In 2011, the Westgate Construction Company enter into a contract to construct a road for Santa Clara County for $10,000,000. The Road was completed in 2013. Information related to the contract is a follows:

2011 2012 2013

Cost incurred during year $2,400,000 $3,600,000 $2,200,000

Estimated Costs to complete as of year-end $5,600,000 $2,000,000 $ 0

Billings during the year $2,000,000 $4,000,000 $4,000,000

Cash collections during the year $1,800,000 $3,600,000 $4,600,000

Westgate uses the percentage-of-completion method of accounting for long term construction contracts.

1. Calculate the amount of gross profit to be recognized in each of the three years.
2. Prepare all necessary journal entries for each of the years (credit various accounts for construction costs incurred).
3. Prepare a partial balance sheet for 2011 and 2012 showing any items related to the contract.
4. Calculate the amount of gross profit to be recognized in each of the three years assuming the following costs incurred and costs to complete information.

2011 2012 2013

Cost incurred during the year $2,400,000 $3,800,000 $3,200,000

Estimated costs to complete as of year- end 5,600,000 3,100,000 -0-

Complete the requirements of the Westgate Construction using the completed-contract method.

1. Calculate the amount of gross profit to be recognized in each of the three years.
2. Prepare all necessary journal entries for each of the years (credit various accounts for construction costs incurred).
3. Prepare a partial balance sheet for 2011 and 2012 showing any items related to the contract.