

Fact pattern

Contract Value	10,000
Estimate Costs	<u>9,500</u>
Anticipated Gross Profit	500

Amount Billed:	<u>Period 1</u>	<u>Period 2</u>
Gross	5,000	5,000
Retention (10%)	(500)	500
	<u>4,500</u>	<u>5,500</u>
Cash Collected	4,000	6,000
Outstanding Receivables	<u>500</u>	-
Contract Costs	4,250	5,250
Cash Paid Out	<u>3,750</u>	<u>5,750</u>
Outstanding Payables	<u>500</u>	-

Cash

	<u>Period 1</u>	<u>Period 2</u>	<u>Total</u>
Revenues	4,000	6,000	10,000
Contract Costs	3,750	5,750	9,500
Gross Profit	250	250	500

Accrual, inc retention

	<u>Period 1</u>	<u>Period 2</u>	<u>Total</u>
Revenues	5,000	5,000	10,000
Contract Costs	4,250	5,250	9,500
Gross Profit	750	(250)	500

Accrual, excl retention

	<u>Period 1</u>	<u>Period 2</u>	<u>Total</u>
Revenues	4,500	5,500	10,000
Contract Costs	4,250	5,250	9,500
Gross Profit	250	250	500

Percentage of Completion

	<u>Period 1</u>	<u>Period 2</u>	<u>Total</u>
Revenues	4,475	5,525	10,000
Contract Costs	4,250	5,250	9,500
Gross Profit	225	275	500

Completed Contract

	<u>Period 1</u>	<u>Period 2</u>	<u>Total</u>
Revenues	-	10,000	10,000
Contract Costs	-	9,500	9,500
Gross Profit	-	500	500