| Session : 2018-19 <br> Compartment | Click on the logo to visit the | Q-7 | Click on logo to visit our <br> Channel |
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Calculation of Normal Profit

| Year | Reported profit (Rs.) | Adjustments (Rs.) | Normal profit (Rs.) |
| :---: | :---: | :---: | :---: |
| $2013-14$ | 50,000 |  | 50,000 |
| $2014-15$ | 40,000 | 10,000 | 50,000 |
| $2015-16$ | 75,000 |  | 75,000 |
| $2016-17$ | $(25,000)$ |  | $(25,000)$ |
| $2017-18$ | 50,000 |  | 50,000 |
| Total Normal profit |  |  |  |

Average Profits $=\frac{2,00,000}{5}=$ Rs. 40,000
Goodwill = Average Profit X Number of years' purchase
Goodwill $=40,000 \times 3$ = Rs. 1,20,000


