concept no.2

Sacrificing and Gaining Share



Sacrificing Ratio:

Whenever there is a change in the profit sharing ratio, one or more of the existing partners have to surrender some of their old share in favour of one or more of other partners. The ratio of surrender of profit sharing ratio is called sacrificing ratio. It is calculated as follows :

Sacrificing Ratio = *Old Ratio - New Ratio*



Gaining Ratio:

As a result of change in profit sharing ratio, one or more of the existing partners gain some portion of other partners share of profit. The ratio of gain of profit sharing ratio is called gaining ratio. It is calculated as follows :

Gaining Ratio = *New Ratio - Old Ratio*

COMMERCE RAMA

concept no.2

Questions:

Q.1) The good A and B were partners in a firm sharing profits and losses in the ratio of 2 : 1. With effect from 1st April, 2023 they agreed to share profits and losses equally. Calculate the individual partner's gain or sacrifice due to change in ratio.

[ANS: A has sacrificed $\frac{1}{6}$ th share whereas B has gained $\frac{1}{6}$ th share]

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concept no.2

Questions:

Q.2). A, B and C were partners in a firm sharing profits and losses in the ratio of 3 : 2 : 1. The partners decide to share future profits and losses in the ratio of 2 : 2 : 1. Indicate each partner's gain or sacrifice due to change in ratio.

[[ANS: A has sacrificed $\frac{3}{30}$, B has gained $\frac{2}{30}$ and C has also gained $\frac{1}{30}$]

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Questions:

Q.3) A, B and C were in partnership sharing profits in the ratio of 4 : 3 : 1. The partners agreed to share future profits in the ratio of 5 : 4 : 3. Calculate each partner's gain or sacrifice due to change in ratio.

[ANS: A has sacrificed $\frac{2}{24}$, B has sacrificed $\frac{1}{24}$ and C has gained $\frac{3}{24}$]

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END OF CONCEPT NO-2

COMMERCE RAMA

CHAPTER-3 CHANGE IN PROFIT-SHARING RATIO AMONG THE EXISTING PARTNERS

concept no.

3 Accounting of Goodwill