

21	Capital Employed	630000	
	Normal rate of return	5%	
	Normal profits	31500	$(630000 \times 5/100)$
	Actual average profits	100000	
	Add - undervaluation of stock	40000	
	Actual adjusted average profits	140000	
	Super profits	108500	$(140000 - 31500)$
	No of years purchase	5	
	Goodwill	542500	(108500×5)

Note: If nothing is mentioned then consider the stock as closing stock

22	Capital Employed	4200000	
	Normal rate of return	15%	
	Normal profits	630000	$4200000 \times 15/100$
	Actual average profits	750000	
	Less - overvaluation of stock	30000	
	Actual adjusted average profits	720000	

Super profits 90000

No of years purchase 3

Goodwill 270000

Note: If nothing is mentioned then consider the stock as closing stock

23	Year Ended	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23
	Net Profits	150000	180000	100000	260000	240000
	Add - Abnormal Loss			100000		
	Less - Abnormal Gain				40000	
	Adjusted Profits	150000	180000	200000	220000	240000
	Total Profits					990000
	Average Profits					198000 (990000/5)

Calculation of Capital Employed

Total Assets	2000000
Less - Outside Liabilities	500000
Capital Employed	1500000 (20L - 5L)
Normal rate of return	10%
Normal Profits	150000 (15L X 10/100)
Super Profits	48000
No of years Purchase	3

Goodwill		144000 (48000*3)
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24	Profit for the year		200000
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	Normal rate of return		10%
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	Capitalized value of business		2000000
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	Total Actual Capital of the firm		1600000
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	Goodwill		400000
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25	Average profits		300000
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	Normal rate of return		15%
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	Capitalized value of business		2000000 (300000*100/15)
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Calculation of actual capital employed

Assets	1700000		
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Less - Liabilities	200000	1500000	
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Goodwill		500000	
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26	Capitalized value of average profits		750000
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Actual Capital Employed

A	300000		
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B	200000	500000	
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Goodwill 250000

Note : Normal rate of return is not required as the capitalized value of average profits is already given

27 Average Profits 100000

Normal rate of return 10%

Capitalized value 1000000 (100000*100/10)

Calculation of actual capital employed

Puneet Capital A/c 250000
Tarun Capital A/c 250000
Puneet Current A/c 30000
Tarun Current A/c 20000 550000

Goodwill 450000 (1000000-550000)

28 2019 59000
2020 67000
2021 39000
2022 42000
2023 54000

Total 261000

Average profits 52200 (261000/5)

Capitalization rate 20%
(Normal Rate of Return)

Capitalized value of Business	261000 (52200 * 100 / 20)
Actual Net Assets of the business (Actual Capital Employed)	200000
Goodwill	61000 (261000-200000)

29 Calculation of Super Profits

Average Profits 400000

Calculation of Capital Employed

Assets 4000000
Less - External Liabilities 720000 3280000

Normal rate of return 10%

Normal Profits 328000 (3280000*10/100)

Super Profits 72000 (400000-328000)

i) Normal rate of return 10%

Goodwill by capitalization of super profits 720000 (72000*100/10)

ii) No of years purchase 3

Goodwill 216000 (72000*3)

30 Average Actual Profits 500000

Calculation of Capital Employed

Total Assets	5500000	
Less - Outsider Liability	1400000	4100000

Normal rate of return		10%
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Normal Profits		410000
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Goodwill as per Capitalization of Super Profits

Super Profits		90000
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Normal rate of return		10%
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Goodwill		900000
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Goodwill as per Capitalization of average profits

Actual Average profits		500000
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Normal rate of return		10%
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Capitalized value of Business		5000000
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Actual Capital Employed		4100000
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Goodwill		900000
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