Partnership - Important Formulas

**Partnership:**
When two or more than two persons run a business jointly, they are called partners and the deal is known as partnership.

**Ratio of Divisions of Gains:**

1. When investments of all the partners are for the same time, the gain or loss is distributed among the partners in the ratio of their investments.

   Suppose A and B invest Rs. x and Rs. y respectively for a year in a business, then at the end of the year:

   \[(A's \text{ share of profit}) : (B's \text{ share of profit}) = x : y.\]

2. When investments are for different time periods, then equivalent capitals are calculated for a unit of time by taking \((\text{capital} \times \text{number of units of time})\). Now gain or loss is divided in the ratio of these capitals.

   Suppose A invests Rs. x for p months and B invests Rs. y for q months then,

   \[(A's \text{ share of profit}) : (B's \text{ share of profit}) = xp : yq.\]

**Working and Sleeping Partners:**

A partner who manages the business is known as a working partner and the one who simply invests the money is a sleeping partner.