

DK Goel Solutions Class 12 – Chapter 4 – Part B

Question 1

The following data is related to Cambridge Ltd.

(₹ in lakhs)

Particulars	31.03.2019	31.03.2018
	₹	₹
Equity Share Capital	16	16
Preference Share Capital	2	2
Reserves and Surplus	5.4	4
Non-Current Liabilities	14.4	14
Current Liabilities	7.2	4
Non-Current Assets	30.60	28
Current Assets	14.4	12

Now, you are required to prepare a Common Size Balance Sheet.

Solution:

CAMBRIDGE LTD.

COMMON SIZE BALANCE SHEET

As at 31.3.2018 and 31.3.2019

(₹ in lakhs)

Particulars	Note No.	Absolute Amounts		% of Balance Sheet Total	
		2018	2019	2018	2019
		₹	₹	%	%
EQUITY AND LIABILITIES:					
Shareholders' Funds					
Share Capital		18	18	45 (i)	40 (iv)
Reserves and Surplus		4	5.4	10 (ii)	12 (v)
Non-Current Liabilities		14	14.4	35 (iii)	32 (vi)
Current Liabilities		4	7.2	10	16
TOTAL		40	45	100	100
ASSETS					
Non-Current Assets		28	30.6	70	68
Current Assets		12	14.4	30	32
TOTAL		40	45	100	100

Question 2

Following is the Statement of Profit and Loss of Crown Ltd. for the year ended 31.3.2018:

Particulars	Amount (₹)
Income:	
Revenue from operations	2,00,000
Other Incomes	15,000
Total Revenue	2,15,000
Expenses:	
Cost of Materials Consumed	1,10,000
Other Expenses	5,000
Total Expenses	1,15,000
Tax	40,000

You are required to prepare a common size statement of P & L of Crown Ltd. for the year ended 31.03.2018.

Solution:

CROWN LTD.

COMMON SIZE INCOME STATEMENT

As at 31.3.2018

Particulars	Note No.	Absolute Amounts	% of Revenue from Operations
-------------	----------	------------------	------------------------------

		₹	
Revenue from Operations		2,00,000	100
Other Incomes		15,000	7.5
Total Revenue (Revenue from Operations + Other Incomes)		2,15,000	107.5
Expenses:			
Cost of Materials Consumed		1,10,000	55
Other Expenses		5,000	2.5
Total Expenses		1,15,000	57.5
Profit before Tax (Total Revenue – Expenses)		1,00,000	50
Less: Tax		40,000	20
Profit after tax (Profit before Tax – Tax)		60,000	30

Question 3

What are Common Size Statements?

Answer: Common Size Statements express all items of a financial statement as a % of some common base such as revenue from operations for P & L statement and total assets for the balance sheet.