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