**Solution:**

(1)

In March, announcing the $40,000 compensation means that the company records an expense of $40,000 in the March. However, since some of this is not paid, it is a liability to the company.

Thus, the journal entry is as follows:

|  |  |  |
| --- | --- | --- |
| Compensation Expense  To Salaries & Wages Payable  To Cash  (Being recording of the expense for March.) | 40,000 | 10,000  30,000 |

(2)

The final value of the liability will be

$10,000 + $8,000 = $18,000.