

Common Size Balance Sheet

- It is a statement in which balance sheet items are expressed as the ratio of each asset to total assets and the ratio of each liability to total liabilities.
- This format is useful for comparing the proportions of assets, liabilities, and equity between different companies, particularly as part of an industry analysis.

Format of Common Size Balance Sheet

| Particulars | First Company | | Second Company | |
|-----------------------------|---------------|------------|----------------|------------|
| | Amount (₹) | Percentage | Amount (₹) | Percentage |
| Fixed Assets | - | - | - | - |
| Current Assets | - | - | - | - |
| Total Assets | XX | XX | XX | XX |
| Share Capital & Reserves | - | - | - | - |
| Long-term Loans | - | - | - | - |
| Current Liabilities | - | - | - | - |
| Total Liabilities | XX | XX | XX | XX |

- The balance sheets of A Ltd. And B Ltd. are as follows:

Balance Sheets of A Ltd. & B Ltd. as on 31st March, 2016

| Liabilities | A Ltd. (₹) | B Ltd. (₹) | Assets | A Ltd. (₹) | B Ltd. (₹) |
|--------------------------|---------------|---------------|----------------------|---------------|---------------|
| Preference Share Capital | 1,20,000 | 1,60,000 | Land & Building | 80,000 | 1,23,000 |
| Equity Share Capital | 1,50,000 | 4,00,000 | Plant & Machinery | 3,34,000 | 6,00,000 |
| Reserve & Surplus | 14,000 | 18,000 | Temporary Investment | 1,000 | 40,000 |
| Long-term loans | 1,15,000 | 1,30,000 | Inventories | 10,000 | 25,000 |
| Bills Payable | 2,000 | 00 | Sundry Debtors | 4,000 | 8,000 |
| Sundry Creditors | 12,000 | 4,000 | Prepaid expenses | 1,000 | 2,000 |
| Outstanding expenses | 15,000 | 6,000 | Bank balance | 8,000 | 10,000 |
| Proposed dividend | 10,000 | 90,000 | | | |
| | 4,38,000 | 8,08,000 | | 4,38,000 | 8,08,000 |

- Prepare common size balance sheet of both the companies.

Common Size Income Statement

- It is an income statement in which each account is expressed as a percentage of the value of sales.
- This type of financial statement can be used to allow for easy analysis between companies or between time periods of a company.
- It allows an analyst to determine how the various components of the income statement affect a company's profit.

Format of Common Size Income Statement

Common Size Income Statement of&..... For the year ending.....

| Particulars | Amount of First company (₹) | % | Amount of Second company (₹) | % |
|-------------------------------------|--|----------|---|----------|
| Net Sales | - | - | - | - |
| Less: Cost of Goods Sold | - | - | - | - |
| Gross Profit/Loss | - | - | - | - |
| Less: Operating expenses | - | - | - | - |
| Office & Administration expenses | - | - | - | - |
| Selling & Distribution expenses | - | - | - | - |
| Operating Profit/Loss | - | - | - | - |
| Add: Non-operating income | - | - | - | - |
| Less: Non-operating expenses | - | - | - | - |
| Net Profit | - | - | - | - |
| Less: Tax | - | - | - | - |
| Net Profit after tax | - | - | - | - |

Prepare the income statement of X Ltd. and Y Ltd. For the year ending 31st December, 2016

| Particulars | X Ltd. (Rs.) | Y Ltd. (Rs.) |
|--|-----------------|-----------------|
| Sales | 5,00,000 | 7,00,000 |
| Miscellaneous Income | 20,000 | 15,000 |
| Total Income | 5,20,000 | 7,15,000 |
| Cost of Goods Sold | 3,25,000 | 5,10,000 |
| Office expenses | 20,000 | 25,000 |
| Selling expenses | 30,000 | 45,000 |
| Interest | 25,000 | 30,000 |
| Total Expenses | 4,00,000 | 6,10,000 |
| Net Profit (Total Income – Total Expenses) | 1,20,000 | 1,05,000 |
| | 5,20,000 | 7,15,000 |