

Chart of difference between the Average Profit and Super Profit

Basis of Difference	Average Profit	Super Profit
Meaning	Average profit means the average of profits earned in the specific numbers of previous years.	Super Profits means an excess amount of average profit over the normal profit
Relation with the normal rate of return	Normal Rate of Return is not relevant to the Average Profit because while calculating average profit we do not need to calculate normal profit.	Normal Rate of Return is relevant to the Super Profit because we need an amount of normal profit to calculate the Super profit.
Use of Average Capital Employed	Average Capital Employed is not considered while calculating Average Profit.	Average Capital Employed is considered while calculating Super Profit.
Methods of Valuation of Goodwill	It is included in the following methods of valuation of goodwill: - 1. Average Profit 2. Super Profit 3. Capitalisation	It is included in the following methods of valuation of goodwill: - 1. Super Profit 2. Capitalisation
Independent	Average Profit can be calculated independently from previous years profits.	Super Profit can not be calculated independently Because it needs two types of profit normal profit and actual profit.
Nature of Calculation	The calculation of average profit is easy and short.	The calculation of super profit is a little bit difficult and lengthy.
Formula	AP = Profit of the n number of year / total number of year	SP = Actual Profit - Normal Profit