

From the following information of X Ltd. Prepare a comparative income statement and interpret the changes.

Particulars	31-3-2017	31-3-2018
	₹	₹
Revenue from Operation	4,00,000	3,20,000
Cost of Revenue from operation	2,40,000	1,60,000
Administrative, Selling and Distribution Expenses	80,000	56,000
Other Income	16,000	8,000
Income Tax	48,000	56,000

### Solution

### Comparative Income Statement

Particulars	31-3-2017	31-3-2018	Absolute Change	Percentage Change
Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
	₹	₹	₹	$\frac{\text{Col. 4}}{\text{Col. 2}} \times 100$
Revenue from Operation	4,00,000	3,20,000	(80,000)	(20)
Other Income	16,000	8,000	(8,000)	(50)
<b>Total Income (A)</b>	<b>4,16,000</b>	<b>3,28,000</b>	<b>(88,000)</b>	<b>(21.15)</b>
<b>Less : Expenses</b>				
Cost of Revenue from operation	2,40,000	1,60,000	(80,000)	(33.33)
Adm., Selling and Distribution Exp.	80,000	56,000	(24,000)	(30.00)
<b>Total Exp. (B)</b>	<b>3,20,000</b>	<b>2,16,000</b>	<b>(1,04,000)</b>	<b>(32.50)</b>
<b>Profit Before Tax</b>	<b>96,000</b>	<b>1,12,000</b>	<b>16,000</b>	<b>16.67</b>
<b>Less : Income Tax</b>	<b>48,000</b>	<b>56,000</b>	<b>8,000</b>	<b>16.67</b>
<b>Profit after Tax</b>	<b>48,000</b>	<b>56,000</b>	<b>8,000</b>	<b>16.67</b>

1. Prepare a Comparative Income Statement from the following data :	2017 (₹)	2018 (₹)
Gross Sales	1,50,000	1,80,000
Less : Returns	<u>3,000</u>	<u>6,000</u>
	1,47,000	1,74,000
Less : Cost of Goods Sold	<u>87,000</u>	<u>1,04,000</u>
	60,000	70,000
Less : Other Expenses	<u>25,000</u>	<u>30,000</u>
	35,000	40,000
	<u>35,000</u>	<u>40,000</u>
	Net Profit	

✓ [Ans. Percentage Change : 20%, 100%, 18.36%, 19.53%, 16.47%, 20% and 14.28%]

## COMPARATIVE INCOME STATEMENT

Particulars	Previous Year (2)	Current Year (3)	Absolute Change (4)	Per-centage Change (5)
	₹	₹	₹	%
Income from Operations				
Other Income				
Total Income				
Less : Expenses :				
Cost of Material Consumed or Cost of Goods Sold				
Employee Benefit Expenses				
Finance Costs				
Depreciation and Amortisation Expenses				
Other Expenses				
Total Expenses				
Profit before Tax				
Less : Tax				
Profit after Tax				

It is clear from the above statement that there are five columns in Comparative

Income Statement :

1. In first column items of income and expenditures are written under the heading 'Particulars'.
2. In second column amounts of previous year are shown.
3. In column third amounts of current year are shown.
4. In column fourth the amount of difference between column second and third is shown which may be either as 'increase' or as 'decrease'.
5. In fifth column, the changes in different items are presented in the form of percentage which is calculated as follows :

$$\% \frac{\text{Amount in fourth Column}}{\text{Amount in second Column}} \times 100$$