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Session: 2018-19
Main
Series-02

Q-7



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Goodwill = Super Profits X Number of Years purchased

Goodwill = 1,00,000

Super Profits = $\frac{100000}{4} = \text{Rs. } 25,000$

Normal Profits = Average Capital Employed X Normal rate of return

Average Profits = Rs. 80,000

Super Profit = Average Profits – Normal Profit

25,000 = 80,000 – 0.10 Capital Employed

0.10 Capital Employed = 80,000 – 25,000 = 55,000

Capital Employed = $= \frac{55000}{0.10} = \text{Rs. } 5,50,000$

