

# Tools of Financial Statements Analysis

## 1 Mark Questions

1. Which item is assumed to be 100 while preparing common size statement of profit and loss? (Compartment 2014)

**Ans.** Revenue from operations are assumed to be 100 while preparing common size statement of profit and loss.

2. Name any two tools of analysis of financial statements. (Compartment 2014)

**Ans.** Two tools of analysis of financial statements are:

(i) Ratio analysis                      (ii) Cash flow statement

3. What is meant by a common size statements? (Delhi 2011)

**Ans.** The statement wherein figures reported are converted into percentage to some common base are known as common size statements. Each percentage shows the relation of the individual item to its respective total. In common size income statement, net sales figure is assumed to be 100 and all other figures of expenses are expressed as a percentage of sales. In common size balance sheet, the total of assets or liabilities is assumed to be 100 and figures are expressed as a percentage of the total.

## 3 Marks Questions

4. From the following information, prepare a comparative statement of profit and loss for the year 2009-2010

Particulars	2009	2010
Revenue from Operations i.e.	7,00,000	8,50,000
Materials Consumed	3,30,000	4,20,000
Manufacturing and Office Expenses	2,40,000	2,60,000
Other Incomes	30,000	30,000

**Other Information**

(i) Income tax is calculated @ 50%.

(ii) Manufacturing expenses are 50% of the total of that category. (All India 2011; Modified)



Ans.

**Comparative Statement of Profit and Loss**  
for the year ended 31st March, 2009 and 2010

Particulars	31st March, 2009 (₹)	31st March, 2010 (₹)	Absolute Change (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
I. Revenue from Operations (Sales)	7,00,000	8,50,000	1,50,000	21.43
II. Other Income	30,000	30,000	—	
III. Total Revenue (I +II)	7,30,000	8,80,000	1,50,000	20.55
IV. Expenses				
(a) Material Consumed	3,30,000	4,20,000	90,000	27.27
(b) Manufacturing Expenses	1,20,000	1,30,000	10,000	8.33
(c) Other Expenses (Office expenses)	1,20,000	1,30,000	10,000	8.33
<b>Total Expenses</b>	<b>5,70,000</b>	<b>6,80,000</b>	<b>1,10,000</b>	<b>19.30</b>
V. Profit before Tax (III – IV)	1,60,000	2,00,000	40,000	25.00
VI. Tax @ 50%	80,000	1,00,000	20,000	25.00
VII. Profit after Tax (V – VI)	80,000	1,00,000	20,000	25.00

5. From the following information, prepare a comparative statement of profit and loss for the years 2009 and 2010

Particulars	2009	2010
Revenue from Operations	8,00,000	10,00,000
Materials Consumed	4,00,000	4,60,000
Manufacturing and Office Expenses	2,10,000	2,40,000
Other Incomes	30,000	30,000

**Other Information**

(i) Income tax is calculated @ 50%.

(ii) Manufacturing expenses are 50% of the total of that category. (Delhi 2011 C; Modified)

Ans.

**Comparative Statement of Profit and Loss**  
for the year ended 31st March, 2009 and 2010

Particulars	31st, March 2009 (₹)	31st, March 2010 (₹)	Absolute Change (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
I. Revenue from Operations (Sales)	8,00,000	10,00,000	2,00,000	25.00
II. Other Income	30,000	30,000		
III. Total Revenue (I + II)	8,30,000	10,30,000	2,00,000	24.10
IV. Expenses				
(a) Material Consumed	4,00,000	4,60,000	60,000	15.00
(b) Manufacturing Expenses	1,05,000	1,20,000	15,000	14.29
(c) Other Expenses (Office expenses)	1,05,000	1,20,000	15,000	14.29
<b>Total Expenses</b>	<b>6,10,000</b>	<b>7,00,000</b>	<b>90,000</b>	<b>14.75</b>

Particulars	31st, March 2009 (₹)	31st, March 2010 (₹)	Absolute Change (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
V. Profit before Tax (III – IV)	2,20,000	3,30,000	1,10,000	50.00
VI. Tax @ 50 %	1,10,000	1,65,000	55,000	50.00
VII. Profit after Tax (V – VI)	1,10,000	1,65,000	55,000	50.00

**Working Note**

Manufacturing expenses = 50% of manufacturing and office expenses

$$= \frac{50}{100} \times 2,10,000 = 1,05,000 \quad (2009)$$

$$= \frac{50}{100} \times 2,40,000 = 1,20,000 \quad (2010)$$

**6. What are common size statements? State any two uses of common size statements.(All India 2008)**

**Ans. Common size statement** The statement wherein figures reported are converted into percentage to some common base are known as common size statements. Each percentage shows the relation of the individual item to its respective total. In common size income statement, net sales figure is assumed to be 100 and all other figures of expenses are expressed as a percentage of sales. In common size balance sheet, the total of assets or liabilities is assumed to be 100 and figures are expressed as a percentage of the total.

Uses of common size statements are as follows:

- (i) It helps in comparing the relative values of various items of income statement and position statement over two or more accounting periods. Thus, financial managers prepare common size statements for business reporting and decision-making purposes.
- (ii) Common size statements prepared by the firm over the years would highlight the relative change in each group of income, expenses, assets and liabilities.

#### 4 Marks Questions

7. From the following statement of profit and loss of Fenox Ltd for the year ended 31st March, 2013, prepare a comparative statement of profit and loss

Particulars	Note No.	2012-13 (₹)	2011-12 (₹)
Revenue from Operations		8,00,000	6,00,000
Other Incomes		1,00,000	50,000
Expenses		5,00,000	4,00,000

Rate of income tax was 40%.

(All India 2014)

Ans.

#### Comparative Statement of Profit and Loss for the year ended 31st March, 2013

	Absolute Value		Change	
	2011-12	2012-13	Absolute Value	Percentage
I. Revenue from Operations	6,00,000	8,00,000	2,00,000	33.33%
II. (+) Other Incomes	50,000	1,00,000	50,000	100%
III. Total Revenue (I + II)	6,50,000	9,00,000	2,50,000	38.46%
IV. (-) Expenses	4,00,000	5,00,000	1,00,000	25%
V. Profit before Tax (III - IV)	2,50,000	4,00,000	1,50,000	60%
(-) Tax @ 40%	1,00,000	1,60,000	60,000	60%
VI. Profit after Tax	1,50,000	2,40,000	90,000	60%

8. On the basis of the following information extracted from the statement of profit and loss for the year ended 31st March, 2012 and 2013, prepare a comparative statement of profit and loss:

Particulars	Note No.	31st March, 2013	31st March, 2012
Revenue from Operations		30,00,000	20,00,000
Expenses		21,00,000	12,00,000
Other Income		3,60,000	4,00,000
Tax Rate		50%	50%

(Compartment 2014)



Ans.

**Comparative Statement of Profit and Loss**  
for the years ended 31st March 2013 and 2012

Particulars	31st March, 2012	31st March, 2013	Absolute Change (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
I. Revenue from Operations (Sales)	20,00,000	30,00,000	10,00,000	50.00
II. Other Income	4,00,000	3,60,000	(40,000)	(10.00)
III. Total Revenue (I + II)	24,00,000	33,60,000	9,60,000	40.00
IV. Expenses	12,00,000	21,00,000	9,00,000	75.00
V. Profit before Tax (III – IV)	12,00,000	12,60,000	60,000	5.00
VI. Tax @ 50%	6,00,000	6,30,000	30,000	5.00
VII. Profit after Tax (V – VI)	6,00,000	6,30,000	30,000	5.00

9. From the following statement of profit and loss of Suntrack Ltd, for the years ended 31st March, 2011 and 2012, prepare a 'comparative statement of profit and loss'.

Particulars	Note No.	2011-12 (₹)	2010-11 (₹)
Revenue from Operations		20,00,000	12,00,000
Other Income		12,00,000	9,00,000
Expenses		13,00,000	10,00,000

(Delhi 2013)

Ans.

**Comparative Statement of Profit and Loss**  
for the year ended 31st March, 2011 and 2012

Particulars	Absolute Figures		Changes (base year 2010-11)	
	2010-11	2011-12	Absolute (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
I. Revenue from Operations	12,00,000	20,00,000	8,00,000	66.67
II. Other Income	9,00,000	12,00,000	3,00,000	33.33
III. Total Revenue (I + II)	21,00,000	32,00,000	11,00,000	52.38
IV. Expenses	10,00,000	13,00,000	3,00,000	30.00
V. Profit Before Tax (PBT) (III – IV)	11,00,000	19,00,000	8,00,000	72.73

10. From the following statement of profit and loss of Moon track Ltd., for the years ended 31st March, 2011 and 2012, prepare a 'comparative statement of profit and 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

(All India 2013)

Ans.

**Comparative Statement of Profit and Loss**  
for the year ended 31st March, 2011 and 2012

Particulars	Absolute Figures		Changes (Base year 2010-11)	
	2010-11	2011-12	Absolute (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 Incomes	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 Before Tax (PBT) (III – IV)	28,00,000	48,00,000	20,00,000	71.43

11. From the following income statement, prepare a common size statement of profit and loss Jayant Ltd for the year ended 31st March, 2011

Particulars	Ami (₹)
Revenue from Operations	25,38,000
(+) Other Incomes	38,000
<b>Total Incomes</b>	25,76,000
<b>Expenses</b>	
Cost of Revenue from Operations	14,00,000
Operating Expenses	5,00,000
<b>Total Expenses</b>	19,00,000
Profit before Tax	6,76,000
(-) Income Tax	3,38,000
Profit after Tax	3,38,000

(All India 2012; Modified)



Ans.

**Common Size Statement of Profit and Loss**  
for the year ended 31st March, 2011

Particulars	Amt (₹)	Percentage of Sales
I. Revenue from Operations (Sales)	25,38,000	100.00
II. Other Income	38,000	1.50
III. Total Revenue (I + II)	25,76,000	101.50
IV. Expenses		
(a) Cost of Revenue from Operations	14,00,000	55.16
(b) Operating Expenses	5,00,000	19.70
<b>Total Expenses</b>	19,00,000	74.86
V. Profit before Tax (III – IV)	6,76,000	26.64
VI. Tax	3,38,000	13.32
VII. Profit after Tax (V – VI)	3,38,000	13.32

12. Followings is the statement of profit and loss of Raj Ltd for the year ended 31st March, 2011

Particulars	Amt (₹)
Revenue from Operations	2,00,000
(+) Other Incomes	15,000
<b>Total Incomes</b>	2,15,000
<b>Expenses</b>	
Cost of Revenue from Operations	1,10,000
Operating Expenses	5,000
<b>Total Expenses</b>	1,15,000
Profit before Tax	1,00,000
(-) Income Tax	40,000
Profit after Tax	60,000

Prepare a common size statement of profit and loss of Raj Ltd for the year ended 31st March, 2011. (Delhi 2012; Modified)



Ans.

**Common Size Income Statement**  
for the year ended 31st March, 2011

Particulars	Amt (₹)	Percentage of Sales
I. Revenue from Operations (Sales)	2,00,000	100.00
II. Other Income	15,000	7.50
III. Total Revenue (I + II)	2,15,000	107.50
IV. Expenses		
(a) Cost of Revenue from Operations	1,10,000	55.00
(b) Operating Expenses	5,000	2.50
<b>Total Expenses</b>	1,15,000	57.50
V. Profit before Tax (III – IV)	1,00,000	50.00
VI. Tax	40,000	20.00
VII. Profit after Tax (V – VI)	60,000	30.00

13. Prepare a comparative statement of profit and loss from the following information's

Particulars	31st March, 2009	31st March, 2010
Revenue from Operations	40,000	50,000
Cost of Revenue from Operations	30,000	35,000
Wages Paid*	16,000	14,000
Operating Expenses	2,500	3,000
Other Incomes	2,000	3,000
Income Tax	4,750	7,500

(All India 2011; Modified)

Ans.





**Comparative Statement of Profit and Loss**  
for the year ended 31st March, 2009 and 2010

Particulars	31st March, 2009 (₹)	31st March, 2010 (₹)	Absolute Change (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
I. Revenue from Operations (Sales)	40,000	50,000	10,000	25.00
II. Other Income	2,000	3,000	1,000	50.00
III. Total Revenue (I + II)	42,000	53,000	11,000	26.19
IV. Expenses				
(a) Cost of Revenue from Operations	30,000	35,000	5,000	16.67
(b) Operating Expenses	2,500	3,000	500	20.00
<b>Total Expenses</b>	<b>32,500</b>	<b>38,000</b>	<b>5,500</b>	<b>16.92</b>
V. Profit before Tax (III – IV)	9,500	15,000	5,500	57.89
VI. Tax	4,750	7,500	2,750	57.89
VII. Profit after Tax (V – VI)	4,750	7,500	2,750	57.89

**NOTE** Wages paid are a part of direct expenses and they are already included in cost of goods sold.

**14. Prepare a comparative statement of profit and loss from the following information**

Particulars	2009	2010
Revenue from Operations	10,00,000	12,50,000
Cost of Revenue from Operations	5,00,000	6,50,000
Carriage Inwards	30,000	50,000
Operating Expenses	50,000	60,000
Income Tax	50%	50%

(Delhi 2011; Modified)

**Ans.**



**Comparative Statement of Profit and Loss**  
for the year ended 31st March, 2009 and 2010

Particulars	31st March, 2009 (₹)	31st March, 2010 (₹)	Absolute Change (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
I. Revenue from Operations (Sales)	10,00,000	12,50,000	2,50,000	25.00
II. Other Income	—	—	—	—
III. Total Revenue (I + II)	10,00,000	12,50,000	2,50,000	25.00
IV. Expenses				
(a) Cost of Revenue from Operations	5,00,000	6,50,000	1,50,000	30.00
(b) Operating Expenses	50,000	60,000	10,000	20.00
<b>Total Expenses</b>	5,50,000	7,10,000	1,60,000	29.09
V. Profit before Tax (III – IV)	4,50,000	5,40,000	90,000	20.00
VI. Tax @ 50%	2,25,000	2,70,000	45,000	20.00
VII. Profit after Tax (V – VI)	2,25,000	2,70,000	45,000	20.00

**NOTE** Carriage inwards are a part of direct expenses and they are already included in cost of goods sold.

**15. From the following information given below, prepare a comparative statement of profit and loss**

Particulars	31st March, 2008	31st March, 2009
Revenue from Operations	2,00,000	3,50,000
Purchase	1,00,000	2,00,000
Cost of Revenue from Operations	60% of Revenue from Operations	70% of Revenue from Operations
Administrative Expenses	5% on Gross Profit	7% on Gross Profit
Income Tax	45%	45%

(All India 2010; Modified)

**Ans.**



**Comparative Statement of Profit and Loss**  
for the year ended 31st March, 2008 and 2009

Particulars	31st March, 2008 (₹)	31st March, 2009 (₹)	Absolute Change (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
I. Revenue from Operations (Sales)	2,00,000	3,50,000	1,50,000	75.00
II. Other Income	—	—	—	—
III. Total Revenue (I + II)	2,00,000	3,50,000	1,50,000	75.00
IV. Expenses				
(a) Cost of Revenue from Operations	1,20,000	2,45,000	1,25,000	104.17
(b) Administration Expenses	4,000	7,350	3,350	83.75
<b>Total Expenses</b>	<b>1,24,000</b>	<b>2,52,350</b>	<b>1,28,350</b>	<b>103.51</b>
V. Profit before Tax (III – IV)	76,000	97,650	21,650	28.49
VI. Tax @ 45%	34,200	43,943	9,743	28.49
VII. Profit after Tax (V – VI)	41,800	53,707	11,907	28.49

**NOTE** Purchase is a part of cost of goods sold and thus not shown separately

**Working Note**

	2008	2009
Revenue from Operations (Sales)	2,00,000	3,50,000
(–) Cost of Revenue from Operations	<u>1,20,000</u>	<u>2,45,000</u>
Gross Profit	<u>80,000</u>	<u>1,05,000</u>
Administrative Expenses	5% on Gross Profit i.e. 4,000	7% on Gross Profit i.e. 7,350

**16. From the following information given below, prepare a comparative income statement of profit and loss**

Particulars	31st March, 2008	31st March, 2009
Revenue from Operations	3,00,000	4,00,000
Sales Return	1,00,000	2,00,000
Cost of Revenue from Operations	60% of Revenue from Operations	50% of Revenue from Operations
Administrative Expenses	20% on Gross Profit	10% on Gross Profit
Income Tax	40%	40%

(All India 2010; Modified)

Ans.

**Comparative Statement of Profit and Loss**  
for the year ended 31st March, 2008 and 2009

Particulars	31st March, 2008 (₹)	31st March, 2009 (₹)	Absolute Change (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
I. Revenue from Operations (Sales)	2,00,000	2,00,000	—	—
II. Other Income	—	—	—	—
III. Total Revenue (I + II)	2,00,000	2,00,000	—	—
IV. Expenses				
(a) Cost of Revenue from Operations	1,20,000	1,00,000	(20,000)	(16.67)
(b) Administrative Expenses	16,000	10,000	(6,000)	(37.50)
<b>Total Expenses</b>	1,36,000	1,10,000	(26,000)	(19.12)
V. Profit before Tax (III – IV)	64,000	90,000	26,000	40.63
VI. Tax @ 40%	25,600	36,000	10,400	40.63
VII. Profit after Tax (V – VI)	38,400	54,000	15,600	40.63

**Working Note**

	2008	2009
Revenue from Operations	3,00,000	4,00,000
(–) Sales Return	1,00,000	2,00,000
Revenue from Operation	2,00,000	2,00,000
(–) Cost of Revenue from Operations	1,20,000	1,00,000
Gross Profit	80,000	1,00,000
Administrative Expenses	20% on Gross Profit i.e. 16,000	10% on Gross Profit i.e. 10,000

17. Prepare a comparative statement of profit and loss from the following

Particulars	31st March, 2006	31st March, 2009
Revenue from Operations	140% of Cost of Revenue from Operations	160% of Cost of Revenue from Operations
Purchases	2,50,000	4,50,000
Cost of Revenue from Operations	3,00,000	5,00,000
Administrative Expenses	10% of Cost of Revenue from Operations	8% of Cost of Revenue from Operations
Income Tax	40%	50%

(Delhi 2010; Modified)

Ans.

**Comparative Statement of Profit and Loss**  
for the year ended 31st March, 2008 and 2009

Particulars	31st March, 2008 (₹)	31st March, 2009 (₹)	Absolute Change (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
I. Revenue from Operations (Sales)	4,20,000	8,00,000	3,80,000	90.48
II. Other Income	—	—	—	—
III. Total Revenue (I + II)	4,20,000	8,00,000	3,80,000	90.48
IV. Expenses				
(a) Cost of Revenue from Operations	3,00,000	5,00,000	2,00,000	66.67
(b) Administrative Expenses	30,000	40,000	10,000	33.33
<b>Total Expenses</b>	<b>3,30,000</b>	<b>5,40,000</b>	<b>2,10,000</b>	<b>63.64</b>
V. Profit before Tax (III – IV)	90,000	2,60,000	1,70,000	188.89
VI. Tax @ 40% and 50%	36,000	1,30,000	94,000	261.11
VII. Profit after Tax (V – VI)	54,000	1,30,000	76,000	140.74

**NOTE** Purchase is a part of cost of goods sold and thus not shown separately.

**18. Prepare a comparative statement of profit and loss from the following**

Particulars	31st March, 2008	31st March, 2009
Revenue from Operations	140% of Cost of Revenue from Operations	150% of Cost of Revenue from Operations
Purchases	1,50,000	2,50,000
Cost of Revenue from Operations	2,00,000	3,00,000
Operating Expenses	10,000	15,000
Income Tax	40%	40%

(Delhi 2010C; Modified)

**Ans.**

**Comparative Statement of Profit and Loss**  
for the year ended 31st March, 2008 and 2009

Particulars	31st March, 2008 (₹)	31st March, 2009 (₹)	Absolute Change (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
I. Revenue from Operations (Sales)	2,80,000	4,50,000	1,70,000	60.71
II. Other Income	—	—	—	—
III. Total Revenue (I + II)	2,80,000	4,50,000	1,70,000	60.71
IV. Expenses				
(a) Cost of Revenue from Operations	2,00,000	3,00,000	1,00,000	50.00
(b) Operating Expenses	10,000	15,000	5,000	50.00
<b>Total Expenses</b>	<b>2,10,000</b>	<b>3,15,000</b>	<b>1,05,000</b>	<b>50.00</b>
V. Profit before Tax (III – IV)	70,000	1,35,000	65,000	92.86
VI. Tax @ 40%	28,000	54,000	26,000	92.86
VII. Profit after Tax (V – VI)	42,000	81,000	39,000	92.86



**NOTE** Purchase is a part of cost of goods sold and thus not shown separately.

**19. From the following information provided, prepare a comparative statement for the period 2008 and 2009**

Particulars	2008	2009
Revenue from Operations	5,00,000	6,00,000
Gross Profit	40% on Revenue from Operations	50% on Revenue from Operations
Administrative Expenses	20% on Gross Profit	15% on Gross Profit
Income Tax	50%	50%

(All India 2010)

**Ans.**

**Comparative Statement of Profit and Loss  
for the year ended 31st March, 2008 and 2009**

Particulars	31st March, 2008 (₹)	31st March, 2009 (₹)	Absolute Change (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
I. Revenue from Operations (Sales)	5,00,000	6,00,000	1,00,000	20.00
II. Other Income	—	—	—	—
III. Total Revenue (I + II)	5,00,000	6,00,000	1,00,000	20.00
IV. Expenses				
(a) Cost of Revenue from Operations	3,00,000	3,00,000	—	—
(b) Administrative Expenses	40,000	45,000	5,000	12.50
<b>Total Expenses</b>	<b>3,40,000</b>	<b>3,45,000</b>	<b>5,000</b>	<b>1.47</b>
V. Profit before Tax (III – IV)	1,60,000	2,55,000	95,000	59.38
VI. Tax @ 50%	80,000	1,27,000	47,500	59.38
VII. Profit after Tax (V – VI)	80,000	1,27,500	47,500	59.38

**Working Note**

	2008	2009
Revenue from Operations	5,00,000	6,00,000
(–) Gross Profit	2,00,000	3,00,000
Cost of Revenue from Operations	<u>3,00,000</u>	<u>3,00,000</u>
Administrative Expenses	20% on Gross Profit i.e. 40,000	15% on Gross Profit i.e. 45,000

20. From the following information provided, prepare a comparative statement of profit and loss for the period 2008 and 2009.

Particulars	2008	2009
Revenue from Operations	8,00,000	9,00,000
Gross Profit	40% on Revenue from Operations	50% on Revenue from Operations
Administrative Expenses	20% on Gross Profit	15% on Gross Profit
Income Tax	50%	50%

(Delhi 2010; Modified)

Ans.

**Comparative Statement of Profit and Loss**  
for the year ended 31st March, 2008 and 2009

Particulars	31st March, 2008 (₹)	31st March, 2009 (₹)	Absolute Change (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
I. Revenue from Operations (Sales)	8,00,000	9,00,000	1,00,000	12.50
II. Other Income	—	—	—	—
III. Total Revenue (I + II)	8,00,000	9,00,000	1,00,000	12.50
IV. Expenses				
(a) Cost of Revenue from Operations	4,80,000	4,50,000	(30,000)	(6.25)
(b) Administrative Expenses	64,000	67,500	3,500	5.47
<b>Total Expenses</b>	<b>5,44,000</b>	<b>5,17,500</b>	<b>(26,500)</b>	<b>(4.87)</b>
V. Profit before Tax (III – IV)	2,56,000	3,82,500	1,26,500	49.41
VI. Tax @ 50%	1,28,000	1,91,250	63,250	49.41
VII. Profit after Tax (V – VI)	1,28,000	1,91,250	63,250	49.41

**Working Note**

	2008	2009
Revenue from Operations	8,00,000	9,00,000
(–) Gross Profit	3,20,000	4,50,000
Cost of Revenue from Operations	4,80,000	4,50,000
Administrative Expenses	20% on Gross Profit i.e. 64,000	15% on Gross Profit i.e. 67,500

21. Prepare a comparative statement of profit and loss from the following

Particulars	31st March, 2007	31st March, 2008
Revenue from Operations	10,00,000	12,50,000
Cost of Revenue from Operations	6,00,000	7,50,000
Operating Expenses	40,000	50,000

Interest on investment ₹ 50,000 and tax payable @ 50%.

(All India 2009)

Ans.

**Comparative Statement of Profit and Loss**  
for the year ended 31st March, 2007 and 2008

Particulars	31st March, 2007 (₹)	31st March, 2008 (₹)	Absolute Change (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
I. Revenue from Operations (Sales)	10,00,000	12,50,000	2,50,000	25.00
II. Other Income	50,000	50,000	—	—
III. Total Revenue (I + II)	10,50,000	13,00,000	2,50,000	23.81
IV. Expenses				
(a) Cost of Revenue from Operations	6,00,000	7,50,000	1,50,000	25.00
(b) Operating Expenses	40,000	50,000	10,000	25.00
<b>Total Expenses</b>	<b>6,40,000</b>	<b>8,00,000</b>	<b>1,60,000</b>	<b>25.00</b>
V. Profit before Tax (III – IV)	4,10,000	5,00,000	90,000	21.95
VI. Tax @ 50%	2,05,000	2,50,000	45,000	21.95
VII. Profit after Tax (V – VI)	2,05,000	2,50,000	45,000	21.95

22. From the following information, prepare a comparative statement of profit and loss Vimal Ltd.

Particulars	2006	2007
Revenue from Operations	20,00,000	24,00,000
Cost of Revenue from Operations	18,00,000	19,00,000
Indirect Expenses	50,000	80,000
Income Tax	40%	40%

(All India 2008; Modified)

Ans.





**Comparative Statement of Profit and Loss**  
for the year ended 31st March, 2006 and 2007

Particulars	31st March, 2006 (₹)	31st March, 2007 (₹)	Absolute Change (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
I. Revenue from Operations (Sales)	20,00,000	24,00,000	4,00,000	20.00
II. Other Income	—	—	—	—
III. Total Revenue (I + II)	20,00,000	24,00,000	4,00,000	20.00
IV. Expenses				
(a) Cost of Revenue from Operations	18,00,000	19,00,000	1,00,000	5.56
(b) Indirect Expenses	50,000	80,000	30,000	60.00
<b>Total Expenses</b>	<b>18,50,000</b>	<b>19,80,000</b>	<b>1,30,000</b>	<b>7.03</b>

Particulars	31st March, 2006 (₹)	31st March, 2007 (₹)	Absolute Change (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
V. Profit before Tax (III – IV)	1,50,000	4,20,000	2,70,000	180.00
VI. Tax @ 40%	60,000	1,68,000	1,08,000	180.00
VII. Profit after Tax (V – VI)	90,000	2,52,000	1,62,000	180.00

23. From the following information, prepare a comparative statement of profit and loss Victor Ltd.

Particulars	2006	2007
Revenue from Operations	15,00,000	18,00,000
Cost of Revenue from Operations	11,00,000	14,00,000
Indirect Expenses	20% of Gross Profit	25% of Gross Profit
Income Tax	50%	50%

(All India 2008; Modified)

Ans.

**Comparative Statement of Profit and Loss**  
for the year ended 31st March, 2006 and 2007

Particulars	31st March, 2006 (₹)	31st March, 2007 (₹)	Absolute Change (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
I. Revenue from Operations (Sales)	15,00,000	18,00,000	3,00,000	20.00
II. Other Income	—	—	—	—
III. Total Revenue (I + II)	15,00,000	18,00,000	3,00,000	20.00
IV. Expenses				
(a) Cost of Revenue from Operations	11,00,000	14,00,000	3,00,000	27.27
(b) Indirect Expenses	80,000	1,00,000	20,000	25.00
<b>Total Expenses</b>	11,80,000	15,00,000	3,20,000	27.12
V. Profit before Tax (III – IV)	3,20,000	3,00,000	(20,000)	(6.25)
VI. Tax @ 50%	1,60,000	1,50,000	(10,000)	(6.25)
VII. Profit after Tax (V – VI)	1,60,000	1,50,000	(10,000)	(6.25)

**Working Note**

	2006	2007
Revenue from Operations (Sales)	15,00,000	18,00,000
(–) Cost of Revenue from Operations	11,00,000	14,00,000
Gross Profit	<u>4,00,000</u>	<u>4,00,000</u>
Indirect Expenses	20% on Gross Profit i.e. 80,000	25% on Gross Profit i.e. 1,00,000

