**[Accounting Treatment of Royalty in the Books of Lessor](http://accountlearning.blogspot.com/2011/10/accounting-treatment-of-royalty-in_10.html)**

***Accounting Entries In The Books Of Lessor:***  
  
***A. When Royalty Is Less Than The Minimum Rent:***  
**Without maintaining minimum rent account**:  
  
*1. For the actual royalties:*  
Lessee's A/C...................Dr.  
To Royalties A/C  
To Shortworking A/c  
  
*2. For due amount received:*  
Bank A/C...............Dr.  
To Lessee A/C  
  
*3. For royalties transferred:*  
Royalties A/C...........Dr.  
To profit and loss A/C  
  
**With maintaining minimum rent account:**  
  
*1. For minimum rent receivable:*  
Minimum rent A/c......................Dr.  
To royalties A/C  
To Shortworking A/C  
  
*2. For minimum rent due:*  
Lessee's A/C................Dr.  
To minimum rent A/c  
  
*3. For due amount received:*  
Bank A/C....................Dr.  
To Lessee's A/C  
  
*4. For Royalties transferred:*  
Profit and loss A/C...............Dr.  
To Royalties A/C  
  
***B. When Royalty Is Less Than Minimum Rent:***  
  
*1. For royalties due:*  
Lessee's A/C....................Dr.  
To Royalty A/C  
  
*2. For shortworking recouped and royalty received:*  
Bank A/C...................Dr.  
Shortworking A/C....Dr.  
To Lessee's A/C  
  
*3. For royalty and unrecouped shortworking transferred:*  
Royalties A/C...............Dr.  
Shortworking A/C........Dr.  
To profit and loss A/C  
  
***C. When Royalty Is Equal To The Minimum Rent:***  
  
*1. For the actual royalties:*  
Royalties A/C............Dr.  
To landlord A/C  
  
*2. For the amount paid:*  
Landlord A/C...........Dr.  
To Bank A/C  
  
*3. For transferring royalties:*  
Profit and loss A/C..........Dr.  
To Royalties A/C

### [Accounting Treatment Of Royalty In The Books Of Lessee](http://accountlearning.blogspot.com/2011/10/accounting-treatment-of-royalty-in.html)

**Accounting Entries In The Book Of Lessee:**  
  
***A. When the royalty is less than minimum rent:***  
***Without maintaining minimum rent:***  
  
*1. For minimum rent payable:*  
Royalties A/C.....................Dr.  
Shortworking A/C.............Dr.  
To landlord A/C  
  
*2. For minimum rent paid:*  
Landlord A/C.....................Dr.  
To bank A/C  
  
*3. For royalties transferred to profit and loss account:*  
Profit and loss A/C............Dr.  
To Royalties A/C  
  
***With maintaining minimum rent:***  
  
*1. For royalties and shortworking raised:*  
Royalties A/C........................Dr.  
To Shortworking A/C...........Dr.  
To Royalties  
  
*2. For minimum rent payable:*  
Minimum rent A/C.............Dr.  
To landlord A/C  
  
*3. For amount paid to landlord:*  
Landlord A/C......................Dr.  
To bank A/C  
  
*4. For royalties transferred to profit and loss account:*  
Profit and loss A/C.............Dr.  
To royalties A/C  
  
***B. When Royalty Is More Than Minimum Rent:***  
  
*1. For the actual royalties:*  
Royalties A/C...................Dr.  
To landlord A/C  
  
*2. For the amount paid and shortworking recouped:*  
Landlord A/C.................Dr.  
To bank A/C  
To Shortworking A/C  
  
*3. For transferring royalties and unrecouped shortworking:*  
Profit and loss A/C............Dr.  
To royalties A/C  
To Shortworking A/C  
  
***C. When Royalty Is Equal To The Minimum Rent:***  
  
*1. For royalties due from lessee:*  
Lessee's A/C.................Dr.  
To royalty A/C  
  
*2. For amount of royalty received:*  
Bank A/C.....................Dr.  
To lessee's A/C  
  
*3. For royalties transferred:*  
Royalties A/C............Dr.  
To profit and loss A/C