



Click on the logo to visit the website

Session: 2014-15  
All India  
Compartment



Click on logo to visit our Channel

**Goodwill = Super Profits X Number of Years purchased**

Rs. 60,000 = Super profit X 4

Super Profit =  $\frac{60000}{4}$  = Rs. 15,000

**Normal Profit = Capital Employed X  $\frac{\text{Normal rate of Return}}{100}$**

**Capital Employed = Total Assets (including stock) – Current Liabilities**

Capital Employed = 1,20,000 – 10,000 = Rs. 1,10,000

Normal rate of Return (Given) = 8%

So, Normal profit = 1,10,000 X 8% = Rs. 8,800

**Super Profit = Average Profit – Normal Profit**

15,000 = Average Profit – 8,800

Average Profit = 15,000 + 8,800 = 23,800

