Management Accounting

Financial Analysis

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Financial Statements: Meaning

- **Financial Statements** represent a formal record of the financial activities of an entity. These are written reports that quantify the financial strength, performance and liquidity of a company. Financial Statements reflect the financial effects of business transactions and events on the entity.

- Financial statements are reports prepared by a company's management to present the financial performance and position at a point in time. A general-purpose set of financial statements usually includes a balance sheet, income statements, statement of owner's equity, and statement of cash flows. These statements are prepared to give users outside of the company, like investors and creditors, more information about the company's financial positions. Publicly traded companies are also required to present these statements along with others to regulator agencies in a timely manner.

- Financial statements are basically reports that depict financial and accounting information relating to businesses. A company's management uses it to communicate with external stakeholders. These include shareholders, tax authorities, regulatory bodies, investors, creditors, etc.

Definition

- Financial statements are the outcome of summarizing process of accounting. In the words of John N. Myer, "The financial statements provide a summary of the accounts of a business enterprise, the balance sheet reflecting the assets, liabilities and capital as on a certain date and the income statement showing the results of operations during a certain period." Financial statements are prepared as an end result of financial accounting and are the major sources of financial information of an enterprise.

Types of Financial Statements

These statements basically include the following reports:

- Balance sheet
- Profit and Loss statement
- Statement of cash flow
- Statement of Changes in Equity

The four main types of financial statements are:

Statement of Financial Position

- Statement of Financial Position, also known as the Balance Sheet, presents the financial position of an entity at a given date. It is comprised of the following three elements:
- <u>Assets</u>: Something a business owns or controls (e.g. cash, inventory, plant and machinery, etc)
- <u>Liabilities</u>: Something a business owes to someone (e.g. creditors, bank loans, etc)
- <u>Equity</u>: What the business owes to its owners. This represents the amount of capital that remains in the business after its assets are used to pay off its outstanding liabilities. Equity therefore represents the difference between the assets and liabilities.

Income Statement

- Income Statement, also known as the *Profit and Loss Statement*, reports the company's financial performance in terms of net profit or loss over a specified period. Income Statement is composed of the following two elements:
- Income: What the business has earned over a period (e.g. sales revenue, dividend income, etc)
- Expense: The cost incurred by the business over a period (e.g. salaries and wages, rental charges, etc)
- Net profit or loss is arrived by deducting expenses from income.

Cash Flow Statement

- Cash Flow Statement, presents the movement in cash and bank balances over a period. The movement in cash flows is classified into the following segments:
- Operating Activities: Represents the cash flow from primary activities of a business.
- Investing Activities: Represents cash flow from the purchase and sale of assets other than inventories (e.g. purchase of a factory plant)
- Financing Activities: Represents cash flow generated or spent on raising and repaying share capital and debt together with the payments of interest and dividends.

Statement of Changes in Equity

- Statement of Changes in Equity, also known as the *Statement of Retained Earnings*, details the movement in owners' equity over a period. The movement in owners' equity is derived from the following components:
- Net Profit or loss during the period as reported in the income statement
- Share capital issued or repaid during the period
- Dividend payments
- Gains or losses recognized directly in equity (e.g. revaluation surpluses)
- Effects of a change in accounting policy or correction of accounting error

Nature of Financial Statements

- **Recorded facts:** We need to first record facts in monetary form to create the statements. For this, we need to account for figures of accounts like fixed assets, cash, trade receivables, etc.

- **Accounting conventions:** Accounting Standards prescribe certain conventions applicable in the process of accounting. We have to apply these conventions while preparing these statements. For example, the valuation of inventory at cost price or market price, depending on whichever is lower.

- **Postulates:** Apart from conventions, even postulates play a big role in the preparation of these statements. Postulates are basically presumptions that we must make in accounting. For example, the going concern postulate presumes a business will exist for a long time. Hence, we have to treat assets on a historical cost basis.

- **Personal judgments:** Even personal opinions and judgments play a big role in the preparation of these statements. Thus, we have to rely on our own estimates while calculating things like depreciation.

Objectives of Financial Statements

- **To provide information about economic resources and obligations of a business:** They are prepared to provide adequate, reliable and periodical information about economic resources and obligations of a business firm to investors and other external parties who have limited authority, ability or resources to obtain information.
- **To provide information about the earning capacity of the business**: They are to provide useful financial information which can gainfully be utilised to predict, compare and evaluate the business firm's earning capacity.
- **To provide information about cash flows:** They are to provide information useful to investors and creditors for predicting, comparing and evaluating, potential cash flows in terms of amount, timing and related uncertainties.

- **To judge effectiveness of management:** They supply information useful for judging management's ability to utilise the resources of a business effectively.

- **Information about activities of business affecting the society:** They have to report the activities of the business organisation affecting the society, which can be determined and described or measured and which are important in its social environment.

- **Disclosing accounting policies**: These reports have to provide the significant policies, concepts followed in the process of accounting and changes taken up in them during the year to understand these statements in a better way.

Limitations of Financial statements

- **Dependence on historical costs**: Financial statements do not disclose the current worth of the company. Initially we record transactions at their cost. The value of assets and liabilities changes over time. Sometimes items, such as marketable securities, we alter the amount to match changes in their market values, but other items, such as fixed assets, do not change. Thus, the balance sheet could be misleading if we present a large part of the amount which is based on historical costs.

- **Inflationary effects**. If the situation of inflation the rate is relatively high, the amounts of assets and liabilities in the balance sheet will appear inordinately low, as we cannot adjust it for inflation. This mostly applies to long-term assets.

- **Intangible assets not recorded.** We do not record many intangible assets as assets. Instead, we charge any expenditure made to create an intangible asset as an expense. This policy underestimates the value of a business, especially one that who spend a large amount to build up a brand image or to develop new products. It is a particular problem for startup companies that who creates intellectual property, but so far who generates minimal sales.

- **Based on specific time period.** A user of financial statements can gain an incorrect view of the financial results or Cash flows of a business by only looking at one reporting period. Any one period may vary from the normal operating results of a business, perhaps due to a sudden spike in sales or seasonality effects. It is better to view a large number of consecutive financial statements to gain a better view of ongoing results.

- **Not always comparable across companies**. If a user wants to compare the results of different companies, their financial statements are not always comparable, because the entities use different accounting practices. These issues can be located by examining the disclosures that accompany the financial statements.

- **Subject to fraud**. The management team of a company may deliberately skew the results presented. This situation can arise when there is undue pressure to report excellent results, such as when a bonus plan calls for payouts only if the reported sales level increases. One might suspect the presence of this issue when the reported results spike to a level exceeding the industry norm.

- **No discussion of non-financial issues**. The financial statements do not address non-financial issues, such as the environmental attentiveness of a company's operations, or how well it works with the local community. A business reporting excellent financial results might be a failure in these other areas.

- **Not verified**. If the financial statements have not been audited, this means that no one has examined the accounting policies, practices, and controls of the issuer to ensure that it has created accurate financial statements. An audit opinion that accompanies the financial statements is evidence of such a review.

- **No predictive value**. The information in a set of financial statements provides information about either historical results or the financial status of a business as of a specific date. The statements do not necessarily provide any value in predicting what will happen in the future. For example, a business could report excellent results in one month, and no sales at all in the next month, because a contract on which it was relying has ended.

Balance Sheet as at 31st March, 20.....

Particulars	Note No.	Figure as at the end of Current reporting period	Figure as at the end of Previous reporting period
I. EQUITY AND LIABILITIES			
1) Shareholder's Funds			
(a) Share Capital			
(b) Reserves and Surplus			
(c) Money received against share warrants			
2) Share Application money pending allotment			
3) Non-current Liabilities			
(a) Long term borrowings			
(b) Deferred tax liabilities (net)			
(c) Other long term liabilities			
(d) Long term provisions			
4) Current Liabilities			
(a) Short-term borrowings			
(b) Trade payables			
(c) Other current liabilities			
(d) Short-term provisions			
Total			
II. ASSETS			
1) Non-Current Assets			
(a) Fixed assets			
(i) Tangible assets			
(ii) Intangible assets			
(iii) Capital work-in-progress			
(iv) Intangible assets under development			
(b) Non-current investments			
(c) Deferred tax assets (net)			
(d) Long-term loans and advances			
(e) Other non-current assets			
2) Current Assets			
(a) Current investments			
(b) Inventories			
(c) Trade receivables			
(d) Cash and cash equivalents			
(e) Short term loans and advances			
(f) Other current assets			
Total			

See accompanying notes to the financial statements

NOTES:

Statement of Profit and Loss for the year ended ______________

	Particulars	Note No.	Figure as at the end of Current reporting period	Figure as at the end of Previous reporting period
I	Revenue from operations			
II	Other income			
III	Total Revenue (I+II)			
IV	Expenses: Cost of materials consumed Purchases of stock-in-trade Changes in inventories of finished goods Work-in-progress and stock-in-trade Employee benefits expense Finance costs Depreciation and amortisation expense Other expenses Total expenses			
V	Profit before extraordinary items and tax (III-IV)			
VI	Exceptional items			
VII	Profit before extraordinary items and tax (V-VI)			
VIII	Extraordinary items			
IX	Profit before tax (VII-VIII)			
X	Tax expense: (1) Current tax (2) Deferred tax			
XI	Profit/(Loss) for the period from continuing operations (IX-X)			
XII	Profit/(Loss) from discontinuing operations			
XIII	Tax expense of discontinuing operations			
XIV	Profit/(Loss) from Discontinuing operations (after tax) (XII-XIII)			
XV	Profit/(Loss) for the period (XI + XIV)			
XVI	Earnings per equity share: (1) Basic (2) Diluted			

Financial Analysis

- **Financial analysis** is the process of evaluating businesses, projects, budgets, and other **finance**-related transactions to determine their performance and suitability.

- Financial statement analysis is the process of analyzing a company's financial statements for decision-making purposes. External stakeholders use it to understand the overall health of an organization as well as to evaluate financial performance and business value. Internal constituents use it as a monitoring tool for managing the finances.

- It involves gaining an understanding of an organization's financial situation by reviewing its financial reports.

- The process of critical evaluation of the financial information contained in the financial statements in order to understand and make decisions regarding the operations of the firm is called 'Financial Statement Analysis'. It is basically a study of relationship among various financial facts and figures as given in a set of financial statements, and the interpretation thereof to gain an insight into the profitability and operational efficiency of the firm to assess its financial health and future prospects

Users of Financial Statement Analysis

- **Management:** The managers of the company use their financial statement analysis to make intelligent decisions about their performance.

- **Owners:** Small business owners need financial information from their operations to determine whether the business is profitable. It helps in making decisions like whether to continue operating the business, whether to improve business strategies or whether to give up on the business altogether.

- **Investors:** People who have purchased stock or shares in a company need financial information to analyze the way the company is performing. They use financial statement analysis to determine what to do with their investments in the company. So depending on how the company is doing, they will either hold onto their stock, sell it or buy more.

- **Creditors:** Creditors are interested in knowing if a company will be able to honor its payments as they become due. They use cash flow analysis of the company's accounting records to measure the company's liquidity, or its ability to make short-term payments.

- **Government:** Governing and regulating bodies of the state look at financial statement analysis to determine how the economy is performing in general so they can plan their financial and industrial policies. Tax authorities also analyze a company's statements to calculate the tax burden that the company has to pay.

- **Employees:** Employees need to know if their employment is secure and if there is a possibility of a pay raise. Employees may also be interested in knowing the company's financial position to see whether there may be plans for expansion and hence, career prospects for them.

- **Customers:** Customers need to know about the ability of the company to service its clients into the future. The need to know about the company's stability of operations is heightened if the customer (i.e. a distributor or procurer of specialized products) is dependent wholly on the company for its supplies.

- **General Public:** Anyone in the general public, like students, analysts and researchers, may be interested in using a company's financial statement analysis. They may wish to evaluate the effects of the firm on the environment, or the economy or even the local community. For instance, if the company is running corporate social responsibility programs for improving the community, the public may want to be aware of the future operations of the company.

Methods of financial statement analysis

- Horizontal analysis
- Ratio analysis
- Vertical analysis

- **Horizontal Analysis:** A horizontal analysis is a two-year comparison of analysis of the financial statements and its elements. It is also referred to as trend analysis, usually expressed in monetary terms and percentages.

  For instance, in 2015, a company earned INR 4 lakhs more than its previous year. This increase in turnover appears to be a positive development. However, examine closely, it reveals that the costs of the procuring goods and services increased by INR 4.5 lakhs. The wonderful picture of this additional turnover of INR 4 lakhs is now adjusted to the less positive picture.

- **Vertical Analysis**: Vertical analysis is a financial statement analysis technique in which every line items of the financial statements are listed as percentages, based on a figure within the financial statement. The line items on the income statement could be stated as percentages of the gross sales, while the line items on the balance sheet could be stated as percentages of the total assets or liabilities. And in case of cash flow, every inflow or outflow of cash could be stated as a percentage of total cash inflows.

  This method of analysis of financial statement is used for comparing one company to another in the form of benchmarking. Example, by representing the different items as a percentage of the total turnover, it’s easy to get insight into every division’s costs, expenditures and profit.

- **Ratio Analysis:** A ratio between two quantities is used for representing the relationships between different figures on the profit and loss account, balance sheet, cash flow statement or such other accounting records. It is a form of Financial Statement Analysis, used for obtaining a quick indication of the organization's financial performance in various key areas. The ratios enable the comparison of firms that differ in size as well as compare an organization's financial performance with the industry averages. Some of the key ratios include:

- **Profitability Ratios**: Profitability ratios measure the results of a company's overall or day-to-day management performance and efficiency of management.
- **Liquidity Ratios:** Liquidity ratios measure the current solvency of a firm's financial position. These are calculated to ascertain out whether a firm has the ability to meet all of its existing business obligations.
- **Solvency Ratio:** Solvency ratios evaluate the organization's ability to meet its long-term interest expenses and also the repayment obligations.
- **Activity Ratios:** Activity ratios indicate the quality of management as they reveal how well the management utilizes the company resources.

Tools of Analysis of Financial Statements

- **Comparative Statements**: These are the statements showing the profitability and financial position of a firm for different periods of time in a comparative form to give an idea about the position of two or more periods. It usually applies to the two important financial statements, namely, balance sheet and statement of profit and loss prepared in a comparative form. The financial data will be comparative only when same accounting principles are used in preparing these statements. If this is not the case, the deviation in the use of accounting principles should be mentioned as a footnote. Comparative figures indicate the trend and direction of financial position and operating results. This analysis is also known as 'horizontal analysis'.

- **Common Size Statements**: These are the statements which indicate the relationship of different items of a financial statement with a common item by expressing each item as a percentage of that common item. The percentage thus calculated can be easily compared with the results of corresponding percentages of the previous year or of some other firms, as the numbers are brought to common base. Such statements also allow an analyst to compare the operating and financing characteristics of two companies of different sizes in the same industry. Thus, common size statements are useful, both, in intra-firm comparisons over different years and also in making inter-firm comparisons for the same year or for several years. This analysis is also known as 'Vertical analysis'.

- **Trend Analysis**: It is a technique of studying the operational results and financial position over a series of years. Using the previous years' data of a business enterprise, trend analysis can be done to observe the percentage changes over time in the selected data. The trend percentage is the percentage relationship, in which each item of different years bear to the same item in the base year. Trend analysis is important because, with its long run view, it may point to basic changes in the nature of the business. By looking at a trend in a particular ratio, one may find whether the ratio is falling, rising or remaining relatively constant. From this observation, a problem is detected or the sign of good or poor management is detected.

- **Ratio Analysis**: It describes the significant relationship which exists between various items of a balance sheet and a statement of profit and loss of a firm. As a technique of financial analysis, accounting ratios measure the comparative significance of the individual items of the income and position statements. It is possible to assess the profitability, solvency and efficiency of an enterprise through the technique of ratio analysis.

- **Cash Flow Analysis**: It refers to the analysis of actual movement of cash into and out of an organisation. The flow of cash into the business is called as cash inflow or positive cash flow and the flow of cash out of the firm is called as cash outflow or a negative cash flow. The difference between the inflow and outflow of cash is the net cash flow. Cash flow statement is prepared to project the manner in which the cash has been received and has been utilised during an accounting year as it shows the sources of cash receipts and also the purposes for which payments are made. Thus, it summarises the causes for the changes in cash position of a business enterprise between dates of two balance sheets.

Importance or Objectives of Financial Statement Analysis

(i) Judging the operational efficiency of the business.
(ii) Measuring the profitability.
(iii) Measuring short-term and long-term financial position.
(iv) Indicating the trend of achievements.
(v) Assessing the growth potential of the business.
(vi) Inter-firm comparison

Uses or Advantages of Financial Statement Analysis

(i) Security analysis
(ii) Credit analysis
(iii) Debt analysis
(iv) Dividend decision
(v) General business analysis

Limitations of Financial Statement Analysis

(i) Financial statement analysis **ignore qualitative aspects** like quality of management, labour force and public relations.

(ii) Suffering from the **limitations of financial statements**, which are as follows:

Financial statements are historical in nature.

Financial statements do not show price level changes hence, affect the analysis also.

The results obtained by analysis of financial statements may be misleading due to window dressing.

Financial statements are affected by the personal ability and bias of the analyst.

(iii) **Significant data missing**: Balance sheet does not reveal the data that is associated with loss of markets and end of agreements, which have an important aspect on the business.

(iv) Aggregate Information: Financial statements depict average data but not explained data. Therefore, they may not assist users in making decisions.

(v) Assets may not realise: Accounting is performed on the ground of a few definite conventions. Some of the assets might not realise the declared values if the liquidation is enforced on the enterprise. Assets shown in the balance sheet reflect slightly at an unexpired cost.

(vi) They are only interim reports: Statement of Profit and Loss reveals the P/L for a defined period. It does not furnish an idea about the earning capability over time correspondingly, the financial position reflected in the balance sheet is appropriate at that point of time, the likely change on a future date is not shown.

Comparative statements

The following steps may be followed to prepare the comparative statements:

Step 1 : List out absolute figures in rupees relating to two points of time (as shown in columns 2 and 3 of Exhibit 4.1).

Step 2 : Find out change in absolute figures by subtracting the first year (Col.2) from the second year (Col.3) and indicate the change as increase (+) or decrease (–) and put it in column 4.

Step 3 : Preferably, also calculate the percentage change as follows and put it in column 5.

$$\frac{\text{Absolute Increase or Decrease (Col.4)}}{\text{First year absolute figure (Col.2)}} \quad 100$$

Particulars	First Year	Second Year	Absolute Increase (+) or Decrease (–)	Percentage Increase (+) or Decrease (–)
1	2	3	4	5
	Rs.	Rs.	Rs.	%.

Convert the following statement of profit and loss into the comparative statement of profit and loss of BCR Co. Ltd.:

Particulars	*Note No.*	*2013-14* Rs.	*2014-15* Rs.
(i) Revenue from operations		60,00,000	75,00,000
(ii) Other incomes		1,50,000	1,20,000
(iii) Expenses		44,00,000	50,60,000
(iv) Income tax		35%	40%

Solution:

Comparative statement of profit and loss for the year ended March 31, 2014 and 2015:

Particulars	*2013-14*	*2014-15*	*Absolute Increase (+) or Decrease (–)*	*Percentage Increase (+) or Decrease (–)*
	Rs.	Rs.	Rs.	%
I. Revenue from operations	60,00,000	75,00,000	15,00,000	25.00
II. Add: Other incomes	1,50,000	1,20,000	(30,000)	(20.00)
III. Total Revenue I+II	**61,50,000**	**76,20,000**	**14,70,000**	**23.90**
IV Less: Expenses	44,00,000	50,60,000	6,60,000	15.00
Profit before tax	**17,50,000**	**25,60,000**	**8,10,000**	**46.29**
V Less: Tax	6,12,500	10,24,000	4,11,500	67.18
Profit after tax	**11,37,500**	**15,36,000**	**3,98,500**	**35.03**

The following are the Balance Sheets of J. Ltd. as at March 31, 2014 and 2015. Prepare a Comparative balance sheet.

Particulars	*Note No.*	*March 31, 2015 (Rs.)*	*March 31, 2014 (Rs.)*
I. Equity and Liabilities			
1. Shareholders' Funds			
a) Share capital		20,00,000	15,00,000
b) Reserve and surplus		3,00,000	4,00,000
2. Non-current Liabilities			
Long-term borrowings		9,00,000	6,00,000
3. Current liabilities			
Trade payables		3,00,000	2,00,000
Total		**35,00,000**	**27,00,000**
II. Assets			
1. Non-current assets			
a) Fixed assets			
- Tangible assets		20,00,000	15,00,000
- Intangible assets		9,00,000	6,00,000
2. Current assets			
- Inventories		3,00,000	4,00,000
- Cash and cash equivalents		3,00,000	2,00,000
Total		**35,00,000**	**27,00,000**

Solution:

Comparative Balance Sheet of J. Limited
as at March 31, 2014 and March 2015:

(Rs. in Lakhs)

Particulars	*March 31, 2014*	*March 31, 2015*	*Absolute Change*	*Percentage Change*
I. Equity and Liabilities				
1. Shareholders' Funds				
a) Share capital	15	20	05	33.33
b) Reserve and surplus	04	03	(01)	(25)
2. Non-current Liabilities				
a) Long-term borrowings	06	09	03	50
3. Current liabilities				
a) Trade payables	02	03	01	50
Total	**27**	**35**	**08**	**29.63**

Common Size Statements

The following procedure may be adopted for preparing the common size statements.

1. List out absolute figures in rupees at two points of time, say year 1, and year 2 (Column 2 & 4 of Exhibit 4.2).
2. Choose a common base (as 100). For example, revenue from operations may be taken as base (100) in case of statement of profit and loss and total assets or total liabilities (100) in case of balance sheet.
3. For all items of Col. 2 and 3 work out the percentage of that total. Column 4 and 5 shows these percentages in Exhibit 4.2.

Common Size Statement

Particulars	Year one	Year two	Percentage of year 1	Percentage of year 2
1	2	3	4	5

From the following information, prepare a Common size Income Statement for the year ended March 31, 2014 and 2015:

Particulars	*2014-15* Rs.	*2013-14* Rs.
Net sales	18,00,000	25,00,000
Cost of good sold	10,00,000	12,00,000
Operating expenses	80,000	1,20,000
Non-operating expenses	12,000	15,000
Depreciation	20,000	40,000
Wages	10,000	20,000

Solution:

Common Size Income Statement
for the year ended March 31, 2013 and March 31, 2014

Particulars	*Absolute Amounts*		*Percentage of Net Sales*	
	2013-14 *Rs.*	*2014-15* *Rs.*	*2013-14* *(%)*	*2014-15* *(%)*
Net Sales	25,00,000	18,00,000	100	100
(Less) Cost of goods Sold*	12,00,000	10,00,000	48	55.56
Gross Profit	**13,00,000**	**8,00,000**	**52**	**44.44**
(Less) Operating Expenses**	1,20,000	80,000	4.80	4.44
Operating Income	**11,80,000**	**7,20,000**	**47.20**	**40**
(Less) Non-Operating expenses	15,000	12,000	0.60	0.67
Profit	**11,65,000**	**7,08,000**	**46.60**	**39.33**

* Wages is the part of cost of goods sold;

** Depreciation is the part of operating expenses.

Prepare common size Balance Sheet of XRI Ltd. from the following information:

Particulars	*Note No.*	*March 31, 2014*	*March 31, 2015*
I. Equity and Liabilities			
1. Shareholders' Fund			
a) Share capital		15,00,000	12,00,000
b) Reserves and surplus		5,00,000	5,00,000
2. Non-current liabilities			
Long-term borrowings		6,00,000	5,00,000
3. Current liabilities			
Trade Payable		15,50,000	10,50,000
Total		**41,50,000**	**32,50,000**
II. Assets			
1. Non-current assets			
a) Fixed assets			
- Tangible asset			
Plant & machinery		14,00,000	8,00,000
- Intangible assets			
Goodwill		16,00,000	12,00,000
b) Non-current investments		10,00,000	10,00,000
2. Current assets			
Inventories		1,50,000	2,50,000
Total		**41,50,000**	**32,50,000**

Solution:

Common size Balace Sheet
as at March 31, 2014 and March 31 , 2015:

Particulars	*Absolute Amounts*		*Percentage of Total Assets*	
	31.03.2014	*31.03.2015*	*31.03.2014*	*31.03.2015*
	Rs.	*Rs.*	*(%)*	*(%)*
I. Equity and Liabilities				
1. Shareholders fund				
a) Share capital	15,00,000	12,00,000	36.14	36.93
b) Reserve and surplus	5,00,000	5,00,000	12.05	15.38
2. Non-current liabilities				
Long-term borrowings	6,00,000	5,00,000	14.46	15.38
3. Current liabilities				
Trade payables	15,50,000	10,50,000	37.35	32.31
Total	**41,50,000**	**32,50,000**	**100**	**100**
II. Assets				
1. Non-current assets				
a) Fixed assets				
- Tangible asset				
Plant & machinery	14,00,000	8,00,000	33.73	24.62
- Intangible assets				
Goodwill	16,00,000	12,00,000	38.55	36.92
Non-current investments	10,00,000	10,00,000	24.10	30.77
2. Current assets				
Inventories	1,50,000	2,50,000	3.62	7.69
Total	**41,50,000**	**32,50,000**	**100**	**100**

THANK YOU