

17.7.20

Financial Accounts
B. Com Part I

By
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Question.

A leased a colliery to B for five year. The minimum rent is Rs 800 per year merging in to a Royalty of Rs 1 per ton of coal raised. The output raised was first year 600 tons, second year 900 tons, third year 700 tons. Give Journal entries for 3 years in the book of B. There is no right to recover shortfalls.

Ans.

Date	Particulars	L.F.	Dr	Cr
			Amount	Amount
			600	
			200	
I year	Royalty A/c Dr S.W. Recoverable A/c Cr			800
	C Being to A A/c and payable to landlord & difference between minimum rent and Royalty transferred to S.W. Recoverable A/c			

	A (landlord) ac dr TO Bance - (Being payment made to landlord 'A')	800	800
	Profit and loss ac dr TO Royalty ac dr " Shortcomings ac	800	600 200
	(Being Royalty and S.W Irrecoverable transferred to P&L ac.)		
		900	900
II year	Royalty ac dr Short TO land (incl Royalty earned and payable to landlord)	900	900
	(Being Amount paid to land (incl)	900	900
	P&L ac dr TO Royalty (Being Royalty transfer to P&L)	900	900
		700	800
III year	Royalty ac dr S.W Irrecoverable ac dr TO landlord.	100	800
		800	800
	A ac dr TO Bance - (Being Amount paid to landlord)	800	800
	P&L ac dr TO Royalty ac - (Being Royalty Shortcomings Irrecoverable & S.W transfer to P&L)	700	700