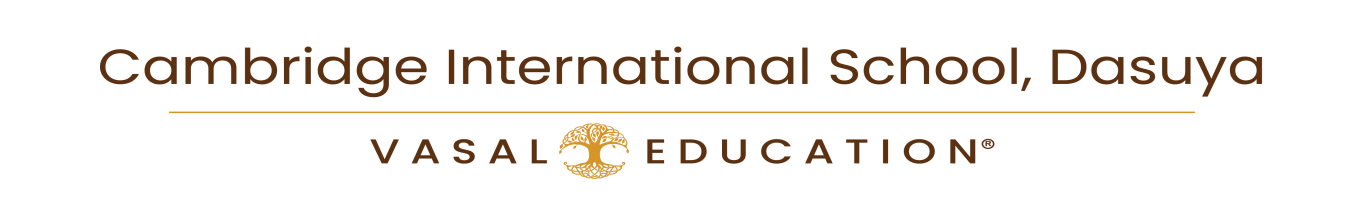
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**Session 2025-2026**

**Worksheet**

Class: 12th Subject:Accountancy Topic Goodwill calculation

Name: Roll No: Section

Q.1 Hari and Krishan were partners sharing profits and losses in the ratio of 2:1.They admitted Shyam as a partner for 1/5 share in the profits. For this purpose, the goodwill of the firm was to be valued on the basis of three years’ purchase of last five years’ average profits. The profits for the last five years were:

Year 2020-21 2021-22 2022-23 2023-24 2024-25

Profit(₹) 50,000 40,000 75,000 (25,000) 50,000

Calculate Goodwill of the firm after adjusting the following:

Profit of 2020-21 was calculated after charging ₹10,000 for abnormal loss of goods by fire.

Q.2 The profits of the firm for the last five years are as follows:

2019-20 ₹20,000 2022-23 ₹25,000

2020-21 ₹ 24,000 2023-24 ₹18,000

2021- 22 ₹ 30,000

Goodwill is valued at three years’ purchase of the weighted average profits based on weights 1,2,3,4 and 5 respectively.

Q.3. The following were the profits of a firm for the last three years:

Years Profit

2022-23 ₹4,00,000(including an abnormal gain of 50,000)

2023-24 ₹5,00,000 (after charging an abnormal loss of 1,00,000

2024-25 ₹4,50,000(without charging 50,000 payable on the insurance of plant and machinery)

Calculate the value of firm’s goodwill on the basis of 2 Years’ purchase of the average profits of the last three years.

Q.4. Calculate goodwill of a firm on the basis of three years’ purchase of the average profits of the last four years. The profits for the last four years were:

2017 ₹20,200 2018 ₹24,800

2019 ₹20,000 2020 ₹30,000

(i) On Sept. 30, 2019 a major plant repair was undertaken for ₹6,000, which was charged to revenue.

The said sum is to be capitalized for goodwill calculation subject to adjustment of depreciation of 10%p.a. on reducing balance method.

The closing stock for the year 2018 was overvalued by 2,400.

To cover management cost an annual charge of ₹4,800 should be made for the purpose of goodwill valuation.

Q.5. The books of Rajvir and Rajpreet showed the capital employed on 31.12.2020 was 5,00,000 and the profits for the last five years :

2025 ₹40,000 2024 ₹50,000 2023 ₹55,000

2022 ₹70,000 2021 ₹85,000

Calculate the value of goodwill on the basis of 3 years purchase of the average super profits of the last 5 years assuming that the normal rate of return is 10%.

Q.6. A firm earned net profits during the last three years as :

Years I II III

Profits(₹) 18,000 20,000 22,000

The capital investment of the firm is ₹60,000.Normal return on the capital is 10%,Calculate value of goodwill on the basis of three years’ purchase of the average super profits for the last three years.

Q.7. Average profits earned by the firm is ₹2,50,000 which includes overvaluation of stock of ₹10,000 on average basis.Capital invested in the business is ₹14,00,000 and the normal rate of return is 15%. Calculate goodwill of the firm on the basis of 4 times the super profits.

Q.8. A firm earned ₹60,000 as profit, the normal rate of return being 10%.Assets of the firm are ₹7,20,000 (excluding goodwill) and liabilities are ₹2,40,000.Find the value of goodwill by Capitalisation of Average Profit Method.

Q.9. Jasleen and Kriti are partners in a firm.Their fixed capitals were ₹6,00,000 and ₹4,00,000 resp.Their current accounts showed credit balances of ₹4,00,000 and ₹5,00,000 resp.The firm had a balance of ₹1,00,000 in General Reserve .There was no liability.They admitted Saravjot into partnership for 1/4 share.The average profits of the firm for last five years were ₹5,00,000.Calculate goodwill of the firm by capitalisation of average profits.The normal rate of return in the business is 10%.

Q.10. Raghunandan and Uday are partners sharing profits and losses equally.They decided to admit Rantesh as an equal partner.For this purpose goodwill of the firm was to be valued at four years’ purchase of super profits.The Balance Sheet of the firm on Rantesh’s admission was as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | Amount(₹) | Assets | Amount(₹) |
| Capitals:  Lakshay 90,000  Manjot 50,000  Reserve  Bank Loan  Sundry Creditors | 1,40,000  20,000  35,000  5,000  2,00,000 | Machinery  Furniture  Stock  Sundry Debtors  Cash  Goodwill | 75,000  15,000  30,000  20,000  50,000  10,000  2,00,000 |

The normal rate of return is 12% per annum.Average profit of the firm for the last four years was ₹30,000. calculate Rantesh’s share of goodwill.

Q.11. Calculate the value of goodwill on the basis of two year’s purchase of the weighted average profits of the last five years.Weights assigned to each year would be: 1,2,3,4 and 5 respectively to the profits ended 31st March 2021,2022,2023,2024 and 2025.

The profits for these five years were:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Year ended | 31.03.21 | | 31.03.22 | | 31.03.23 | | 31.03.24 | | 31.03.25 |
| Profits(₹) | 36,000 | 1,70,000 | | 1,90,000 | | 2,00,000 | | 3,50,000 | |

Scrutiny of the accounts revealed the following:

1. An abnormal loss of ₹50,000 was incurred during the year ended 31st March,2021.
2. An abnormal gain of ₹30,000 was earned during the year ended 31st March,2022.
3. Repairs to car amounting to ₹40,000 was wrongly debited to Vehicles account on 1st January,2024.Depreciation was charged on Vehicles @ 10%p.a. on Straight Line Method.
4. Closing Stock as on 31st March,2024 was undervalued by ₹50,000.

Q.12. On 1st April,2023 an existing firm had assets of ₹2,00,000 including cash of ₹4,000. Its creditors amounted to ₹10,000 on that date. The partners’ capital accounts showed a balance of ₹1,60,000 while the General Reserve amounted to ₹30,000.If the normal rate of return is 15% and the goodwill of the firm is valued at ₹36,000 at 3 years’ purchase of super profit, find the average profits of the firm.

Q.13. From the following information, calculate goodwill

1. On the basis of Capitalisation of Average Profit.
2. On the basis of Capitalisation of Super Profit.
3. At three years’ purchase of super profits.

Total Assets ₹10,00,000.

External Liabilities ₹1,80,000.

Normal Rate of Return 10%.

Average Net Profit of last five years ₹1,00,000.