Questions

1. ABC Construction Company was contracted to construct a building for $975,000. The building is owned by a customer throughout the contract period. The contract provides for progress payments. ABC’s accounting year-end is December 31st. Work began under the contract on July 1st 2015 and was completed in September 30th, 2017. Information regarding construction activities is provided below

2015: Construction costs incurred during the year; $180,000, estimated costs to complete, $630,000, progress billings during the year, $153,000, and collections of $140,000

2016: Construction costs incurred during the year; $450,000, estimated costs to complete, $190,000, progress in billings during the year, $382,500 and collections of $380,000

2017: Construction costs incurred during the year; $195,000, because the contract was completed, the remaining balance was billed later and collecting in full per the contract

Required:

Provide journal entries that will be recorded by ABC Construction assuming revenue has been recognized overtime.