

PARTNERSHIP

①

6.1: Partnership

What is partnership?

Start business individually \rightarrow Sole Proprietorship

Start business with your friend or any other person \rightarrow Partnership

Persons investing the money are called partners.

Ex

	<u>You</u>	<u>Your friend</u>
<u>Investment</u>	£ 20,000	£ 30,000.

After an year £ 5000 profit.

Profit to be shared in the ratio 20000 : 30000
 $= 2 : 3$

Profit is shared based on capital / investment.

Ex

	<u>You</u>	<u>Your friend</u>
<u>Investment</u>	£ 50,000 (beginning)	£ 30,000 (After 6 months)

Profit after an year = £ 6800

(Compound Partnership)

12 months

6 months.

Ratio of profit sharing =
 $50000 \times 12 : 30000 \times 6$
 $\Rightarrow 10 : 3$

$$6800 \times \frac{10}{13}$$

$$6800 \times \frac{3}{13}$$

②

Simple Partnership

When time period is same

$$\begin{aligned}\text{Profit ratio} &= \text{Investments Ratio} \\ &= I_1 : I_2\end{aligned}$$

Compound Partnership

Investment of different amounts for different time periods

$$\text{Profit Ratio} = I_1 T_1 : I_2 T_2 : I_3 T_3 \dots$$

Ex

If all components are given in ratio

$$\text{Investment} = 3 : 5$$

$$\text{Time Period} = 4 : 7$$

$$\text{Profit Ratio} = I_1 T_1 : I_2 T_2$$

$$= 3 \times 4 : 5 \times 7$$

$$= 12 : 35$$

$$\text{Profit Ratio} = \text{Investment} \times \text{Time}$$

$$\text{Time} = \frac{\text{Profit}}{\text{Investment}}$$

$$\text{Investment} = \frac{\text{Profit}}{\text{Time}}$$

6.2 : Partnership Problems

Points to remember.

1) No. of partners

2) When they shared the profit

after 1 year \rightarrow 12 months

2 years \rightarrow 24 months

3 years \rightarrow 36 months

3) Any changes in their capital/investment

\hookrightarrow Add Capital

\hookrightarrow Withdraw Capital

Q.1) Balu and Somu started the Bar. Balu invests ₹ 35,000 for 8 months and Somu invests ₹ 42,000 for 10 months. Out of a profit of ₹ 31,570. Balu share is

	<u>Balu</u>	<u>Somu</u>
Investments	35,000	42,000
Time	8	10
Profit	31,570	

$$\begin{aligned} \text{Profit Ratio} &= 35000 \times 8 : 42000 \times 10 \\ &= 2 : 3 \end{aligned}$$

$$\begin{aligned} \text{Balu's Share} &= 31570 \times \frac{2}{5} \\ &= ₹ 12,628/- \end{aligned}$$

(4)

2nd way

		Ratio
Investments	35000 : 42000	= 5 : 6
Time	8 : 10	= 4 : 5

$$\text{Profit Ratio} = 5 \times 4 : 6 \times 5$$

$$= 2 : 3$$

$$\text{Balu's share} = 31570 \times \frac{2}{5}$$

$$= ₹ 12,628/-$$

Q.2) Aman started a business investing ₹ 70,000. Rakhi joined him after six months with an amount of ₹ 1,05,000 and Sagar joined them with ₹ 1.4 lakhs after another six months. The amount of profit earned should be distributed in what ratio among Aman, Rakhi and Sagar respectively, after three years if Aman started the business?

	Aman	Rakhi	Sagar
Investments (₹)	70,000	1,05,000	1,40,000
Time (months)	36	30	24
Profit Ratio	70000 × 36 : 105000 × 30 : 140000 × 24		
	12 : 15 : 16		

Q.37 Ravi starts a business with ₹ 45,000. After a certain period of time he is joined by Mohan who invests ₹ 30,000. At the end of the year they divide the profit in the ratio 9:4. After how many months did Mohan join Ravi?

	<u>Ravi</u>	<u>Mohan</u>
Investments (₹)	45000	30000
Time (months)	12	x
Profit Ratio	9	: 4
Profit Ratio	45000 × 12 : 30000 × x	

$$\therefore \frac{9}{4} = \frac{45000 \times 12}{30000 \times x}$$

$$\therefore x = 8 \text{ months.}$$

$$\begin{aligned} \text{Joined Period} &= 12 - 8 \\ &= 4 \text{ months.} \end{aligned}$$

After 4 months, Mohan joined Ravi

2nd way

	<u>Ravi</u>	<u>Mohan</u>	
Investments	45,000	30,000	= 3:2
Time	12	x	
Profit Ratio	9	: 4	
Time Ratio	= $\frac{\text{Profit Ratio}}{\text{Investment Ratio}} = \frac{9}{3} : \frac{4}{2}$		

$$3 \rightarrow 12$$

$$2 \rightarrow \frac{12}{3} \times 2 = 8 \text{ months}$$

$$\therefore \text{Joined after } (12 - 8) = 4 \text{ months.}$$

Q.4)

P, Q and R invests in a business if the ratio of their time period are 3:4:5 and their profits are in the ratio 5:6:8. Find the ratio in which the investment are made by P, Q and R?

$$\text{Investment Ratio} = \frac{\text{Profit Ratio}}{\text{Time Ratio}}$$

$$\text{Time Ratio} = 3:4:5$$

$$\text{Profit Ratio} = 5:6:8$$

$$\therefore \text{Investment Ratio} = \frac{5}{3} : \frac{6}{4} : \frac{8}{5}$$

$$= \frac{5}{3} : \frac{3}{2} : \frac{8}{5}$$

$$\text{LCM}(3, 2, 5) = 30$$

$$= 50 : 45 : 48$$

Q.5) A and B invests in a business in the ratio 3:2. If 5% of the total profit goes to charity and A's share is ₹ 855, the total profit is

Let total profit be 100%.

less 5% → charity

95%

A B
3 : 2

→ Profit Ratio

$$\frac{3}{5} \times 95 = 57\%$$

$$\therefore 57\% \rightarrow 855$$

$$100\% = \frac{855}{57} \times 100 = ₹ 1500/-$$

Q.6) A and B entered in to a partnership, investing £16,000 and £12,000 respectively. After 3 months, A withdrew £5,000, while B invested £5,000 more. After 3 months more, C joins the business with a capital of £21,000. After a year, they obtained a profit of £26,400. By what amount does the profit of B exceed the share of C?

$$\begin{aligned}\text{Capital of A} &= \text{£ } 16,000 \times 3 + \text{£ } 11,000 \times 9 \\ &= 3000 [16+33] \\ &= 3000 \times 49.\end{aligned}$$

$$\begin{aligned}\text{Capital of B} &= \text{£ } 12,000 \times 3 + \text{£ } 17,000 \times 9 \\ &= 3000 [12+51] \\ &= 3000 \times 63\end{aligned}$$

$$\text{Capital of C} = \text{£ } 21,000 \times 6$$

$$\begin{aligned}\text{Profit Ratio} &= 49 \times 3000 : 63 \times 3000 : 6 \times 21000 \\ &= 7 : 9 : 6\end{aligned}$$

$$\text{Profit} = \text{£ } 26,400.$$

$$7+9+6 = 22$$

$$22 \rightarrow 26400$$

$$\begin{aligned}9-6 = 3 &\rightarrow \frac{26400}{22} \times 3 \\ &= \text{£ } 3,600/-\end{aligned}$$

