

ABDULWAHAB MONSURA TEMITOPE  
18/MS501/001

year	lessee output	sublessee output	combined output	Actual royalty	minimum royalty	shortworkings	shortworkings recouped	shortworkings lapsed	shortworkings paid(€)	annual
2001	720	100	820	1640	2000	360	0	0	0	2000
2002	800	140	940	1880	2000	120	0	0	360	2000
2003	1200	300	1500	3000	2000	0	120	0	0	2880
2004	600	320	920	1840	2000	160	0	0	0	2000
2005	900	400	1300	2600	2000	0	160	0	0	2440

year	lessee output	Actual royalty	minimum royalty	shortworkings	shortworkings recouped	shortworkings lapsed	Amount received (€)
2001	100	200	600	400	0	0	600
2002	140	280	600	200	0	0	600
2003	300	600	600	0	0	0	600
2004	320	640	600	0	40	0	600
2005	400	800	600	0	200	480	600

year	workings	profit (€)
2001	100(2-2)	0
2002	140(2-2)	0
2003	300(2-2)	0
2004	320(2-2)	0
2005	400(2-2)	0

royalty payable a/c

31/12/2001 Lessor	1440	31/12/2001 statement of profit/loss	1440
31/12/2002 Lessor	1600	31/12/2002 statement of profit/loss	1600
31/12/2003 Lessor	2400	31/12/2003 statement of profit/loss	2400
31/12/2004 Lessor	1200	31/12/2004 statement of profit/loss	1200
31/12/2005 Lessor	1800	31/12/2005 statement of profit/loss	1800
		lessor a/c	
		31/12/2001 royalty payable	1440
		31/12/2001 royalty receivable	200
		shortworkings	
31/12/2001 bank	2000	31/12/2001 recoverable	360
	2000	31/12/2002 royalty payable	1600
		31/12/2002 royalty receivable	280
		shortworkings	
31/12/2002 bank	2000	31/12/2002 recoverable	120
	2000	31/12/2003 royalty payable	2400
		31/12/2003 royalty receivable	600
		31/12/2004 royalty payable	1200
		31/12/2004 royalty receivable	640
		shortworkings	
31/12/2004 bank	2000	31/12/2004 recoverable	160
	2000	31/12/2005 royalty payable	1800
		31/12/2005 royalty receivable	800
		shortworkings	
31/12/2005 recoverable	160	31/12/2005 royalty payable	1800
31/12/2005 bank	2440	31/12/2005 royalty receivable	800
	2600		2600

shortworkings recoverable a/c

31/12/2001 lessor a/c	360	31/12/2001 bal c/d	360
		statement of profit or loss	
31/12/2002 bal b/d	360	31/12/2002 loss	360
31/12/2002 lessor a/c	120	31/12/2002 bal c/d	120
	480		480
01/01/2003 bal b/d	120	31/12/2003 lessor a/c	1000
31/12/2003 bal c/d	880		
	1000		1000
31/12/2004 lessor a/c	160	31/12/2004 bal b/d	880
31/12/2004 bal c/d	720		
	880		880
31/12/2005 bal c/d	1320	01/01/2005 bal b/d	720
		31/12/2005 lessor a/c	600
	1320		1320

sublessee a/c

31/12/2001 royalty receivable	200		
		shortworkings	
31/12/2001 allowable	400	31/12/2001 bank	600
	600		600
31/12/2002 royalty receivable	280	31/12/2002 bank	600
		shortworkings	
31/12/2002 allowable	320		
	600		600
31/12/2003 royalty receivable	600	31/12/2003 bank	600
		31/12/2004 shortworkings	
		recoverable	40
31/12/2004 royalty receivable	640	31/12/2004 bank	600
	640	shortworkings	
		recoverable	640
31/12/2005 royalty receivable	800	31/12/2005 recoverable	200
	800	31/12/2005 bank	600
			800

shortworkings allowable a/c

31/12/2001 bal c/d	400	31/12/2001 sublessee a/c	400
		01/01/2001 bal b/d	400
31/12/2002 bal c/d	720	31/12/2002 sublessee a/c	320
	720		720
31/12/2003 bal c/d	720	01/01/2003 bal b/d	720
31/12/2004 sublessee a/c	40	01/01/2004 bal b/d	720
31/12/2004 bal c/d	680		
	720		720
31/12/2005 sublessee a/c	200	01/01/2005 bal b/d	680
	200	statement of profit/loss	
31/12/2005 profit/loss	480		480
	680		680

royalty receivables a/c

31/12/2001 lessor	200	31/12/2001 lessor	200
31/12/2002 lessor	280	31/12/2002 lessor	280
31/12/2003 lessor	600	31/12/2003 lessor	600
31/12/2004 lessor	640	31/12/2004 lessor	640
31/12/2005 lessor	800	31/12/2005 lessor	800

it follows the prudence concept which states provisions should be made for all losses and due case should be exercised in recognising profit. in this case, the landlord exercises due case not to recognize the shortworking yet not until they are lapsed and the tenant on his part does not record the losses up until he is unable to recover it. it also follows the realization concept in that the landlord does not record the shortworkings as profit until it lapsed and the tenant does not realize his loss until he is able to recover it.