1. In 2013, Lucy’s Chaotic Construction Corporation began construction work under a three- year contract. The contract price is $1,600,000. Lucy uses the percentage-of-completion method for financial reporting purposes. The financial statement presentation relating to this contract at December 31, 2013, is as follows:

# Balance Sheet

|  |  |  |
| --- | --- | --- |
| Accounts receivable (from construction progress billings) Construction in progress | $ 100,000 | $ 30,000 |
| Less: Billings on construction contractCost of uncompleted contracts in excess of billings |  (94,000) | 6,000 |

**Income Statement**

Income (before tax) on the contract recognized in 2013 $ 20,000

# Required:

1. What was the cost of construction actually incurred in 2013?
2. How much cash was collected in 2013 on this contract?
3. What was the estimated cost to complete as of the end of 2013?
4. What was the estimated percentage of completion used to calculate income in 2013?