

# A Study on Financial Statement Analysis of the Tribune Trust at Chandigarh

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**Abstract –** The financial authorities can use this for evaluating their performance in future, which will help to analyses financial statements and help to apply the resources of the company properly for the development of the company and TT employees to bring overall growth. The print media industry in India is more than a century old. Also it is a well- established industry. This industry mainly comprises of publishing newspapers and magazines. India has the second largest population and one of the fastest growing economies in the world. Along with these the increasing level of income of peoples and the robust competition in this industry help print media in its growth. Producers are increasing day by day, new entrants from outside India is also a factor of tough competition.

**Keywords:** Efficiency, Profitability, Income Statement, Long-Term Solvency

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## INTRODUCTION

According to Arc Gate, the dramatic effects of internet and globalization in current scenario are playing high impact on media industry. Even people are now consuming news and information from internet through computers or mobiles, the popularity of print media is not decreasing. They also need to make the contents available on mobile and web platforms to provide a choice to its subscribers to explore the contents anytime anywhere. There are huge options available to readers now. Therefore publishers are busy to create something very special and innovative in contents or subscription schemes to impress upon the readers. They should address the needs and demand of consumer to strengthen their loyalty and readership. The revenue of newspaper consists of subscription sales, trade sales and mainly from advertising. More than 73 % of the total revenue comes from advertising. The Tribune being the part of the market in the industry is also stepping with the current growth and development of the demography. World Wide Media, a subsidiary of TT Group is producing high quality newspapers in north India.

## OBJECTIVES OF THE STUDY

The objectives of the present study are as follow:

- To know the financial position of the “The Tribune”
- To know the liquidity position and the long term solvency.

- To know about operating efficiency and overall profitability

## METHOD OF DATA COLLECTION

### Secondary data:

- Balance sheet of 2015-2016 and 2016-2017 year of company
- Income and expenditure sheets of 2017 and 2016 year of company
- official website of tribune and other newspaper organizations website

## DATA ANALYSIS TECHNIQUES

The Vertical Analysis, Horizontal Analysis, Trend Analysis and Ratio Analysis have been used for achieving the objectives of the study.

## SCOPE OF STUDY

- The data and information were gathered during training
- The scope is limited to the primary and the secondary data
- The scope is delimited to the year 2015-2016 to 2016-2017

## LIMITATIONS OF THE STUDY

- The study suffers from some limitations; few of them are as follows:
- In some cases, needed data could not be found.
- It was sometimes difficult to obtain data and sometimes wrong information was provided by the source, which has to be cross, check and verified.
- Company did not share data because of their company norms and privacy issues.
- Employees are not that much supportive

## FINANCIAL RATIOS AND THEIR INTERPRETATION

Table no 5.1

### COMPARATIVE BALANCE SHEET

Particular	Schedule no.	Current Financial year 2017	Previous Financial year 2016	Absolute change	Percentage change
<b>Sources of fund</b>					
Corpus	A	2686953510	2545218763	141734747	5.56
Secured loan	B	0	98990	-98990	-100
<b>Total</b>		<b>2686953510</b>	<b>2545317753</b>	<b>141635757</b>	<b>5.56</b>
<b>Application of funds</b>					
property, plant and equipment	C	457415958	498873778	-41457820	-8.31
<b>Current assets, loans and advances</b>					
Current assets					
a) Inventories	D	107269270	106489393	779877	0.73
b) sundry debtors	E	388272523	393505249	-522726	-1.32
c) Cash and bank balance	F	1347510103	1242565739	104944364	8.44
d) Other current assets	G	135549640	94124855	41424785	44.01
Loan and advances	H	474016984	432565241	41451743	9.58
<b>Total</b>		<b>2452618520</b>	<b>2269250477</b>	<b>183368043</b>	<b>8.08</b>
<b>Less: current liabilities and provisions</b>	I	223080968	222806502	274466	0.12
<b>Net current assets</b>		<b>2229537552</b>	<b>2046443975</b>	<b>183093577</b>	<b>8.94</b>
<b>Significant accounting policies and notes forming part of the balance sheet</b>	J				
<b>Total</b>		<b>2686953510</b>	<b>2545317753</b>	<b>141635757</b>	<b>5.56</b>

### Interpretation:

- The comparative balance sheet reveals that during 2017 there has been a decrease in current assets of Rs.183, 368,043 in the current liabilities have increased by Rs. 274,466. so due to decrease in current assets the current financial position decrease
- The liquid assets that is cash in hand, cash in bank shows an increase in 2017 over 2016. This will improve the liquidity position if the concern.
- The other assets have increased by Rs.78, 423,679 and the long term liabilities have decreased but the capital has increased.
- The profit has decreased from 276,471,732 to 141,734,747 its shows the profitability of the organization has lessened.
- The overall financial position of the organization is weaken

Table no. 5.2

### COMMON SIZE BALANCE SHEET

Particular	Schedule no.	Current Financial Year 2017	Previous Financial Year 2016	% Change in 2017	% Change in 2016
<b>Sources of fund</b>					
Corpus	A	2686953510	2545218763	100	99.99
Secured loan	B	0	98990	-	0.003
<b>Total</b>		<b>2686953510</b>	<b>2545317753</b>	<b>100</b>	<b>100</b>
<b>Application of funds property, plant and equipment</b>	C	457415958	498873778	17.0	19.59
<b>Current assets, loans and advances</b>					
Current assets:					
a) Inventories	D	107269270	106489393	3.99	4.18
b) sundry debtors	E	388272523	393505249	14.4	15.45
c) Cash and bank balance	F	1347510103	1242565739	50.15	48.81
d) Other current assets	G	135549640	94124855	5.04	3.69
Loan and advances	H	474016984	432565241	17.84	16.99
<b>Total</b>		<b>2452618520</b>	<b>2269250477</b>		
<b>Less: current liabilities and provisions</b>	I	223080968	222806502	10.80	8.75
<b>Significant accounting policies and notes forming part of the balance sheet</b>	J	2229537552	2046443975	82.97	80.40
<b>Total</b>		<b>2686953510</b>	<b>2545317753</b>	<b>100</b>	<b>100</b>

Table No. 5.3

### COMMON SIZE INCOME STATEMENT

Particulars	N. N.	Current year	Previous year	% flow of rev. from operations	Current year	Previous year
<b>LINCOME</b>						
Revenue		1939752766	2099925525	100%	100%	
Other revenue		127398534	122014863	6.56%	5.81%	
<b>Total</b>		<b>2067151300</b>	<b>2221940388</b>	<b>106.5%</b>	<b>105.8%</b>	
<b>II. EXPENDITURE</b>						
Material consumed		638265243	671857848	3.29%	31.99%	
Printing and operating expenses		106499129	96912854	5.49%	4.61%	
Personal expenses		896056028	893177095	46.19%	42.53%	
Administrative, Selling And other expenses		225648978	213069743	11.63%	10.14%	
Finance expenses		1583398	5472820	0.08%	0.26%	
Depreciation		57363777	64978296	2.95%	3.09%	
<b>Total</b>		<b>1925416553</b>	<b>1945468656</b>	<b>99.26%</b>	<b>92.64%</b>	
<b>Surplus transferred to CORPUS</b>		<b>141734747</b>	<b>276471732</b>	<b>7.30%</b>	<b>3.16%</b>	

Table No.5.4

### COMPARATIVE INCOME STATEMENT

Particulars	N.N	Current year	Previous year	Absolute change	Percentage change
<b>LINCOME</b>					
Revenue	I	1939752766	2099925525	-160172759	-7.627
Other revenue	II	127398534	122014863	5383671	4.41
<b>Total</b>		<b>2067151300</b>	<b>2221940388</b>	<b>-154789088</b>	<b>-6.96</b>
<b>II. EXPENDITURE</b>					
Material consumed	III	638265243	671857848	-33592605	-4.99
Printing and operating expenses		106499129	96912854	9586275	9.89
Personal expenses	IV	896056028	893177095	2878933	0.32
Administrative, Selling And other expenses	V	225648978	213069743	12579235	5.90
Finance expenses	VI	1583398	5472820	-3889422	-71.06
Depreciation	VII	57363777	64978296	-7614519	-11.71
<b>Total</b>		<b>1925416553</b>	<b>1945468656</b>	<b>-20052103</b>	<b>-1.03</b>
<b>Surplus transferred to CORPUS</b>	I	141734747	276471732	134736985	-48.73

### Interpretation:

- The comparative income statement reveals that there has been an increase in Printing and Operating Expenses by 9.89 %, personnel expenses by 0.322% administrative, selling and there expenses by 5.90% but the finance expenses, depreciation and material consumed are relatively decreased so the total expenses is decreased by 1.03%
- The total income of the organization has been decreased by 6.99 % and the trust earns a profit of 141734747 which is less than the previous year
- The overall profitability of the trust is not good

## Ratio analysis

### Liquidity ratio

i) **current ratio =**

$$\text{Current Assets} - \text{Current Liabilities}$$

Table no.5.5

Year	Current assets	Current liabilities	Ratio
2017	2269250477	222806502	10.99
2016	2452618520	223080968	10.18

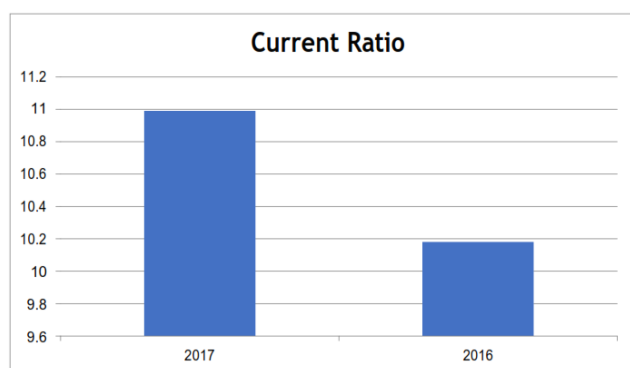


Figure 5.1

**Interpretation:** The current ratio of the organisation was 10.99 in 2017 and 10.18 in 2016. The ideal ratio is 2:1. The higher the ratio indicates that the company may not use its current assets or its short term financing facilities effectively. This may also indicate problem in working capital management. Delay in the payment of debtors may be the reason for the high current ratio.

ii) **Quick Ratio**

$$\text{Quick ratio} = \frac{\text{Liquid Assets}}{\text{Current Liabilities}}$$

Table no. 5.6

Year	Liquid assets	Current liabilities	Ratio
2017	2345349250	223080968	10.51%
2018	2162761084	222806502	9.70%

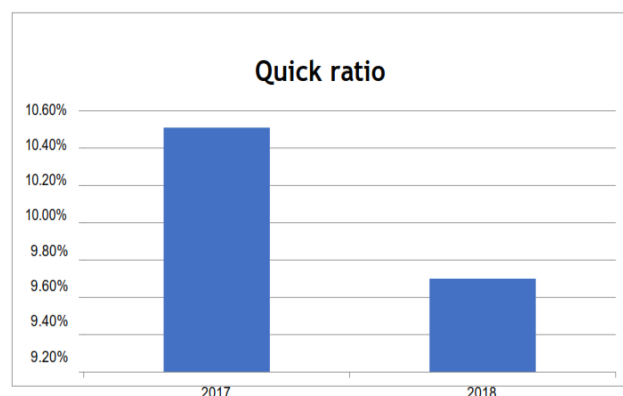


Figure 5.2

**Interpretations:** The quick ratio of the Organisation is 10.51 in financial year 2017 and 9.70 in 2016. The ideal ratio is 1:1. A higher acid test ratio indicates greater short –term financial health. Having a quick ratio 1:1 Or higher does not mean that the company has a strong liquidity position because company may have high quick ratio but slow paying debtors

### RETURN ON INVESTMENT

$$\text{Return on assets} = \frac{\text{Net Profit After Tax}}{\text{Total Assets}}$$

Table no. 5.7

Year	Net profit after tax	Total assets	Ratio
2017	141734747	2498360078	5.67%
2016	276471732	2768124255	9.98%

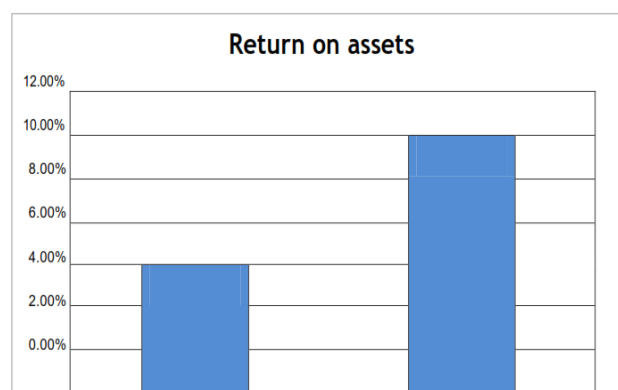


Figure no. 5.3

**Interpretation:** the return on assets shows the relationship between earning and the assets base of the company. In 2016 the capital efficiency is more as compare to the financial year 2017.

## FINDINGS

This study has found that company is using the financial statement analysis and interpretation in making effective management decision overall profitability and achievement of organizational objectives were discussed.

Gross profit and net profit are discussed and both are decreased in the year 2016-2017 as compared to the year 2015-2016 which indicates the inefficient management and operations.

- 1) Absolute Liquidity ratio of the firm had been decreased in the year 2017 as compared to year 2016 which means the company didn't use their fixed assets properly.
- 2) Net profit of the organization had been decreased .we can analyze it from comparative statement, which is unfavorable for the organization.
- 3) Return on assets ratio had been decreased in year 2017 as compared to the year 2016, which means company, utilized their assets in better way in year 2016 as compared to the year 2017.
- 4) The current assets have increased in 2017 by Rs.183,368,043
- 5) The premises of the trust are decreased by 8.31%
- 6) The current liabilities have increased by 0.123%
- 7) The total income has decreased by 6.96%
- 8) The profit has been decreased by the 48.73%

## CONCLUSION

If financial statements are analysed accurately can provide valuable insight into a firm's performance. It is helpful in assessing corporate excellence, judging credit worthiness, forecasting bond ratings, predicting bankruptcy and assessing market risk. I have studied balance sheet and Profit and Loss Account of THE TRIBUNE CHANDIGARH 2017. The financial Statements are the responsibility of the company's management the analysis and interpretation of financial statements is essential to bring out the mystery behind the figure in financial statements.

## SUGGESTIONS

The main suggestion for financial-statement preparation is to ensure key accounting norms and industry standards. These include International financial reporting standards and Generally accepted

accounting principles. Besides these other include U.S. Securities and Exchange Commission guidelines. Accountants must display financial items in a specific way. For instance they must show assets distinctly from liabilities in a balance sheet.

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