

year	Lesse opt	sublesse	combined opt	actual royalty	s\working	s\working reoccupied	Accounting dept	Emmanuel Lawson amount
2001	720	100	820	1640	360	0	0	2000
2002	800	140	940	1880	120	0	360	2000
2003	1200	300	1500	3000	0	120	0	2880
2004	600	320	920	1840	160	0	0	2000
2005	900	400	1300	2600	0	160	0	2440

SUBLESSE AGREEMENT

Year	output	actual royalty	minimum royalty	s\working	s\working reoccupied	s\working lapsed	amount
2001	100	200	600	400	0	0	600
2002	140	280	600	320	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

PROFITN EARNED BY LESSEE

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

N		LESSOR a/c	N	
31\12\01	bank	2000	31/12/01	royalty payable 1440
			31/12/01	royalty receivable 200
			31/12/01	s\working recoverable 360
		2000		2000
31/12/02	bank	2000	31/12/02	royalty payable 1600
			31/12/02	royalty receivable 200
			31/12/02	s\working recoverable 120
		2000		2000
31/12/03	S\working	120	31/12/03	Royalty payable 2400

31/12/03	bank	2880	31/12/03	Royalty receivable	600
		3000			3000
31/12/04	bank	2000	31/12/04	royalty payable	1200
			31/12/04	royaltyreceivable	640
			31/12/04	s/working recoverable	160
		2000			2000
31/12/05	s/working	160	31/12/05	royalty payable	1800
31/12/05	bank	2440	31/12/05	royalty receivable	800
		2600			2600

	N		ROYALTY PAYABLE	N	
31/12/01	lessor	1440	31/12/01	stat of p or l	1440
31/12/02	lessor	1600	31/12/02	stat of p or l	1600
31/12/03	lessor	2400	31/12/03	stat of p or l	2400
31/12/04	lessor	1200	31/12/04	stat of p or l	1200
31/12/05	lessor	1800	31/12/05	stat of p or l	1800

	N		ROYALTY RECEIVABLE	N	
31/12/01	LESSOR	200	31/12/01	Subless	200
31/12/02	LESSOR	280	31/12/02	Subless	280
31/12/03	LESSOR	600	31/12/03	Subless	600
31/12/04	LESSOR	640	31/12/04	Subless	640
31/12/05	LESSOR	800	31/12/05	Subless	800

			SUBLESS A/C		
31/12/01	Royalty receivable	200	31/12/01	bank	600
31/12/01	s/working allowable	400			
		600			600
31/12/02	royalty receivable	280	31/12/02	bank	600
31/12/02	s/working allowable	320			
		600			600
31/12/03	royalty receivable	600	31/12/03	bank	600
		600			600

31/12/04	royalty receivable	640	31/12/04	s/working recoverable	40
			31/12/04	bank	600
		640			640
31/12/05	royalty receivable	800	31/12/05	s/working recoverable	200
			31/12/05	bank	600
		800			800

SHORTWORKING RECOVERABLE A/C

31/12/01	LESSOR a/c	360	31/12/01	bal c/d	360
		360			360
1/1/2002	bal b/d	360	31/12/02	stat of p or l	360
31/12/02	lessor a/c	120	31/12/02	bal c/d	120
		480			480
1/1/2003	bal b/d	120	31/12/03	lessor a/c	1000
31/12/03	bal c/d	880			
		1000			1000
31/12/04	lessor a/c	160	31/11/04	t bal b/d	880
31/12/04	bal c/d	720			
		880			880
31/12/05	bal c/d	1320	1/1/2005	bal b/d	720
			31/12/05	lessor	600
		1320			1320

SHORTWORKING ALLOWABLE

31/12/01	bal c/d	400	31/12/01	sublesse	400
		400			400
31/12/02	bal c/d	720	1/1/2002	bal b/d	400
			31/12/02	sublesse	320
		720			720
31/12/03	bal c/d	720	1/1/2003	bal b/d	720
		720			720
31/12/04	sublesse	40	1/1/2004	bal b/d	720
31/12/04	bal c/d	680			

	720		720
31/12/05 sublesse	200	1/1/2005 bal b/d	680
31/12/05 stat of p or l	480		
	680		680

**QUESTION 6**

Shortworkings allowable and shortworking recoupable are shown as liability and assets respectively in the statement of financial position thus, follows the prudence concept which states that provisions should be made for all losses and due case should be exercised in recognizing profit. In this case the landlord exercises due case not to recognize the shortworkings yet not until they are lapsed and the tenant on his part does not record the loss up until he is unable to recover it . It also follows the realization concept in that the landlord does not record the shortworking as profit until it lapsed and the tenant does not realise his loss until he is unable to recover it.