

VIVEKANANDA COLLEGE THAKURPUKUR KOLKATA-700063

NAAC ACCREDITED 'A' GRADE



Topic:Comparative Balance Sheet

Course Title:B.Com

Paper:Fin.Reporting & F.S.A

Unit:05

Semester:6th

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Name of the Department:Commerce

■ 5.21.1 Comparative Balance Sheet

The comparative balance sheet analysis is undertaken for following purposes :

- To study the trend of short-term financial position,
- To study the trend of long-term solvency position and
- To study the growth of the concern.

This analysis is done usually over short time periods — two to three years. It is done in a columnar statement, which shows horizontally the accounting numbers of same items of two or more consecutive balance sheets of the concern. So, comparative balance sheet analysis is also referred to as horizontal balance sheet analysis.

The number of columns in the comparative balance sheet will depend upon the number of years to be covered for the analysis and the extent of the analysis. For example, if we like to compare balance sheet items in absolute terms only for two periods, the statement will have two columns for two consecutive balance sheets of the company. If the analysis is intended to be extended further, two additional columns are to be inserted, the third one for showing changes in absolute figures and the fourth one for giving percentages of changes.

■ Steps Involved in Preparing a Comparative Balance Sheet

1. Prepare a columnar statement with requisite number of columns.
2. The number of columns in the statement will depend upon the number of accounting years to be considered for analysis. For example if two balance sheets of consecutive two years are considered for study, there will be five columns.
3. Write the items of the balance sheet in the first column.
4. Put the figures of previous year and the current year in the second and third column respectively.
5. Taking the previous year as the base year, write the increase or decrease in absolute number in the fourth column.
6. In the fifth column, write the percentage of change to be calculated as below :

$$\text{Percentage} = \frac{\text{Absolute change}}{\text{Base year figure}} \times 100$$

7. Add the absolute changes and percentage of changes as computed in the fourth and fifth column. The total of percentage changes may be cross checked as below :

$$\text{Total percentage changes} = \frac{\text{Total of absolute changes}}{\text{Base year total}} \times 100$$

Proforma of Comparative Balance Sheet
(As per Division I of Schedule III Applicable for Companies following AS)
Comparative Balance Sheet as at..... and.....

| Particulars | Previous Year (₹) | Current Year (₹) | Change | |
|-----------------------------------|----------------------|---------------------|-----------------|----------------|
| | | | Absolute (₹) | Percent (%) |
| 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) Other Long-term Liabilities | | | | |
| (c) Long-term Provisions | | | | |
| 3. Current Liabilities | | | | |
| (a) Short-term Borrowings | | | | |
| (b) Trade Payables | | | | |
| (c) Other Current Liabilities | | | | |
| Total | | | | |
| II. ASSETS | | | | |
| 1. Non-Current Assets | | | | |
| (a) Property, Plant and Equipment | | | | |
| (b) Intangible Assets | | | | |
| (c) Non-Current Investments | | | | |
| (d) Long-term Loans and Advances | | | | |
| (e) Other Non-Current Assets | | | | |
| 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 | | | | |

From the following figures of the Balance Sheet of X & Co. Ltd., prepare a Comparative Balance Sheet.

| Particulars | 31.3.2017 ₹ | 31.3.2018 ₹ |
|--------------------------|----------------|----------------|
| Equity Share Capital | 4,00,000 | 5,00,000 |
| Preference Share Capital | 2,00,000 | 1,00,000 |
| 10% Debentures | 1,50,000 | 1,00,000 |
| Reserve and Surplus | 40,000 | 70,000 |
| Long-term Loans | 2,00,000 | 3,00,000 |
| Investment | 2,20,000 | 2,50,000 |
| Fixed Assets | 5,70,000 | 6,30,000 |
| Current Assets | 2,80,000 | 3,10,000 |
| Current Liabilities | 80,000 | 1,20,000 |

Solve

X & Co. Ltd. ~~Private Ltd.~~
Comparative Balance Sheet
 as at - 31-12-17 and 31-12-18

| Particulars | 2017 | 2018 | Change | |
|--|-----------|-----------|------------------------------------|---|
| | | | Absolute (₹) | Percentage (%) |
| I. Equity & Liab:- | | | | |
| 1. <u>Sh. holders fund</u> | | | | |
| a) <u>Sh. Capital</u> | | | | |
| i) <u>Eqn. sh. cap.</u> | 4,00,000 | 5,00,000 | (5,00,000 - 4,00,000) = 1,00,000 | $\frac{1,00,000}{4,00,000} \times 100 = 25$ |
| ii) <u>Prf. sh. cap.</u> | 2,00,000 | 1,00,000 | (1,00,000 - 2,00,000) = (1,00,000) | $\frac{(1,00,000)}{2,00,000} \times 100 = (50)$ |
| b) <u>Reserve & Surplus</u> | 40,000 | 70,000 | (70,000 - 40,000) = 30,000 | $\frac{30,000}{40,000} \times 100 = 75$ |
| 2. Sh. app. money <u>Pending allotment</u> | - | - | - | - |
| 3. <u>Non Current Liab:</u> | | | | |
| a) <u>Long term Borrowing</u> | | | | |
| i) <u>10% Deb.</u> | 1,50,000 | 1,00,000 | (1,00,000 - 1,50,000) = (50,000) | $\frac{(50,000)}{1,50,000} \times 100 = (33.33)$ |
| ii) <u>long term loan</u> | 2,00,000 | 3,00,000 | (3,00,000 - 2,00,000) = 1,00,000 | $\frac{1,00,000}{2,00,000} \times 100 = 50$ |
| 4. <u>Current Liab:-</u> | 80,000 | 1,20,000 | (1,20,000 - 80,000) = 40,000 | $\frac{40,000}{80,000} \times 100 = 50$ |
| Total | 10,70,000 | 11,90,000 | (11,90,000 - 10,70,000) = 1,20,000 | $\frac{1,20,000}{10,70,000} \times 100 = 11.2149$ |
| II Assets:- | | | | |
| 1. <u>Non-Current Assets:-</u> | | | | |
| a) <u>Property, Plant & Equip.</u> | 5,70,000 | 6,30,000 | (6,30,000 - 5,70,000) = 60,000 | $\frac{60,000}{5,70,000} \times 100 = 10.526$ |
| b) <u>Non Current Inv.</u> | 2,20,000 | 2,50,000 | (2,50,000 - 2,20,000) = 30,000 | $\frac{30,000}{2,20,000} \times 100 = 13.636$ |
| 2. <u>Current Assets:-</u> | 2,80,000 | 3,10,000 | (3,10,000 - 2,80,000) = 30,000 | $\frac{30,000}{2,80,000} \times 100 = 10.714$ |
| Total | 10,70,000 | 11,90,000 | (11,90,000 - 10,70,000) = 1,20,000 | $\frac{1,20,000}{10,70,000} \times 100 = 11.2149$ |

X Ltd.
Balance Sheets as at 31st March 2019

| Particulars | Notes No. | 31.03.2019 ₹ | 31.03.2018 ₹ |
|-----------------------------------|--------------|-----------------|-----------------|
| I. EQUITY AND LIABILITIES | | | |
| 1. Shareholders' Fund | | | |
| (a) Share Capital | | | |
| (i) Equity Share Capital | | 2,50,000 | 1,50,000 |
| (ii) 8% Preference Share Capital | | 1,00,000 | 1,50,000 |
| (b) Reserves & Surplus | 1 | 82,000 | 38,000 |
| 2. Non-Current Liabilities | | | |
| 3. Current Liabilities | | | |
| (a) Trade Payables | | 65,000 | 44,000 |
| (b) Short-term Provision | | 65,000 | 55,000 |
| TOTAL | | 5,62,000 | 4,37,000 |
| II. ASSETS | | | |
| 1. Non-Current Assets | | | |
| (a) Property, Plant and Equipment | | 2,66,000 | 1,90,000 |
| (b) Intangible Assets | | 47,000 | 60,000 |
| 2. Current Assets | | | |
| (a) Current Investments | | 35,000 | 10,000 |
| (b) Inventory | | 78,000 | 85,000 |
| (c) Trade Receivables | | 1,08,000 | 75,000 |
| (d) Cash & Cash Equivalent | | 28,000 | 17,000 |
| TOTAL | | 5,62,000 | 4,37,000 |

Notes to the Financial Statements

| Particulars | 31.03.2019 ₹ | 31.03.2018 ₹ |
|----------------------------------|-----------------|-----------------|
| 1. Reserves & Surplus | | |
| (a) General Reserve | 30,000 | 20,000 |
| (b) Capital Reserve | 25,000 | — |
| (c) Statement of Profit and Loss | 27,000 | 18,000 |
| | 82,000 | 38,000 |

You are required to prepare a Comparative Balance Sheet in a suitable form

Sol

X Ltd
Comparative Balance sheet
as at - 31-3-18 & 31-3-19

| Particulars | 31-3-18 | 31-3-19 | Change | |
|----------------------------------|-----------------|-----------------|---|---|
| | | | Absolute (₹) | Percentage (%) |
| I. Equity & Liab: | | | | |
| 1. Sh. holders fund:- | | | | |
| a) Sh. Capital | | | | |
| i) Eq. Sh. Capital | 1,50,000 | 2,50,000 | (2,50,000 - 1,50,000) = 1,00,000 | $\frac{1,00,000}{1,50,000} \times 100 = 66.67$ |
| ii) 8% Prct. Sh. Cap. | 1,50,000 | 1,00,000 | (1,00,000 - 1,50,000) = (50,000) | $\frac{50,000}{1,50,000} \times 100 = (33.33)$ |
| b) Reserve & Surplus | | | | |
| Gen | 38,000 | 82,000 | (82,000 - 38,000) = 44,000 | $\frac{44,000}{38,000} \times 100 = 115.789$ |
| Sh. app. money pending allotment | - | - | - | - |
| 3. Non-current Liab:- | - | - | - | - |
| 4. Current Liab:- | | | | |
| a) Trade Payable | 44,000 | 65,000 | (65,000 - 44,000) = 21,000 | $\frac{21,000}{44,000} \times 100 = 51.219$ |
| b) Short term Pro. | 55,000 | 65,000 | (65,000 - 55,000) = 10,000 | $\frac{10,000}{55,000} \times 100 = 18.1818$ |
| Total | 4,37,000 | 5,62,000 | (5,62,000 - 4,37,000) = 1,25,000 | $\frac{1,25,000}{4,37,000} \times 100 = 28.604$ |
| II Assets:- | | | | |
| 1. Non Current Asset | | | | |
| a) Prop, Plant & Equip. | 1,90,000 | 2,66,000 | (2,66,000 - 1,90,000) = 76,000 | $\frac{76,000}{1,90,000} \times 100 = 40$ |
| b) Intangible Asset | 60,000 | 47,000 | (47,000 - 60,000) = (13,000) | $\frac{13,000}{60,000} \times 100 = 21.666$ |
| 2. Current Assets | | | | |
| a) Current Invent | 10,000 | 35,000 | (35,000 - 10,000) = 25,000 | $\frac{25,000}{10,000} \times 100 = 250$ |
| b) Inventory | 85,000 | 78,000 | (78,000 - 85,000) = (7,000) | $\frac{7,000}{85,000} \times 100 = 8.2352$ |
| c) Trade Receivables | 75,000 | 1,08,000 | (1,08,000 - 75,000) = 33,000 | $\frac{33,000}{75,000} \times 100 = 44$ |
| d) Cash & Cash Equi | 17,000 | 28,000 | (28,000 - 17,000) = 11,000 | $\frac{11,000}{17,000} \times 100 = 64.705$ |
| Total | 4,37,000 | 5,62,000 | (5,62,000 - 4,37,000) = 1,25,000 | $\frac{1,25,000}{4,37,000} \times 100 = 28.604$ |