

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%

$$\text{Normal Profit} = 1,10,000 \times 8\% = ₹ 8,800$$

Super Profit = Average Profit – Normal profit

$$15,000 = \text{Average Profit} - 8,800$$

$$\text{Average Profit} = 15,000 + 8,800 = ₹ 23,800$$

