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Session : 2018-19
Main
Series-01

Q-7



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Goodwill = Super Profits X Number of Years purchased

Super Profit = Average Profits – Normal Profit

$$\text{Average Profits} = \frac{(3,00,000+3,60,000+4,20,000)}{3} - (60,000 \times 2)$$

$$\text{Average Profits} = 3,60,000 - 1,20,000 = 2,40,000$$

Normal Profits = Average Capital employed X Normal rate of return

$$\text{Normal Profits} = 10,00,000 \times 15\% = 1,50,000$$

$$\text{Super Profits} = 2,40,000 - 1,50,000 = 90,000$$

$$\text{Goodwill} = 90,000 \times 3 = \text{Rs. } 2,70,000$$

