

## Chapter 4 Common Size Statements

### 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
		₹	₹	%	%
<b>EQUITY AND LIABILITIES:</b>					
<b>Shareholders' Funds</b>					
Share Capital		18	18	45 (i)	40 (iv)
Reserves and Surplus		4	5.4	10 (ii)	12 (v)
<b>Non-Current Liabilities</b>		14	14.4	35 (iii)	32 (vi)
<b>Current Liabilities</b>		4	7.2	10	16
<b>TOTAL</b>		40	45	100	100
<b>ASSETS</b>					
Non-Current Assets		28	30.6	70	68

Current Assets		12	14.4	30	32
<b>TOTAL</b>		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 (₹)
<b>Income:</b>	
Revenue from operations	2,00,000
Other Incomes	15,000
Total Revenue	2,15,000
<b>Expenses:</b>	
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 BALANCE SHEET

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 –		1,00,000	50

Expenses)			
<b>Less:</b> 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.