

## C.S.Executive

## ACCOUNTS

Sol.1.

### (1) Calculation of Trading Profit

Particulars	2006 (Rs.)	2007 (Rs.)	2008 (Rs.)	2009 (Rs.)
Profit	1,28,000	1,44,000	1,72,000	1,80,000
Less: Income on Investment	8,000	8,000	8,000	8,000
	<b>1,20,000</b>	<b>1,36,000</b>	<b>1,64,000</b>	<b>1,72,000</b>

### (2) Calculation of Weighted Average Profit

Particulars	2006 (Rs.)	2007 (Rs.)	2008 (Rs.)	2009 (Rs.)	Total (Rs.)
Trading Profits	1,20,000	1,36,000	1,64,000	1,72,000	5,92,000
Weight	1	1.5	2	2.5	7
Product	1,20,000	2,04,000	3,28,000	4,30,000	10,82,000

**Weighted Average Profits = Rs.10,82,000/7 = Rs. 1,54,571**

### (3) Calculation of Capital employed

### (4) Calculation of Super Profits

Particulars	Rs.	Particulars	Rs.
Fixed Assets	3,60,000	Weighted Average Profit	1,54,571
Current Assets	4,88,160	Less: Normal Profit @ 8% on Rs.6,96,000	55,680
	<b>8,48,160</b>	<b>Super profits</b>	<b>98,891</b>
Less: Creditors	1,52,160		
	<b>6,96,000</b>		

**Goodwill = 3 years' purchase of super profit = 3 × T Rs.98,891 = Rs.2,96,673**

Sol.2.

### (1) Calculation of Average Profits

### (2) Calculation of Super Profits

Particulars	Rs.	Particulars	Rs.
1989	12,200	Average Profits	11,550
1990	15,000	Less: Remuneration	3,600
1991	(2,000)	<b>Average Trading Profits</b>	<b>7,950</b>
1992	21,000	Less: Normal Profit @ 10% on Rs.50,000	5,000
	<b>46,200</b>	<b>Super Profits</b>	<b>2,950</b>
Average Profit = Rs.46,200/4	<b>11,550</b>		

**Goodwill = 3 years' purchase of super profits = Rs.2,950 × 3 = Rs.8,850.**