

Solution-08

CALCULATION OF WEIGHTED AVERAGE BUSINESS PROFIT

Year	Reported Profit (₹)	Weights	Weighted Normal Business Profit (₹)
2020-21	20,000	1	20,000
2021-22	24,000	2	48,000
2022-23	30,000	3	90,000
2023-24	25,000	4	1,00,000
2024-25	18,000	5	90,000
Total		15	3,48,000

Weighted Average Normal Business profit = $\frac{\text{Total of Weighted Normal Business Profit}}{\text{Total of Weights}}$

Weighted Average Normal Business profit = $\frac{\text{Total of Weighted Normal Business Profit}}{\text{Total of Weights}} = \frac{3,48,000}{15} = ₹ 23,200$

Goodwill = Weighted Average Normal Business profit x Number of years purchased

Goodwill = $23,200 \times 3 = ₹ 69,600$