

Sankar Prasad Chakraborty

to me

Mon, Apr 20, 6:04 PM (3 days ago)

Capitalization of Super Profit Method:

Step 1: Average Profit = Total Normal Profit ÷ Total years

Step 2: Normal Profit:

Capital Employed × Normal Rate of return / 100

Where Capital Employed = Fixed Asst + Current Asst - Current Liabilities

Step 3 : Super Profit = Average Profit - Normal Profit

Step 4: Goodwill = Super Profit × 100 / Normal Rate of Return