1) COMPARATIVE FINANCIAL STATEMENT ANALYSIS:

Comparative financial statements are prepared by arranging financial data of two or more financial years in two side by side columns.

In otherwords, Any financial statement that reports and comparison of data of two or more consecutive accounting periods are known as comparative financial statements.

According to A.F. Foulke, "comparative financial statements are statements of the financial position of a business so designed as to provide time prospective to the consideration of various elements of financial position embodied in such statements."

Such statements established relationship between items that appear on the same row of a comparative financial statement. It discloses changes in items of financial statements over the time in both rupees and percentage form.

In short, comparative financial statements are prepared by arranging financial data of two or more financial years in two side by side columns. Then comparative studies are made between numerical figures of two or more years, increase or decrease in numerical figures and their changes in terms of percentages. Not only the comparison of the figures of two periods but also the relationship between balance sheet and income statement helps in the detailed study of financial position and operative results. Thus comparative statements explain the changes in various accounting figures and ascertain the liquidity, solvency and profitability.

Practical problems or	o Compos	rative fr	nancial s	
analysis	- Over to	The contract		icaciment.
Problem No:1.				
From the foll	owns in	formation	200	
Encome Statement of	the co	Cero	prepare	comparathe
		(2000)	0-1-	17911-7
Particulars	and the same	and the same	3016	2017
Net Sales			392500	450000
Cost of sales			305000	950000
General and Administration	ve expense	28	32000	36000
Selling expenses			40000	45000
Interest pald		- Sasar	12500	15000
Income tax	Will Sil	20 300	35000	40000
Solution:		Tront.		
Comparativ		e Statem		1200
	e Incom	e Statem 2017	Increase or clevrease &	decrease &
Particulars			Increase on	decrease &
Particulars I Continuing Operations	ે એ જ ના જ		Increase on clerrease in Amount	decrease & Percentage
Particulars	392500	2017	Increase or clevrease &	Percentage + 14.65
Comparative Particulars I Continuing Operations A Revenue from operations	ે એ જ ના જ	2017	Increase or clevrease 80 Amount	Percentage + 14.65
Comparative Particulars I Continuing Operations A Revenue from operations Total revenue (A)	392500	2017 450000 450000	Increase or clevrease 80 Amount	decrease & Percentage + 14.65 + 14.65
Comparative Particulars I Continuing Operations A Revenue from operations Total revenue (A) B. Expenses Cost of Sales	392500	2017 450000 450000	Increase on clerrease in Amount +57500 +57500	Percentage + 14.65
Comparative Particulars I Continuing Operations A Revenue from operations Total revenue (A) B. Expenses Cost of sales Finance cost	392500 392500 392500	2017 450000 450000 15000	2000 Cletrease 80 Amount +57500 +57500	+ 14.65 + 11.11
Comparative Particulars I Continuing Operations A Revenue from operations Total revenue (A) B. Expenses Cost of Sales Finance cost Other expenses Total expenses	2016 392500 392500 12500 75000	2017 450000 450000	2000 1 2500 1 2500 1 2500	+ 14.65 + 14.65 + 11.11 + 20.00
Comparative Particulars I Continuing Operations A Revenue from operations Total revenue (A) B. Expenses Cost of Sales Finance cost Other expenses Total expenses	2016 392500 392500 12500 75000	250000 450000 250000 15000 81000 346000	2000 + 2500 + 6000	+ 14.65 + 14.65 + 14.65 + 20.00 + 8.00
Comparative Particulars I Continuing Operations A Revenue from operations Total revenue (A) B. Expenses Cost of Sales Finance cost Other expenses Total expenses (B) Profit befor tax (A-B)	2016 392500 392500 12500 75000 312500	250000 250000 15000 81000	Increase on clerrease in Amount +57500 +57500 +2500 + 6000 +33500	+ 14.65 + 11.11 + 20.00 + 8.00 + 10.72
Comparative Particulars I Continuing Operations A Revenue from operations Total revenue (A) B. Expenses Cost of Sales Finance cost Other expenses Total expenses	2016 392500 392500 12500 75000 312500 80000	250000 450000 250000 15000 81000 104000	2000 + 2500 + 33500 + 24000	+ 14.65 + 14.65 + 14.65 + 10.72 + 30.00

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The following are the statement of Assets and Liabilities of a concern as on 31-12-2016 and 2017.

Partio	culars	20		201	17
		Amount	Amount	Amount	Amount
I Equit	y and Liabilities				
	hareholders fund				
	Share capital	600000		800000	
	Reserves & Surplus	140000	740000	236000	1036000
2. No	n-Current liabilities			250000	1030000
	Long term borrowings		300000		200000
3. Cu	rrent liabilities				20000
	Trade Payables	150000		198000	
	Short term provisions	164000	314000	200000	398000
	Total		1354000		1634000
I Assets			1004000		1034000
	on-Current Assts				
	Fixed Assets				
(0	Tangible Assets	500000			
	Intangible Assets	560000	700000	740000	
2. C	urrent Assets	230000	790000	180000	920000
	Inventories	154000		240000	
	Trade receivable	360000		218000	
C	ash and Cash equivalents		564000	460000 36000	714000
	Total			30000	
	Total		1354000		1634000
	No	otes to Accour	nts		
Note 1	Share Capital	otes to Accour	nts	2016 600000	201 7
	Share Capital	Share Ca			800000
Note 1	Share Capital Reserves and Surplus	Share Ca		600000	800000
	Share Capital Reserves and Surplus General resurve	Share Ca		600000	800000
	Share Capital Reserves and Surplus General resurve Profit and Loss	Share Ca	pital _	600000	800000 800000 140000
lote 2	Share Capital Reserves and Surplus General resurve Profit and Loss R	Share Ca eserves and Sur	pital _	600000 600000 80000	800000 800000 140000 96000
	Share Capital Reserves and Surplus General resurve Profit and Loss R Long term Borrowings	Share Ca eserves and Sur	pital _	600000 600000 80000 60000	800000 800000 140000 96000
lote 2	Share Capital Reserves and Surplus General resurve Profit and Loss R Long term Borrowings 6% Debentures	Share Ca eserves and Sur	pital _	600000 600000 80000 60000	800000 800000 140000 96000 23600
lote 2	Share Capital Reserves and Surplus General resurve Profit and Loss R Long term Borrowings 6% Debentures	Share Ca eserves and Sur	pital _	600000 600000 80000 60000 140000	800000 800000 140000 96000 236000
lote 2	Share Capital Reserves and Surplus General resurve Profit and Loss R Long term Borrowings 6% Debentures Lo Trade Payable	Share Ca eserves and Sur	pital _	80000 60000 80000 140000 300000	800000 800000 140000 96000 236000
lote 2	Share Capital Reserves and Surplus General resurve Profit and Loss R Long term Borrowings 6% Debentures Lot Trade Payable Sundry Creditors	Share Ca eserves and Sur	pital _	80000 60000 80000 140000 300000	800000 800000 140000 96000 236000 200000
lote 2	Share Capital Reserves and Surplus General resurve Profit and Loss R Long term Borrowings 6% Debentures Lo Trade Payable	Share Ca eserves and Sur	pital _	80000 60000 80000 140000 300000 300000	800000 800000 140000 96000 236000 20000 16600
ote 3	Share Capital Reserves and Surplus General resurve Profit and Loss R Long term Borrowings 6% Debentures Lot Trade Payable Sundry Creditors	Share Ca eserves and Sur	pital _	80000 600000 80000 140000 300000 300000 110000 40000	800000 800000 140000 96000 236000 200000 16600 3200
ote 3	Share Capital Reserves and Surplus General resurve Profit and Loss R Long term Borrowings 6% Debentures Lot Trade Payable Sundry Creditors	Share Capeserves and Surpong term Borrowi	pital _	80000 600000 140000 300000 110000	800000 800000 140000 96000 236000 200000 166000 32000
ote 3	Share Capital Reserves and Surplus General resurve Profit and Loss R Long term Borrowings 6% Debentures Lot Trade Payable Sundry Creditors Bills Payable	Share Capeserves and Surpong term Borrowi	pital _	80000 80000 60000 140000 300000 300000 110000 40000 150000	800000 800000 140000 96000 236000 200000 166000 32000 19800
ote 3	Share Capital Reserves and Surplus General resurve Profit and Loss R Long term Borrowings 6% Debentures Lo Trade Payable Sundry Creditors Bills Payable Short term Provisions	Share Capeserves and Surpong term Borrowi	pital _	80000 80000 80000 140000 300000 300000 110000 40000 150000	800000 800000 140000 96000 236000 20000 16600 3200 19800
ote 3 ote 4	Share Capital Reserves and Surplus General resurve Profit and Loss R Long term Borrowings 6% Debentures Lo Trade Payable Sundry Creditors Bills Payable Short term Provisions Provision for taxation Proposed dividend	Share Capeserves and Surpong term Borrowing	pital plus ings	80000 80000 80000 140000 300000 300000 110000 40000 150000 80000 84000	800000 800000 140000 96000 236000 200000 166000 32000 198000
ote 3 ote 4	Share Capital Reserves and Surplus General resurve Profit and Loss R Long term Borrowings 6% Debentures Lot Trade Payable Sundry Creditors Bills Payable Short term Provisions Provision for taxation Proposed dividend	Share Capeserves and Surpong term Borrowi	pital plus ings	80000 80000 80000 140000 300000 300000 110000 40000 150000	800000 800000 140000 96000 236000 200000 166000 32000 198000
ote 3 ote 4	Share Capital Reserves and Surplus General resurve Profit and Loss R Long term Borrowings 6% Debentures Los Trade Payable Sundry Creditors Bills Payable Short term Provisions Provision for taxation Proposed dividend Si	Share Capeserves and Surpong term Borrowing	pital plus ings	80000 80000 80000 140000 300000 300000 110000 40000 150000 80000 84000 164000	800000 800000 140000 96000 236000 200000 166000 32000 198000 100000 200000
ote 3 ote 4	Share Capital Reserves and Surplus General resurve Profit and Loss R Long term Borrowings 6% Debentures Lot Trade Payable Sundry Creditors Bills Payable Short term Provisions Provision for taxation Proposed dividend Si Tangible Assets Machinery	Share Capeserves and Surpong term Borrowing	pital plus ings	80000 80000 140000 140000 300000 300000 110000 40000 150000 80000 84000 164000 160000	800000 800000 140000 9600 23600 20000 16600 3200 19800 10000 20000 40000
ote 3 ote 4	Share Capital Reserves and Surplus General resurve Profit and Loss R Long term Borrowings 6% Debentures Los Trade Payable Sundry Creditors Bills Payable Short term Provisions Provision for taxation Proposed dividend Si	Share Capeserves and Surpong term Borrowing Trade Paya	plus ings	80000 80000 80000 140000 300000 300000 110000 40000 150000 80000 84000 164000 400000	800000 800000 140000 96000 236000 200000 166000 32000 198000 100000 200000 400000 34000
ote 3 ote 4 te 5	Reserves and Surplus General resurve Profit and Loss R Long term Borrowings 6% Debentures Lot Trade Payable Sundry Creditors Bills Payable Short term Provisions Provision for taxation Proposed dividend Sitangible Assets Machinery Building	Share Capeserves and Surpong term Borrowing	plus ings	80000 80000 140000 140000 300000 300000 110000 40000 150000 80000 84000 164000 160000	800000 800000 140000 96000 236000 200000 166000 32000 198000 100000 200000 400000 34000
ote 3 ote 4 te 5	Reserves and Surplus General resurve Profit and Loss R Long term Borrowings 6% Debentures Trade Payable Sundry Creditors Bills Payable Short term Provisions Provision for taxation Proposed dividend Signal of the control of the c	Share Capeserves and Surpong term Borrowing Trade Paya	plus ings	80000 80000 140000 300000 300000 110000 40000 150000 80000 84000 164000 160000 400000 560000	800000 800000 140000 96000 236000 200000 166000 32000 198000 100000 200000 400000 34000 74000
ote 3 ote 4 te 5	Reserves and Surplus General resurve Profit and Loss R Long term Borrowings 6% Debentures Lot Trade Payable Sundry Creditors Bills Payable Short term Provisions Provision for taxation Proposed dividend Sitangible Assets Machinery Building	Share Capeserves and Surpong term Borrowing Trade Paya	plus ings able sets	80000 80000 80000 140000 300000 300000 110000 40000 150000 80000 84000 164000 400000	800000 800000 140000 96000 236000 20000 16600

Note 8	Inventories			
	Stock	Inventories	154000 154000	218000
Note 9	Trade Receivable			218000
	Sundry Debtors Bills receivable		320000 40000	400000
Note 10	Cash and Cash Equiva	Trade Receivable alents	360000	480000
	Cash		50000	_36000
Prepare :	a comparative statement	nd Cash Equivalents of Assets and Liabilitie	50000 s concern and o	36000 omment on

Solution:

Comparative Statement of Assets an

Partic	ulars	2016	2017	Increase or decrease in Amt.	Increase or decrease in Percentage
	and Liabilities areholders funds Share Capital Reserves and Surplus	600000 140000	800000 236000	+200000 +96000	+33.33 +68.57
	Total Shareholders funds (A)	740000	1036000	+296000	40%
2. No	n-Current Liabilities Long term Borrowings	300000	200000	-100000	-33.33
	Total Non-current liabilities (B)	300000	200000	-100000	-33.33
3. Cu	rrent Liabilities Trade Payable Short term provisions	150000 164000	198000 200000	+48000 +36000	+32 +21.95
	Total Current liabilities (C)	314000	392000	84000	+26.75
	Total (A+B+C)	1354000	1634000	+280000	20.57
I Assets 1. Nor	n-Current Assets Tangible Assets Intangible Assets	560000 230000	740000 180000	+180000 -50000	+32.14
	Total current liabilities	790000	920000	+130000	16.45
Inve Trad	rent Assets estories de receivable h and Cash equivalents	154000 360000 50000	218000 460000 36000	+64000 +100000 -14000	+41.558 +27.78 +38.89
	Total current Assets (B)	564000	714000	150000	+26.59
	Total Assets (A-B)	1354000	1634000	+280000	20.67

Illustration: 10

Prepare comparative statements from the following data.

Statements of Profit and Loss

Particulars	Note	2016		20	2017	
		Amount	Amount	Amount	Amount	
Continuing operations			ARCH S			

1. 2.	Revenue from operations Other Incomes	1 2	-11	300000		375000
2	F			300000		375000
3.	Expenses Cost of Sales Other expenses	3 4	200000 15000	215000	300000 15000	315000
	Net Profit			85000		60000

Particu	lars No		e 2016		20	17
			Amount	Amount	Amount	Amount
Equity	and Liabilities					
1. Sh	areholders funds					
	Share Capital	1	350000	-	350000	470500
	Reserves and Surplus	2	100000	450000	122500	472500
2. No	n-Current Liabilities			50000	E-POSES IN	75000
	Long term Borrowings	3		50000		75000
3. Cu	rrent liabilities	4	100000		137500	
	Trade Payable Short term Provisions	5	50000	150000	75000	212500
				1	70000	760000
	Total			650000		700000
II Assets			and sold			
	on-Current Assets					
(a)	Fixed Assets			400000		390000
	Tangible Assets	6		400000		330000
2. Ct	Investments	7	100000	1	150000	
Ca	ash and Cash Equivalents	8	150000	250000	220000	370000
	ISIT and Odon Equitarion					
	Total			650000		760000
		Accou	ints (Pro	650000 ofit & Los	s) 2016	
	Notes to		ints (Pro		s) 2016	2017
Note 1	Notes to Revenue from operat		ints (Pro		s) 2016 300000	
	Notes to		ints (Pro		2016	2017 375000
Note 1	Notes to Revenue from operat Sales		ints (Pro		300000	2017 375000 375000
Note 1	Notes to Revenue from operate Sales Other Incomes		ints (Pro		300000 300000	2017
Note 1	Notes to Revenue from operat Sales		ints (Pro		300000 300000 Nil	2017 375000 375000 Nil 300000
Note 1 Note 2 Note 3	Notes to Revenue from operate Sales Other Incomes		ints (Pro		300000 300000 Nil 200000 200000	2017 375000 375000 Nii 300000 300000
Note 1 Note 2 Note 3	Notes to Revenue from operate Sales Other Incomes Cost of Sales	ions	ints (Pro		300000 300000 Nil 200000 200000	2017 375000 375000 Nii 300000 300000
Note 1	Notes to Revenue from operate Sales Other Incomes Cost of Sales Other expenses	ions	ints (Pro		300000 300000 Nil 200000 200000	2017 375000 375000 Nil 300000 300000 10000 5000
Note 1 Note 2 Note 3	Notes to Revenue from operate Sales Other Incomes Cost of Sales Other expenses Administrative expenses	ions	ints (Pro		300000 300000 Nil 200000 200000	2017 375000 375000 Nil
Note 1 Note 2 Note 3	Notes to Revenue from operate Sales Other Incomes Cost of Sales Other expenses Administrative expenses	nses		ofit & Los	300000 300000 Nil 200000 200000 10000 5000 15000	2017 375000 375000 Nil 300000 300000 10000 5000 15000
Note 1 Note 2 Note 3	Notes to Revenue from operate Sales Other Incomes Cost of Sales Other expenses Administrative expenses Selling expenses	nses		ofit & Los	300000 300000 Nil 200000 200000 10000 5000 15000	2017 375000 375000 Nil 300000 300000 10000 5000 15000
Note 1 Note 2 Note 3 Note 4	Notes to Revenue from operate Sales Other Incomes Cost of Sales Other expenses Administrative expenses Selling expenses Notes to	nses		ofit & Los	300000 300000 Nil 200000 200000 10000 5000 15000 eet)	2017 375000 375000 Niii 300000 300000 10000 5000 15000
Note 1 Note 2 Note 3 Note 4	Notes to Revenue from operate Sales Other Incomes Cost of Sales Other expenses Administrative expenses Selling expenses Notes to	nses		ofit & Los	300000 300000 Nil 200000 200000 10000 5000 15000 eet) 2016	2017 375000 375000 Nii 300000 300000 10000 5000 15000 2017
Note 1 Note 2 Note 3 Note 4	Notes to Revenue from operate Sales Other Incomes Cost of Sales Other expenses Administrative expenses Selling expenses Notes to	nses Accou	nts (Bal	ofit & Los	300000 300000 Nil 200000 200000 10000 5000 15000 et) 2016	2017 375000 375000 Niii 300000 300000 10000 5000 150000 150000 150000
Note 1 Note 2 Note 3 Note 4	Notes to Revenue from operate Sales Other Incomes Cost of Sales Other expenses Administrative expenses Selling expenses Notes to Share Capital Equity Capital	nses Accou		ofit & Los	300000 300000 Nil 200000 200000 10000 5000 15000 eet) 2016	2017 375000 375000 Niii 300000 300000 10000 5000 150000 150000 150000
Note 1 Note 2 Note 3	Notes to Revenue from operate Sales Other Incomes Cost of Sales Other expenses Administrative expenses Selling expenses Notes to Share Capital Equity Capital	nses Accou	nts (Bal	ofit & Los	300000 300000 Nil 200000 200000 10000 5000 15000 et) 2016	2017 375000 375000 Nii 300000 300000 10000 5000 15000 2017

			2000	122000	T
	Total Shareholders funds (A)	100000 450000	122500 472500	+22500 +22500	+22.50
1. Share	d Liabilities holders funds hare Capital eserves and Surplus	350000	350000		
		2016	2017	Increase or decrease in Amt.	Increase or decrease in Percentage
Particular	Comparative Statem			Liabilities	
	Comparative State				-29.41
	Profit (A-B)	85000	60000	-25000	46.51
Oute	Total expenses (B)	15000 215000	15000	+100000	+50
Cost	of sales	200000	300000	+100000	
3. Expe	Total Revenue (A)	300000	375000	+75000	+25
1. Reve	enue from operations r income	300000	375000	+75000	+25
Continui	ng operations			in Amount	in Percentage
· articula	11.9	2016	2017	Increase or decrease	Increase or decrease
Particula		e Income S	tatemen	t	
Solution	Cash Cash and C	ash Equivale	ents	<u>150000</u> <u>150000</u>	<u>220000</u> <u>220000</u>
Note 8	Cash and Cash Equivalen	Invento	ries	<u>100000</u> <u>100000</u>	
Note 7	Inventories Stock	Tangible Ass	sets	400000	390000
	Furniture			150000 50000	135000
	Land Buildings Plant			50000 150000	50000 135000
Note 6	Tax Payable Short Tangible Assets	term Provisi	ions	<u>50000</u> <u>50000</u>	
Note 5	Short term Provisions	Trade Paya	bles	100000	137500
	Bills Payable Creditors			25000 75000	37500 100000
Note 4	Trade Payables	term Borrow	ings	50000	75000
	7% Debentures			50000	_75000

5	0000	75000	+2	5000	+50
	00000	137500 75000		7500 5000	+37.50 +50.00
	0000	212500		2500	+41.66
- 03	00000	760000	11	0000	+16.92
40	00000	390000	-1	0000	-25
40	00000	390000	-1	0000	-25
	00000	150000 220000		0000	+50 46.67
25	50000	370000	12	0000	+48
650	0000	760000		0000	+16.92

Illustration: 11

From the given statement of Assets and Liabilities of Bidar Ltd as on 31-12-2016 and 31-12-2017. You are required to prepare comparative statement of Assets and Liabilities and also comment.

Statements of Assets and Liabilities

	Particulars No.		2016		2017	
			Amount	Amount	Amount	Amount
	Equity and Liabilities					
	 Shareholders funds 				Carlotte Control	
	Share Capital	1	400000		400000	
	Reserves and Surplus	2	100000	500000	125000	525000
	2. Non-Current Liabilities					
	Long term Liabilities	3		50000		50000
	3. Current liabilities					
	Trade Payable	4		150000		190000
				700000		765000
1	Assets					
	1. Non-Current Assets					
	(a) Fixed Assets					
	Tangible Assets	5		525000		535000
	2. Current Assets					LEN
	Current Investments	6	40000		50000	
	Inventories	7	50000		60000	
	Trade receivable	8	75000	475000	100000	
	Cash and Cash equivalents	9	10000	175000	20000	230000
				700000		765000
	N	lotes t	o Accou	nts		
		.0.00			2016	2017
N	ote 1 Share Capital				300000	300000
	Equity share Capita				100000	100000
	Preference share C	apital	Share Ca	-34-1	400000	400000

Note 2 Reserves & Surplus Reserves Reserves & Surplus	100000	125000 125000
Note 3 Long term Borrowings 12% Debentures Long term Borrowings	50000 50000	50000 50000
Note 4 Trade Payable Bills Payable Creditors Trade Payable	60000 90000 150000	90000 100000 190000
Note 5 Tangible Assets Furniture Plant and Machinery Land and Building Tangible Assets	25000 250000 250000 525000	20000 200000 315000 535000
Note 6 Current Investments Investments (Temporary) Current Investments	40000 40000	50000 50000
Note 7 Inventories Stock Inventories	<u>50000</u> 50000	60000
Note 8 Trade receivable Debtors Trade receivable	<u>75000</u> 75000	100000
Note 9 Cash and Cash equivalents Cash	10000	20000
Solution : Cash and Cash equivalents	_10000	_20000

Bidar Ltd Comparative Statement of Assets and Liabilities

Particulars	2016	2017	Increase or decrease in Amt.	Increase or decrease in Percentage
Equity and Liabilities Shareholders funds Share Capital Reserves and Surplus	400000 100000	400000 125000	+25000	+25.00
Total Shareholders funds (A)	500000	525000	25000	25.00
Non-Current Liabilities Long term Borrowings	50000	50000		25.00
Total Non-current liabilities (B)	50000	50000		
3. Current Liabilities Trade Payable	150000	190000	+40000	.00.0
Total current liabilities (C)	150000	190000	+40000	+26.67
Total (A+B+C) Assets	700000	765000	65000	9.28
Non-Current Assets Tangible Assets	525000	535000	+10000	+1.90
Total Tagible Assets (A)	525000	535000	+10000	+1.90
2. Current Assets Current Investments	40000	50000	+10000	+1.9