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DEPARTMENT OF COMMERCE

Class -UG First Semester

Session -2025-29

Paper -MJC-1

Subject -Financial Accounting

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**"Education is the power for being a good
human being"**



Royalty

Journal Entries in the books of Lessee:-

Alternative Entry

Case 1 .when $MR > AR$

1. Minimum Rent A/CDr.

To Landlord A/C

(Being minimum rent transferred to landlord a/c.)

2. Royalty A/C ...Dr.

SW A/C.Dr.

To Minimum Rent A/C

(Being royalty and sw transferred to minimum rent a/c.)

3. Landlord A/C. ...Dr.

To Bank A/C

(Being amount paid to landlord)

4. P/L A/C.Dr.

To Royalty A/C

(Being royalty transferred to p/l a/c.)

Note:-When Sw transferred to USW

P/L A/C.Dr.

To Royalty A/C

To SW A/C

(Being royalty and sw transferred to p/l a/c.)

Ledger Account in the books of Lessee

1. Royalty A/C
2. Shortworking A/C
3. Landlord A/C

Analytical Table

Year	Output	<u>Royalty</u>	MR	SW	SR	SWR	USW	APLL