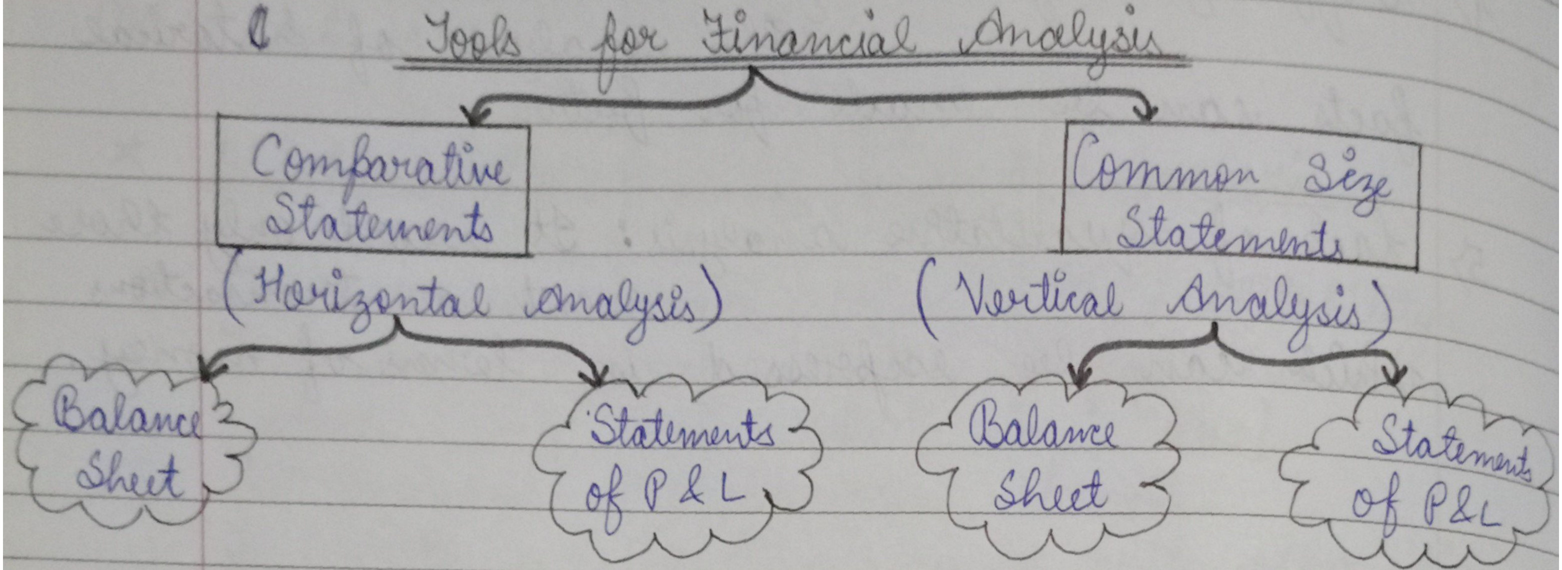
TOOLS FOR FINANCIAL ANALYSIS : COMPARATIVE STATEMENTS



★ **Comparative Statements:** It is a document used to compare a particular financial statement with previous period statements. Previous financials are presented alongside the latest figures in side-by-side columns, enabling investors to identify trends, track a company progress and compare it with industry rivals.

➤ **Objectives / Importance of Comparative Statements**

(i) The data become simple and more understandable.
(ii) It indicate trend.
(iii) It indicate strength and weakness of the firm.
(iv) It helps in inter-firm comparison.
(v) It helps in forecasting.

PAGE NO.:

Comparative Balance Sheet

→ It shows increases and decreases in the various assets, liabilities and in capital.

FORMAT

COMPARATIVE BALANCE SHEET
as at 31st March 2020 & 2021

Particulars	Note No.	Previous year (₹) [A]	current year (₹) [B]	Absolute change B−A = C	% change $D = \frac{C}{A} \times 100$

Example(1)

Particulars	CY	PY
Sharholder's fund	250	200
current liability	100	150
Non-current assets	200	150
Current assets	150	200

Prepare comparative balance sheet

Particulars	Note No.	Previous year [A]	Current year [B]	Absolute change [C=B-A]	% change $D = C/A \times 100$
I. EQUITY & LIABILITIES					
1) Shareholder's fund		200	250	50	25%
2) current liability		150	100	(50)	(33.33%)
TOTAL		350	350	0	0%
II. ASSETS					
1) Non-current assets		150	200	50	33.33%
2) Current assets		200	150	(50)	(25%)
TOTAL		350	350	0	0%

Example

② Complete the table

Particulars	Note No.	P.Y (A)	C.Y (B)	Absolute change B−A = C	% change D = C/A × 100
Share holder's fund		50,000	40,000	$\boxed{(10000)}$ I	$\boxed{20\%}$ II
Non-current liabilities		$\boxed{50,000}$ III	30,000	(20,000)	$\boxed{(40\%)}$ IV
Current liabilities		20,000	$\boxed{25,000}$ V	$\boxed{5000}$ VI	25%
Non-current assets		$\boxed{125000}$ VII	1,00,000	$\boxed{(25,000)}$ VIII	(20%)

I) $B - A = C$

$40000 - 50000 = \boxed{-10,000}$

II) $D = C/A \times 100$

$= \frac{(\cancel{10000})}{\cancel{50000}} \times \overset{20}{\cancel{100}} = \boxed{(20\%)}$

III) $B - A = C$

$B - C = A$

$30000 - (-20000) = A$

$A = \boxed{50000}$

IV) $D = C/A \times 100$

$= \frac{(2\cancel{0000})}{5\cancel{0000}} \times \overset{20}{\cancel{100}} = \boxed{(40\%)}$

VI) $D = \frac{C}{A} \times 100$

$25\cancel{\%} = \frac{C}{20,000} \times 100$

$\frac{25}{\cancel{100}} \times \frac{200\cancel{00}}{1\cancel{00}} = C \Rightarrow \boxed{5000}$

V) $B - A = C$

$B - 20{,}000 = 5{,}000$

$\boxed{B = 25000}$

VII) $D = C/A \times 100$

$D = \dfrac{B-A}{A} \times 100$ $\{B - A = C\}$

$(20)\ \cancel{D} = \dfrac{(100000 - A)}{A} \times 100$

$(A) = 100000 - A \times \dfrac{\cancel{100}^{5}}{(\cancel{20})}$

$(A) = 5{,}00{,}000 \cancel{+(5A)} - 5A$

$4A = 500000$

$A = \dfrac{5{,}00{,}000}{4}$ $\boxed{= 1{,}25{,}000}$

$C = B - A$

$C = 100000 - 125000$

$C \boxed{= (25{,}000)}$

• **Comparative Statement of Profit & Loss**

→ The format is same as discussed in comparative B/S with 6 columns.

Example ①

Particulars	31/03/2020 (CY)	31/03/2019 (PY)
Revenue from operations	24,00,000	18,00,000
Other Income	15% of RFO	25% of RFO
Expenses	60~~5~~% of RFO	50% of RFO
Tax	40%	40%

Prepare comparative statement of P&L.

Particulars	Note No.	P.Y (A)	C.Y (B)	Absolute change C = B-A	% change D = C/A×100
I. Revenue from operation		18,00,000	24,00,000	6,00,000	33.33%
II. Other Income		4,50,000	3,60,000	(90,000)	(20%)
III. Total revenue [I+II]		22,50,000	27,60,000	5,10,000	22.67%
IV. Expenses		9,00,000	14,40,000	5,40,000	60%
V. Profit before tax [III-IV]		13,50,000	13,20,000	(30000)	(2.22%)
VI. Tax (–)		5,40,000 [40% 13,50,000]	5,28,000 [40% of 14,40,000]	(12000)	(2.22%)
VII. Profit after tax [V-VI]		8,10,000	7,92,000	(18000)	(2.22%)