Solution

# Cost Behavior

The amount to be accrued in each scenario:

1. Since 60% of the contracted effort has been completed, you can accrue 60% of the costs, $210,000.
2. In this case there is no accrual. The supplier has not completed any significant level of work on your equipment.
3. At the end of the fiscal year the team will have incurred $23,000 in travel expenses that should be accrued.
4. In this case there is no accrual. When you received the bill the cost was already credited to your accounts. The Accounts Payable account for the business includes the $200,000, but your account already shows the charges applied to it. Therefore there is nothing left to accrue.