To: Fall 2021 Intermediate Accounting Students

From: Jeannie Harrington, Chair, Department of Accounting

Date: March 18, 2021

Re: Intermediate Accounting Admission Exam

As specified in the MTSU undergraduate catalog, all students enrolling in Intermediate I must achieve a passing grade on a departmental admission exam, known as the Intermediate Accounting Admission Exam (admission exam). The purpose of this memo is to provide all the information you will need to schedule your exam, retrieve your exam score and finalize your course schedule for Fall 2021 semester.

Why is an admission exam for Intermediate Accounting I (ACTG 3110) required?

Nationwide, Intermediate Accounting I is known to be the accounting class with a larger-than-average fail rate due to its difficulty. We are striving to ensure that when entering Intermediate Accounting I, you have a solid understanding of the financial accounting concepts covered in accounting principles I and II; that will increase the likelihood of your success in Intermediate Accounting I and all other upper-division accounting courses for which Intermediate Accounting I is a prerequisite. The admission exam will determine whether you are prepared to succeed in Intermediate Accounting I (ACTG 3110) at this time or if a course we specially designed to build your knowledge base up to the required proficiency is needed. That course, Financial Accounting Application and Analysis (ACTG 3100), can be used as one of your upper-division accounting electives.

Who must take the admission exam?

Every student who desires to enroll in Intermediate Accounting I must take the admission exam; no one is exempt from this requirement, regardless of major or where your accounting principles courses were successfully completed.

What will my admission exam score determine?

A score of 70 percent or higher is the path to admission into ACTG 3110 – Intermediate Accounting I; a score of less than 70 percent is the path to admission into ACTG 3100 – Financial Accounting Application and Analysis.

Can I take the admission exam more than once?

No, you may only take the admission exam one time during your enrollment at MTSU. Your admission exam score will determine whether you advance directly to Intermediate Accounting I or whether you advance to Financial Accounting Application and Analysis and then on to Intermediate Accounting I.
Do I need to schedule an appointment to take the admission exam?

Yes – the testing schedule is provided immediately below. As soon as you determine the date on which you would like to take the admission exam, email Ms. Rebecca Foote at Rebecca_Foote@mtsx.edu to request a seat for that sitting of the exam; your request must be made no later than 24 hours before the desired exam is set to begin. Ms. Foote will respond within 24 hours of your request to confirm your exam is scheduled; she will also provide instructions regarding the specific location in the Business and Aerospace Building (BAS) where you will take your exam and what you should bring with you to the exam.

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Location</th>
<th>Score Retrieval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuesday, May 25</td>
<td>10:20 a.m.</td>
<td>BAS</td>
<td>12:00 – 1:30 p.m.</td>
</tr>
<tr>
<td>Monday, June 14</td>
<td>4:20 p.m.</td>
<td>BAS</td>
<td>6:00 – 7:30 p.m.</td>
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<tr>
<td>Wednesday, July 14</td>
<td>12:20 p.m.</td>
<td>BAS</td>
<td>2:00 – 3:30 p.m.</td>
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<tr>
<td>Thursday, August 19</td>
<td>7:20 a.m.</td>
<td>BAS</td>
<td>9:00 – 10:30 a.m.</td>
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We encourage you to take the admission exam as soon as possible. Since the registration confirmation date precedes the last date the exam is being offered, your anticipated financial aid may be reduced if you are not otherwise enrolled full-time in outstanding coursework that applies toward your program of study. In such cases, you are encouraged to inquire with the MT One Stop at MTOneStop@mtsx.edu to ensure you have sufficient financial aid to confirm registration by the fee payment due date. You must be registered in ACTG 3100 or 3110 by the census date (14th calendar day of the fall or spring semesters) to ensure appropriate credit hours are included in your enrollment status used to determine financial aid eligibility for disbursement purposes.

When will I know my admission exam score?

Within two hours of submitting your admission exam you will know the score. The score retrieval time in the above schedule is provided for immediate scoring, followed by private meetings with those who tested that day.

What is the format of the admission exam and how much time will I have to complete it?

The admission exam consists of approximately 35-40 multiple choice questions and you will have one hour to complete it.

What concepts are covered on the admission exam?

The admission exam tests financial accounting topics from traditional principles of accounting courses. Managerial accounting concepts covered in traditional principles of accounting courses are not tested on the admission exam, as those concepts are not part of the Intermediate Accounting I course content.

Is there a study guide for the admission exam?

A study guide in the form of a topical index of the concepts covered in traditional principles of accounting courses is attached at the end of this document; it is also posted on the Department of Accounting website: [https://www.mtsu.edu/accounting/entrance.php](https://www.mtsu.edu/accounting/entrance.php)

When will I be able to enroll in either Financial Accounting Application and Analysis (ACTG 3100) or Intermediate Accounting I (3110)?

Both of those courses require a “permission of department” (POD) override before you will be able to register. The POD override will be entered for you to enroll in the proper course no more than 24 hours after you receive your admission exam score. For ease in finalizing your Fall 2021 course schedule, we strongly encourage you to keep the ACTG 3100 class meeting time and one of the ACTG 3110 class meeting times open until you know which of those upper-division courses you will be taking:

<table>
<thead>
<tr>
<th>Fall 2021 Course Offerings</th>
<th>Intermediate Accounting I (ACTG 3110)</th>
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<tbody>
<tr>
<td>Financial Accounting Application and Analysis (ACTG 3100)</td>
<td>Tuesdays/Thursdays 11:20 a.m. – 12:45 p.m. OR Wednesdays 6:00 – 9:00 p.m.</td>
</tr>
<tr>
<td>Tuesdays/Thursdays 4:20 – 5:45 p.m.</td>
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</tbody>
</table>
Will my admission exam score have any bearing on my enrollment in any other accounting upper-division courses?  
No, the admission exam pertains only to Intermediate Accounting I enrollment. Neither Cost Accounting (ACTG 3310) nor Accounting Systems (ACTG 4510) requires a POD override to enroll and Intermediate Accounting I is not a prerequisite for those courses. As long as all other course prerequisites are met, you may enroll in ACTG 3310 and/or ACTG 4510 as a result of successfully completing principles II.

Will my admission exam score be used to calculate my course grade in Financial Accounting Application and Analysis or Intermediate Accounting I?  
No, your admission exam score will be used solely to determine whether you are required to successfully complete Financial Accounting Application and Analysis before advancing to Intermediate Accounting I.

Will my admission exam score affect any of my other accounting upper-division course grades?  
No, your admission exam score will be used solely to determine whether you are required to successfully complete Financial Accounting Application and Analysis before advancing to Intermediate Accounting I.

We are very pleased you have chosen accounting as your major and we believe you will be, too. The accounting profession offers countless career options that are highly respected, very rewarding, and that pay well. Our students are hired regularly by the Big Four firms, regional and local accounting firms, industry, and government agencies for both internships and full-time positions. Adequately preparing you for those opportunities – and the profession – is the driving force behind each of the accounting curriculum requirements. We look forward to working with you as you continue to advance through our program!

Please contact Ms. Rebecca Foote with any questions you have regarding the admission requirement and/or to schedule your seat for the admission exam. Her contact information is:

Rebecca Foote, M.S., CPA  
Intermediate Readiness Coordinator  
Email: Rebecca.Foote@mtsu.edu  
Phone: 615-494-8923

Jeannie J. Harrington, Ph.D., CMA, CPA, IFRS-Certified, CSCA  
HCA Outstanding Professor of Accounting  
Chair, Department of Accounting  
Jones College of Business  
Email: Jeannie.Harrington@mtsu.edu  
Phone: 615-898-2038
Intermediate Accounting Admission Exam Study Guide

The textbook you used in Principles of Accounting I & II (excluding the managerial accounting chapters), regardless of where you took those courses, is your best study source. You may be tested on any of the following concepts at the principles level.

**Accounting and the Business Environment**
- Use of accounting vocabulary
- Apply accounting concepts and principles
- Use the accounting equation
- Analyze business transactions
- Prepare the financial statements
- Evaluate business performance

**Recording Business Transactions**
- Use accounting terms
- Apply the rules of debit and credit
- Record transactions in the journal
- Post from the journal to the ledger
- Prepare and use a trial balance
- Analyze transactions without a journal

**The Adjusting Process**
- Distinguish accrual accounting from cash-basis accounting
- Apply the revenue and matching principles
- Make adjusting entries
- Prepare an adjusted trial balance
- Prepare the financial statements from the adjusted trial balance

**Completing the Accounting Cycle**
- Close the revenue, expense, and withdrawal accounts
- Classify assets and liabilities as current or long-term

**Merchandising Options**
- Account for the purchase of inventory
- Account for the sale of inventory
- Adjust and close the accounts of a merchandising business
- Prepare a merchandiser’s financial statements

**Merchandise Inventory**
- Compute perpetual inventory amounts under FIFO, LIFO, and average cost
- Record perpetual inventory transactions
- Compare the effects of FIFO, LIFO and average cost
- Apply the lower-of-cost-or-market rule to inventory
- Measure the effects of inventory errors
- Estimate ending inventory by the gross profit method

**Internal Control and Cash**
- Prepare a bank reconciliation and the related journal entries
**Receivables**
- Use the allowance method to account for uncollectibles by the percent-of-sales and aging-of-accounts methods
- Use the direct write-off method to account for uncollectibles
- Account for notes receivable
- Report receivables on the balance sheet

**Plant Assets and Intangibles**
- Measure the cost of a plant asset
- Account for depreciation
- Account for the disposal of a plant asset
- Account for intangible assets

**Current Liabilities and Payroll**
- Account for current liabilities of known amount
- Account for current liabilities that must be estimated
- Report current liabilities on the balance sheet

**Corporations: Paid-in Capital and the Balance Sheet**
- Identify the characteristics of a corporation
- Record the issuance of stock
- Prepare the stockholders’ equity section of a corporate balance sheet
- Account for cash dividends

**Retained Earnings, Treasury Stock, and the Income Statement**
- Account for small stock dividends
- Account for treasury stock
- Analyze a complex income statement
- Prepare a statement of stockholders’ equity

**Long-term Liabilities**
- Account for bonds payable transactions
- Measure interest expense by the effective-interest method
- Account for retirement of bonds payable
- Report liabilities on the balance sheet

**Investments**
- Account for debt security investments
- Account for equity security investments

**The Statement of Cash Flows**
- Identify the purposes of the statement of cash flows
- Distinguish among operating, investing, and financing cash flows
- Prepare a statement of cash flows by the indirect method
- Prepare a statement of cash flows by the direct method