory	4,50,000
Less: Closing Inventory	4,00,000
	A. 50,000
Finished Goods: Opening Inventory	4,00,000
Less: Closing Inventory	2,10,000
	B. 1,90,000
Total (A + B)	2,40,000
3. Other Expenses	
General Expenses	4,34,000
Miscellaneous Expenses	84,000
Provision for Tax	4,06,000
	9,24,000

Revenue and Expense data of Paper Industry is as follows:

Cost of Materials Consumed	67.00%
Changes in Inventories of Finished Goods and WIP	3.00%
Employees Benefit Expenses	9.20%
Other Income	0.60%
Other Expenses	9.40%
Income Tax	5.50%

(i) Prepare Common-size Statement of Profit & Loss (Income Statement) comparing the results of operations of Star Paper Mills Limited with the industry average.

(ii) Analyse the data and comment on significant relationships revealed by the comparisons.

Solution: COMMON-SIZE STATEMENT OF PROFIT & LOSS OF STAR PAPER MILLS LIMITED
for the Current Calendar Year

Particulars	Absolute Amount	Percentage of Net Sales	Industry Average
	₹	%	%
I. Revenue from Operations (Net Sales)	70,00,000	100.00	100.00
II. Other Income	35,000	0.50	0.60
III. Total Revenue (I + II)	70,35,000	100.50	100.60
IV. Expenses			
(a) Cost of Materials Consumed	48,00,000	68.57	67.00
(b) Changes in Inventories of Finished Goods and WIP	2,40,000	3.43	3.00
(c) Employees Benefit Expenses	5,74,000	8.20	9.20
(d) Other Expenses	5,18,000	7.40	9.40
Total Expenses	61,32,000	87.60	88.60
V. Profit before Tax (III – IV)	9,03,000	12.90	12.00
VI. Less: Provision for Tax	4,06,000	5.80	5.50
VII. Profit after Tax	4,97,000	7.10	6.50

Comments: The above table reveals that profit after tax of the company is more than the industry percentage. The reason for this is better control on expenses resulting in lower expenses. Expenses other than cost of merchandise sold (*i.e.*, Employees Benefit Expenses + Other Expenses) 15.6% are also less than industry average, *i.e.*, 18.6%.

Note: Analysis of Common-Size Statement of Profit & Loss is not in Syllabus. It is given for better understanding.

Illustration 5.

From the following Balance Sheet of Y Ltd., prepare Comparative Balance Sheet:

Particulars	Note No.	31st March, 2026 (₹)	31st March, 2025 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		25,00,000	25,00,000
(b) Reserves and Surplus		6,00,000	5,00,000
2. Non-Current Liabilities			
Long-term Borrowings		15,00,000	15,00,000
3. Current Liabilities			
(a) Short-term Borrowings		2,40,000	2,25,000
(b) Trade Payables		2,25,000	2,00,000
(c) Other Current Liabilities		55,000	50,000
(d) Short-term Provisions		30,000	25,000
Total		51,50,000	50,00,000
II. ASSETS			
1. Non-Current Assets			
(a) <i>Property, Plant and Equipment and Intangible Assets:</i>			
—Property, Plant and Equipment		36,00,000	30,00,000
(b) Non-current Investments		5,00,000	5,00,000
2. Current Assets			
(a) Inventories		5,50,000	7,50,000
(b) Trade Receivables		3,00,000	5,00,000
(c) Cash and Cash Equivalents		1,75,000	1,50,000
(d) Other Current Assets		25,000	1,00,000
Total		51,50,000	50,00,000

3.10

Solution:

COMPARATIVE BALANCE SHEET as at 31st March, 2025 and 2026

Particulars	Note No.	31st March, 2025	31st March, 2026	Absolute Change	Percentage Change
		₹	₹	(Increase or Decrease) (₹)	(Increase or Decrease) (%)
		(A)	(B)	(C = B - A)	$(D = \frac{C}{A} \times 100)$
I. EQUITY AND LIABILITIES					
1. Shareholders' Funds					
(a) Share Capital		25,00,000	25,00,000	...	...
(b) Reserves and Surplus		5,00,000	6,00,000	1,00,000	20.00
2. Non-Current Liabilities					
Long-term Borrowings		15,00,000	15,00,000	...	...
3. Current Liabilities					
(a) Short-term Borrowings		2,25,000	2,40,000	15,000	6.67
(b) Trade Payables		2,00,000	2,25,000	25,000	12.50
(c) Other Current Liabilities		50,000	55,000	5,000	10.00
(d) Short-term Provisions		25,000	30,000	5,000	20.00
Total		50,00,000	51,50,000	1,50,000	3.00
II. ASSETS					
1. Non-Current Assets					
(a) Property, Plant and Equipment and Intangible Assets—Property, Plant and Equipment		30,00,000	36,00,000	6,00,000	20.00
(b) Non-current Investments		5,00,000	5,00,000	...	...
2. Current Assets					
(a) Inventories		7,50,000	5,50,000	(2,00,000)*	(26.67)
(b) Trade Receivables		5,00,000	3,00,000	(2,00,000)	(40.00)
(c) Cash and Cash Equivalents		1,50,000	1,75,000	25,000	16.67
(d) Other Current Assets		1,00,000	25,000	(75,000)	(75.00)
Total		50,00,000	51,50,000	1,50,000	3.00

*If current year's figure has decreased, show the Absolute Change and Percentage Change in brackets.

Illustration 6.

From the following summarised Balance Sheet of Green Ltd. as at 31st March, 2026, prepare Comparative Balance Sheet:

(₹ in Lakh)

Particulars	Note No.	31st March, 2026 (₹)	31st March, 2025 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
<i>(a) Share Capital:</i>			
(i) Equity Share Capital		60.00	60.00
(ii) Preference Share Capital		15.00	15.00
(b) Reserves and Surplus		18.00	15.00
2. Non-Current Liabilities			
(a) Long-term Borrowings	1	45.00	45.00
(b) Long-term Provisions		2.30	2.00
3. Current Liabilities			
(a) Trade Payables	2	13.20	12.00
(b) Short-term Provisions		1.00	1.00
Total		154.50	150.00

II. ASSETS			
1. Non-Current Assets			
(a) Property, Plant and Equipment and Intangible Assets:			
—Property, Plant and Equipment		108.00	90.00
(b) Non-Current Investments		15.00	15.00
2. Current Assets			
(a) Trade Receivables	3	29.50	40.00
(b) Cash and Cash Equivalents		2.00	5.00
Total		154.50	150.00

Notes to Accounts

Particulars	31st March, 2026 (₹)	31st March, 2025 (₹)
1. Long-term Borrowings		
From: Loan from Bank	27.00	30.00
Loan from Others	18.00	15.00
	45.00	45.00
2. Trade Payables		
Sundry Creditors	13.20	12.00
3. Trade Receivables		
Sundry Debtors	29.50	40.00

Solution:

COMPARATIVE BALANCE SHEET as at 31st March, 2025 and 2026

(₹ in Lakh)

Particulars	Note No.	31st March, 2025	31st March, 2026	Absolute Change (Increase/Decrease)	Percentage Change (Increase/Decrease)
		₹	₹	₹	%
		(A)	(B)	(C = B - A)	$\left(D = \frac{C}{A} \times 100 \right)$
I. EQUITY AND LIABILITIES					
1. Shareholders' Funds					
(a) Share Capital:					
(i) Equity Share Capital		60.00	60.00	...	...
(ii) Preference Share Capital		15.00	15.00	...	...
(b) Reserves and Surplus		15.00	18.00	3.00	20.00
2. Non-Current Liabilities					
(a) Long-term Borrowings					
(i) Loan from Bank		30.00	27.00	(3.00)	(10.00)
(ii) Loan from Others		15.00	18.00	3.00	20.00
(b) Long-term Provisions		2.00	2.30	0.30	15.00
3. Current Liabilities					
(a) Trade Payables (Creditors)		12.00	13.20	1.20	10.00
(b) Short-term Provisions		1.00	1.00	...	...
Total		150.00	154.50	4.50	3.00
II. ASSETS					
1. Non-Current Assets					
(a) Property, Plant and Equipment and Intangible Assets—Property, Plant and Equipment		90.00	108.00	18.00	20.00
(b) Non-Current Investments		15.00	15.00	...	...
2. Current Assets					
(a) Trade Receivables (Debtors)		40.00	29.50	(10.50)	(26.25)
(b) Cash and Cash Equivalents		5.00	2.00	(3.00)	(60.00)
Total		150.00	154.50	4.50	3.00

3.12

Illustration 7.

Following information is extracted from the Statement of Profit & Loss of Gold Star Ltd. for the years ended 31st March, 2026 and 2025. Prepare Comparative Statement of Profit & Loss.

Particulars	Note No.	31st March, 2026	31st March, 2025
Revenue from Operations		₹ 40,00,000	₹ 32,00,000
Employees Benefit Expenses		₹ 20,00,000	₹ 16,00,000
Depreciation and Amortisation Expenses		₹ 50,000	₹ 40,000
Other Expenses		₹ 1,50,000	₹ 3,60,000
Tax Rate		30%	30%

Solution:

COMPARATIVE STATEMENT OF PROFIT & LOSS
for the years ended 31st March, 2025 and 2026

Particulars	Note No.	31st March, 2025 ₹ (A)	31st March, 2026 ₹ (B)	Absolute Change (Increase/ Decrease) (₹) (C = B - A)	Percentage Change (Increase/ Decrease) (%) $\left(D = \frac{C}{A} \times 100\right)$
I. Revenue from Operations		32,00,000	40,00,000	8,00,000	25.00
II. Expenses					
(a) Employees Benefit Expenses		16,00,000	20,00,000	4,00,000	25.00
(b) Depreciation and Amortisation Expenses		40,000	50,000	10,000	25.00
(c) Other Expenses		3,60,000	1,50,000	(2,10,000)	(58.33)
Total Expenses		20,00,000	22,00,000	2,00,000	10.00
III. Profit before Tax (I - II)		12,00,000	18,00,000	6,00,000	50.00
IV. Less: Tax @ 30%		3,60,000	5,40,000	1,80,000	50.00
V. Profit after Tax		8,40,000	12,60,000	4,20,000	50.00

UNSOLVED QUESTIONS

1. Prepare Comparative Balance Sheet of Deepankur Ltd.:

Particulars	Note No.	31st March, 2026 (₹)	31st March, 2025 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		9,00,000	7,50,000
(b) Reserves and Surplus		3,30,000	2,85,000
2. Non-Current Liabilities			
<i>Long-term Borrowings: 12% Debentures, Secured</i>		3,00,000	4,50,000
3. Current Liabilities			
(a) Short-term Borrowings		1,40,000	1,70,000
(b) Trade Payables		2,00,000	1,50,000
(c) Other Current Liabilities		60,000	45,000
(d) Short-term Provisions		20,000	10,000
Total		19,50,000	18,60,000
II. ASSETS			
1. Non-Current Assets			
(a) <i>Property, Plant and Equipment and Intangible Assets:</i> —Property, Plant and Equipment		9,55,000	10,45,000
(b) Non-Current Investments		2,00,000	2,00,000
2. Current Assets			
(a) Inventories		2,50,000	2,00,000
(b) Trade Receivables		2,50,000	2,25,000
(c) Cash and Cash Equivalents		1,95,000	1,10,000
(d) Other Current Assets		1,00,000	80,000
Total		19,50,000	18,60,000

[Ans.: Change in Percentage: Share Capital 20%; Reserves and Surplus 15.79%; Debentures (33.33%); Current Liabilities 12%; Non-Current Assets (7.23%); Current Assets 29.27%.]

2. From the following Statement of Profit & Loss, prepare Comparative Statement of Profit & Loss (Income Statement):

Particulars	Note No.	31st March, 2026 (₹)	31st March, 2025 (₹)
I. Income			
Revenue from Operations (Sales)		19,20,000	16,00,000
II. Expenses			
Purchases of Stock-in-Trade		11,70,000	9,50,000
Change in Inventories of Stock-in-Trade		(10,000)	50,000
Employees Benefit Expenses		3,80,000	2,80,000
Other Expenses		1,50,000	2,00,000
Total		16,90,000	14,80,000
III. Net Profit (I – II)		2,30,000	1,20,000

[Ans.:

Particulars	Revenue from Operations	Purchases of Stock-in-Trade	Change in Inventories of Stock-in-Trade	Employees Benefit Expenses	Other Expenses	Total Expenses	Net Profit
Absolute Change (₹)	3,20,000	2,20,000	(60,000)	1,00,000	(50,000)	2,10,000	1,10,000
Percentage Change (%)	20.00	23.16	(120.00)	35.71	(25.00)	14.19	91.67

3.14

3. From the following Balance Sheet of Usha Chemicals Ltd. as at 31st March, 2026, prepare Comparative Balance Sheet:

Particulars	31st March, 2026 (₹)	31st March, 2025 (₹)
I. EQUITY AND LIABILITIES		
1. Shareholders' Funds		
(a) Share Capital	7,00,000	4,00,000
(b) Reserves and Surplus	5,00,000	6,00,000
2. Non-Current Liabilities		
Long-term Borrowings (12% Loan)	13,00,000	10,00,000
3. Current Liabilities		
(a) Trade Payables	5,60,000	3,75,000
(b) Short-term Provisions	40,000	25,000
Total	31,00,000	24,00,000
II. ASSETS		
1. Non-Current Assets	31.3.2026 (₹)	31.3.2025 (₹)
(a) <i>Property, Plant and Equipment and Intangible Assets:</i>		
—Property, Plant and Equipment	18,00,000	20,00,000
(b) <i>Less: Accumulated Depreciation</i>	<u>6,00,000</u>	<u>8,00,000</u>
	<u>12,00,000</u>	<u>12,00,000</u>
2. Current Assets		
(a) Trade Receivables	16,50,000	10,00,000
(b) Cash and Cash Equivalents	2,50,000	2,00,000
Total	31,00,000	24,00,000

[Ans.:

Particulars	Shareholders' Funds	Non-Current Liabilities	Current Liabilities	Current Assets
Absolute Change (₹)	2,00,000	3,00,000	2,00,000	7,00,000
Percentage Change (%)	20.00	30.00	50.00	58.33

4. From the following Statement of Profit & Loss, prepare Comparative Statement of Profit & Loss:

Particulars	Note No.	31st March, 2026 (₹)	31st March, 2025 (₹)
I. Income			
Revenue from Operations		10,00,000	7,50,000
Other Income		10,000	7,500
Total		10,10,000	7,57,500
II. Expenses			
Purchases of Stock-in-Trade		4,00,000	3,00,000
Change in Inventories of Stock-in-Trade		1,00,000	75,000
Employees Benefit Expenses		1,44,000	1,44,000
Depreciation and Amortisation Expenses		10,000	12,000
Other Expenses		25,000	14,000
Total		6,79,000	5,45,000
III. Profit before Tax (I – II)		3,31,000	2,12,500
IV. Tax @ 30%		99,300	63,750
V. Profit after Tax (III – IV)		2,31,700	1,48,750

[Ans.:

Particulars	Revenue from Operations	Other Income	Purchases of Stock-in-Trade	Change in Inventories of Stock-in-Trade	Depreciation and Amortisation Expenses	Other Expenses	Profit before Tax	Tax	Profit after Tax
Absolute Change (₹)	2,50,000	2,500	1,00,000	25,000	(2,000)	11,000	1,18,500	35,550	82,950
Percentage Change (%)	33.33	33.33	33.33	33.33	(16.67)	78.57	55.76	55.76	55.76

5. From the following Statement of Profit & Loss, prepare Comparative Statement of Profit & Loss:

Particulars	Note No.	31st March, 2026 (₹)	31st March, 2025 (₹)
I. Income			
Revenue from Operations	1	60,00,000	75,00,000
Other Income		1,50,000	3,00,000
Total		61,50,000	78,00,000
II. Expenses			
Purchases of Stock-in-Trade		31,00,000	43,00,000
Change in Inventories of Stock-in-Trade	2	(1,00,000)	2,00,000
Employees Benefit Expenses		2,00,000	3,00,000
Other Expenses	3	18,75,000	21,00,000
Total		50,75,000	69,00,000
III. Net Profit (I – II)		10,75,000	9,00,000

Notes to Accounts

Particulars	31st March, 2026 (₹)	31st March, 2025 (₹)
1. Revenue from Operations		
Sale	59,80,000	74,50,000
Sale of Waste	20,000	50,000
	60,00,000	75,00,000
2. Change in Inventories of Stock-in-Trade		
Opening Inventory	1,00,000	3,00,000
Less: Closing Inventory	2,00,000	1,00,000
	(1,00,000)	2,00,000
3. Other Expenses		
Administrative and General Expenses	8,00,000	12,00,000
Marketing Expenses	10,75,000	9,00,000
	18,75,000	21,00,000

[Ans.:

Particulars	Revenue from Operations	Other Income	Purchases of Stock-in-Trade	Change in Inventories of Stock-in-Trade	Employees Benefit Expenses	Other Expenses	Expenses	Profit before Tax
Absolute Amount (₹)	(15,00,000)	(1,50,000)	(12,00,000)	(3,00,000)	(1,00,000)	(2,25,000)	(18,25,000)	1,75,000
Percentage (%)	(20.00)	(50.00)	(27.91)	(150.00)	(33.33)	(10.71)	(26.45)	19.44

3.16

6. Prepare Comparative Statement of Profit & Loss of Advance Marketing Ltd. from the following Statement of Profit & Loss and Additional Information:

Particulars	Note No.	31 March, 2026 (₹)	31 March, 2025 (₹)
I. Income			
Revenue from Operations (Net Sales)		30,00,000	25,00,000
Other Income		40,000	40,000
Total		30,40,000	25,40,000
II. Expenses			
Cost of Materials Consumed		18,00,000	15,00,000
Changes in Inventories of Finished Goods and WIP		(15,000)	10,000
Employees Benefit Expenses		2,40,000	2,40,000
Finance Costs		90,000	70,000
Depreciation and Amortisation Expenses		22,500	25,000
Other Expenses	1	3,02,000	2,66,000
Total		24,39,500	21,11,000
III. Profit (I – II)		6,00,500	4,29,000

Note to Accounts

Particulars	31st March, 2026 (₹)	31st March, 2025 (₹)
1. Other Expenses		
Power and Fuel	40,000	36,000
Carriage Outwards	9,500	7,500
Licence Fee	2,500	2,500
Selling and Distribution Expenses	1,90,000	1,70,000
Provision for Tax	60,000	50,000
	3,02,000	2,66,000

[Ans.:

Particulars	Revenue from Operations	Cost of Materials Consumed	Changes in Inventories of FG and WIP	Finance Costs	Depreciation and Amortisation Expenses	Other Expenses	Profit before Tax	Profit after Tax
Absolute Amount (₹)	5,00,000	3,00,000	(25,000)	20,000	(2,500)	26,000	1,81,500	1,71,500
Percentage (%)	20.00	20.00	(250.00)	28.57	(10.00)	12.04	37.89	39.98

7. Given below is the information extracted from the books of Shyam Ltd.:

Particulars	31st March, 2026	31st March, 2025
Revenue from Operations (Net Sales)	₹ 20,00,000	₹ 17,50,000
Purchases of Stock-in-Trade	₹ 10,00,000	₹ 8,25,000
Change in Inventories of Stock-in-Trade	₹ 1,70,000	₹ 1,50,000
Other Expenses	₹ 11,500	₹ 7,700
Income Tax	40%	40%

Prepare Comparative Statement of Profit & Loss on the basis of the above information.

[Ans.:

Particulars	Revenue from Operations	Purchases of Stock-in-Trade	Change in Inventories of Stock-in-Trade	Other Expenses	Total Expenses	Net Profit before Tax	Tax	Net Profit after Tax
Absolute Change (₹)	2,50,000	1,75,000	20,000	3,800	1,98,800	51,200	20,480	30,720
Percentage Change (%)	14.29	21.21	13.33	49.35	20.23	6.67	6.67	6.67

8. Prepare Comparative Statement of Profit & Loss from the following Statement of Profit & Loss:

Particulars	Note No.	31st March, 2026 (₹)	31st March, 2025 (₹)
I. Income			
Revenue from Operations		50,00,000	40,00,000
Other Income		3,00,000	2,00,000
Total		53,00,000	42,00,000
II. Expenses			
Purchases of Stock-in-Trade		34,00,000	32,00,000
Change in Inventories of Stock-in-Trade		1,00,000	(2,00,000)
Employees Benefit Expenses		1,00,000	1,00,000
Finance Costs		45,000	50,000
Depreciation and Amortisation Expenses		30,000	25,000
Other Expenses	1	3,25,000	3,00,000
Total		40,00,000	34,75,000
III. Net Profit (I – II)		13,00,000	7,25,000

Note to Accounts

Particulars	31st March, 2026 (₹)	31st March, 2025 (₹)
1. Other Expenses		
Administrative and Selling Expenses	2,00,000	2,00,000
Miscellaneous Expenses (Non-operative)	1,25,000	1,00,000
	3,25,000	3,00,000

[Ans.:

Particulars	Revenue from Operations	Other Income	Purchase of Stock-in-Trade	Change in Inventories	Finance Cost	Dep. & Amortisation	Other Expenses	Net Profit
Absolute Change (₹)	10,00,000	1,00,000	2,00,000	3,00,000	(5,000)	5,000	25,000	5,75,000
Percentage Change (%)	25.00	50.00	6.25	150.00	(10.00)	20.00	8.33	79.31

9. Convert the following Statement of Profit & Loss into Common-size Statement of Profit & Loss:

Particulars	Note No.	31st March, 2026 (₹)	31st March, 2025 (₹)
I. Income			
Revenue from Operations	1	18,01,000	15,00,000
Other Income		20,000	15,000
Total Revenue		18,21,000	15,15,000
II. Expenses			
Purchases of Stock-in-Trade		10,22,500	9,00,000
Change in Inventories of Stock-in-Trade		(10,000)	10,000
Employees Benefit Expenses		3,30,000	3,00,000
Other Expenses	2	2,00,000	1,70,000
Total		15,42,500	13,80,000
III. Net Profit (I – II)		2,78,500	1,35,000

Notes to Accounts

Particulars	31st March, 2026 (₹)	31st March, 2025 (₹)
1. Revenue from Operations		
Sales	18,36,000	15,30,000
Less: Returns	35,000	30,000
	18,01,000	15,00,000
2. Other Expenses		
Administrative Expenses	1,70,000	1,50,000
Miscellaneous Expenses (Non-operative)	30,000	20,000
	2,00,000	1,70,000

[Ans.:

Year Ended	Other Income	Purchases of Stock-in-Trade	Change in Inventories of Stock-in-Trade	Employees Benefit Expenses	Other Expenses	Net Profit
31st March, 2025 (%)	1.00	60.00	0.67	20.00	11.33	9.00
31st March, 2026 (%)	1.11	56.77	(0.55)	18.32	11.10	15.46

10. Prepare Common-size Balance Sheet of X Ltd. as at 31st March, 2026 and 2025:

Particulars	Note No.	31st March, 2026 (₹)	31st March, 2025 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) <i>Share Capital:</i>			
(i) Equity Share Capital		6,00,000	8,00,000
(ii) Preference Share Capital		2,00,000	4,00,000
(b) Reserves and Surplus		2,00,000	2,00,000
2. Non-Current Liabilities			
Long-term Borrowings (Debentures)		2,00,000	2,00,000
3. Current Liabilities			
(a) Short-term Borrowings		90,000	1,50,000
(b) Trade Payables (Creditors)		1,00,000	1,25,000
(c) Short-term Provisions		20,000	25,000
Total		14,10,000	19,00,000
II. ASSETS			
1. Non-Current Assets			
(a) <i>Property, Plant and Equipment and Intangible Assets:</i>			
(i) Property, Plant and Equipment		6,00,000	8,00,000
(ii) Intangible Assets		2,00,000	2,00,000
(b) Non-current Investments		2,00,000	2,00,000
2. Current Assets			
(a) Inventories		1,75,000	2,50,000
(b) Trade Receivables		1,45,000	2,75,000
(c) Cash and Cash Equivalents		90,000	1,75,000
Total		14,10,000	19,00,000

[Ans.:

					(In % age)
Equity and Liabilities	2026	2025	Assets	2026	2025
Equity Share Capital	42.57	42.10	Property, Plant and Equipment (Fixed Assets):		
Preference Share Capital	14.18	21.05	(a) Tangible Assets	42.56	42.10
Reserves and Surplus	14.18	10.53	(b) Intangible Assets	14.18	10.53
Long-term Borrowings (Debentures)	14.18	10.53	Non-current Investments	14.18	10.53
Current Liabilities	14.89	15.79	Current Assets	29.08	36.84
	<u>100.00</u>	<u>100.00</u>		<u>100.00</u>	<u>100.00</u>