Solution-17

Goodwill = Super Profit X Number of years purchased

24,000 = Super Profit x 4

$$\text{Super Profit} = \frac{24,000}{4} = ₹\ 6,000$$

Normal Profit = Capital Employed x Normal Rate of Return

Capital Employed = 70,000 + 5,000 -5,000 = ₹ 70,000

Normal Rate of Return = 20%

Normal Profit = 70,000 x 20% = ₹ 14,000

Super Profit = Average Profit – Normal profit

6,000 = Average Profit - 14,000

Average Profit = 14,000 + 6,000 = ₹ 20,000