On June 30, the end of the current fiscal year, the following information is available to Conti Company’s accountants for making adjusting entries:

1. Among the liabilities of the company is a mortgage payable in the amount of $260,000. On June 30, the accrued interest on this mortgage amounted to $13,000.
2. On Friday, July 2, the company, which is on five-day workweek and pays employees weekly, will pay its regular salaried employees $18,700.
3. On June 29, the company completed negotiations and signed a contract to provide monthly services to a new client at an annual rate of $7,200.
4. The supply account shows a beginning balance of $1,615 and purchases during the year of $4,115. The end-of-year inventory reveals supplies on hand of $1,318.
5. The Prepaid insurance account shows the following entries on June 30:

**Beginning balance $1,620**

**January 1 2,900**

**May 1 3,366**

The beginning balance represents the unexpired portion of a on0year policy purchased in April of the previous year. The January 1 entry represents a new one-year policy, and the May 1 entry represents the additional coverage of three-year policy.

1. The following table contains the cost and annual depreciation for buildings and equipment, all of which were purchased before the current year:

|  |  |  |
| --- | --- | --- |
| **Account** | **Cost** | **Annual Depreciation** |
| Buildings | $170,000 | $7,300 |
| Equipment | 218,000 | 20,650 |

1. On June 1, the company completed negotiations with another client and accepted an advance of $21,600 for services to be performed in the next year. The $21,600 for services to be performed in the next year. The $21,600 was credited to unearned service revenue.
2. The company calculates that as of June 30 it had earned $4,500 on a $7,500 contract that will be completed and billed in August.

**Required:**

1. Prepare adjusting entries for each item listed above
2. Explain how the conditions for revenue recognition are applied to transactions C & H.