

Goodwill = Super Profit X Number of years purchased

60,000 = Super Profit x 4

$$\text{Super Profit} = \frac{60,000}{4} = ₹ 15,000$$

Normal Profit = Capital Employed x Normal Rate of Return

Capital Employed = 1,10,000

Normal Rate of Return = 8%

Normal Profit = 1,10,000 x 8% = ₹ 8,800

Super Profit = Average Profit – Normal profit

15,000 = Average Profit - 8,800

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

