

Solution-02

Goodwill = Simple Average Profit X Number of years purchased

Simple Average profit = Simple Average of pure profit of last few years

$$\text{Simple Average profit} = \frac{4,00,000 + 3,98,000 + 4,50,000 + 4,45,000 + 5,00,000}{5} = \frac{21,93,000}{5} = ₹4,38,600$$

$$\text{Goodwill} = 4,38,600 \times 4 = ₹ 17,54,400$$

