

# CFA® SAMPLE QUESTION – LEVEL I

## Financial Reporting and Analysis

**Q:** Concrete Limited has a contract to build a building for \$120,000 with an estimated time to completion of 5 years. A reliable 3rd party cost estimate for the project is \$70,000.

In the first year of the project, Concrete Limited incurred costs totaling \$28,000. How much profit should Concrete report at the end of the first year under the percentage-of-completion method and the completed-contract method?

	<u>Percentage-of-Completion</u>	<u>Completed-Contract</u>
<b>(a)</b>	\$20,000	0
<b>(b)</b>	\$50,000	0
<b>(c)</b>	\$20,000	\$50,000



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