

1. Calculate value of goodwill on the basis of three years' purchase of average profit of the preceding five years which were as follows:

Year	2017-18	2016-17	2015-16	2014-15	2013-14
Profits (₹)	8,00,000	15,00,000	18,00,000	4,00,000 (Loss)	13,00,000

Hint:- (Add all profit then deduct loss and then divide by no. of years i.e.5)

2. Calculate the value of firm's goodwill on the basis of one and half years' purchase of the average profit of the last three years. The profit for first year was ₹ 1,00,000, profit for the second year was twice the profit of the first year and for the third year profit was one and half times of the profit of the second year.
3. Purav and Purvi are partners in a firm sharing profits and losses in the ratio of 2:1. They decided to take Parv into a partnership for 1/4th share on 1st April, 2019. For this purpose, goodwill is to be valued at four times the average annual profit of the previous four or five years, whichever is higher. They agreed on profits for goodwill purpose of the past five years are:

Year	2014-15	2015-16	2016-17	2017-18	2018-19
Profita ₹	14,000	15,500	10,000	16,000	15,000

Hint: (first find out four years average profit then five years then compare)

4. Annu, Baby and Chetan are partners in a firm sharing profits and losses equally. They decide to take Deep into partnership from 1st April, 2019 for 1/5th share in the future profits. For this purpose, goodwill is to be valued at 100% of the average annual profits of the previous three or four years, whichever is higher. The annual profits for the purpose of goodwill for the past four years were:

Year Ended	Profit (₹)
31st March, 2019	2,88,000
31st March, 2018	1,81,800
31st March, 2017	1,87,200
31st March, 2016	2,53,200

Calculate the value of goodwill.