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Session 2017-18
Compartment

Q-7



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Goodwill = Super Profit X Number of Year Purchase

Super Profit = Average Profit – Normal Profit

Average Profit (Given) = Rs. 30,000

Normal Profit = Capital Employed X Normal Rate of Return

Capital Employed = Partners' Capital + Reserves = 1,40,000 + 20,000 = Rs. 1,60,000

Normal Rate of return (Given) = 12% per annum

Normal Profit = 1,60,000 X 12% = Rs. 19,200

Super Profit = 30,000 - 19,200 = Rs. 10,800

Firm's Goodwill = 10,800 X 4 = Rs. 43,200

Saurabh's Share of Goodwill = $43,200 \times \frac{1}{3} = \text{Rs. } 14,400$

