

NAME: OLAOYE ABDULLAHI OLUWATOSIN  
 MATRIC NO.: 18/SMS02/042  
 DEPARTMENT: ACCOUNTING

In The Books Of The Lessor  
 Mr YERIMA

Year (N)	Output of le	Output of s	Combined o	Actual roya	Minimum w	Shortworki	Shortworki	Shortworki	Amount pa aid
2001	720	100	820	1640	2000	360	0	0	2000

	N		N
31/12/2001 Royalty	1640		
31/12/2001 Shortworkings	360	31/12/2001 Bank	2000
	<u>2000</u>		<u>2000</u>
31/12/2002 Royalty	1880		
31/12/2002 Shortworkings	120	31/12/2002 Bank	2000
	<u>2000</u>		<u>2000</u>
31/12/2003 Royalty	3000	31/12/2002 Shortworkings	120

				31/12/2002 Bank					2880	2002	800
										140	940
				<u>3000</u>					3000	1880	2000
										120	0
										360	2000
2003	1200	300	1500	3000	2000	0	120	0	2880		
2004	600 320	920	1840	2000	160	0	0	2000			
2005	900 400	1300	2600	2000	0	160	0	2440			

Royalty Receivable Account

		N		N
31/12/2001 Statement of P/L		1640	31/12/2001 Lesse	1640
31/12/2002 Statement of P/L		1880	31/12/2002 Lesse	1880
31/12/2003 Statement of P/L		3000	31/12/2003 Lesse	3000
31/12/2004 Statement of P/L		1840	31/12/2004 Lesse	1840
31/12/2005 Statement of P/L		2600	31/12/2005 Lesse	2600
		<u>2600</u>		
Lesse Account				
31/12/2004 Royalty		1840		
31/12/2004 Shortworkings		<u>2000</u>	160 31/12/2004 Bank	<u>2000</u>
				<u>2000</u>
31/12/2005 Royalty	2600		31/12/2005 Shortworkings	160
		<u>2600</u>	31/12/2005 Bank	<u>2440</u>
				<u>2600</u>

Shortworkings (allowable) Account

		N		N
31/12/2001 Bal c/d		360	31/12/2001 Lesse	360
31/12/2002 Statement of P/L		360	01/01/2002 Bal b/d	360
31/12/2002 Bal c/d		120	31/12/2002 Lesse	120
		<u>480</u>		<u>480</u>
31/12/2004 Bal c/d		520	01/01/2004 Bal b/d	360
				160
31/12/2005 Lesse		<u>520</u>		<u>520</u>

	31/12/2004 Lesse	
	160	
31/12/2005 Bal c/d	200	360
	360	360
	01/01/2006 Bal b/d	360

**QUESTION 6**

Short workings allowable and short working 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 short workings 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 short working as profit until it lapsed and the tenant does not realize his loss until he is unable to recover it.