

Q4 Define the term "LEGACY"?

Ans Legacy is the amount which is not-for-profit organisation will receive as per will of a deceased person or died a person. Since non-recursing in nature so it is Capitalised and add to Capital Fund on the Liabilities side of balance sheet. It is for a specific purpose and it should be Capitalised in the name of the fund and it fund receive the money from the past died person.

~~Q~~ What do you understand by recoupment of Short workings?

Ans ~~Q~~ The right of Recoupment means the right given to the Lessee by the Lessor to carry-forward and set-off the Short workings from the surplus of royalties over the Minimum Rent.

It is the excess of Minimum Rent over the Actual Royalty payable. It is calculated only when it is allowed to be adjusted against the future royalties by the Lessor.

$$\text{Short workings} = \text{Minimum Rent} - \text{Actual Royalty}$$