



Q5. Prepare a Common size income statement of Shefali Ltd. With the help of following information:

Particulars	2013-14 Rs.	2014-15 Rs.
Revenue from operations	6,00,000	8,00,000
Gross Profit	50% of sales	45% of sales
Indirect expenses	25 % of gross profit	25 % of gross profit
Cost of revenue from operations	4,28,000	7,28,000
Other incomes	10,000	12,000
Income Tax	30%	30%

There is a misprint in the book, Figure of Gross Profit should be as provided in the question in order to tally the answer with the book.

Solution:

Comparative Income Statement For the year ended March 31, 2014 and 2015					
Particulars	Note No.	2014 Rs.	2015 Rs.	Percentage of Sales	
				2014	2015
1. Revenue from operations		6,00,000	8,00,000	100	100
2. Other Income		10,000	12,000	1.67	1.5
3. Total Revenue (1+2)		6,10,000	8,12,000	101.67	101.5
4. Expenses					
a. Cost of Goods Sold		4,28,000	7,28,000	71.33	91
b. Other Expenses		75,000	90,000	12.50	11.25
Total Expenses		5,03,000	8,18,000	83.83	102.25
5. Profit before Tax (3-4)		1,07,000	(6,000)	17.83	(0.75)
Less: Income Tax		32,100	-	5.53	-
6. Profit After Tax		74,900	(6,000)	12.48	(0.75)

Working Notes:

1. Calculation of other Expenses

Other Expenses = Indirect Expenses x % of Gross Profit

2014 = 6,00,000 x 50% x 25% = 75,000

2015 = 8,00,000 x 45% x 25% = 90,000

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