

## AM I READY TO CHALLENGE AC 231, PRINCIPLES OF ACCOUNTING I?

This document is intended for student self-assessment purposes only. Please review it carefully to help you determine if you believe you are ready for the Challenge Exam for the course indicated above. Your self-assessment is not a guarantee that you will pass the Challenge Exam. Faculty with expertise in the subject matter/course outcomes evaluate whether your exam provides sufficient evidence that you have demonstrated appropriate college-level mastery of the course content. Enrolling in the course may be your best option.

### COURSE OBJECTIVES:

This exam will test your knowledge and skills for the following course objectives:

After completing this course the student will be able to:

1. understand and use the appropriate accounting terminology;
2. journalize and post accounting transactions for sole proprietorships and partnerships;
3. prepare and analyze the income statement, the statement of owner's equity and partnership equity, and the balance sheet;
4. prepare a trial balance, an adjusted trial balance and a post-closing trial balance;
5. satisfactorily complete all steps of the accounting cycle;
6. account for the sale of inventory;
7. identify internal controls and their importance in fraud control;
8. recognize and account for receivables and prepare a bank reconciliation;
9. determine cost and depreciation for plant assets; and
10. identify current liabilities and prepare and post payroll entries.

### CHALLENGE EXAM DESCRIPTION:

You will be asked to demonstrate your knowledge and skill related to the Challenge Course through these types of questions:

- Short Answer/Problem
- Multiple-Choice

### EXAMPLE EXAM ITEMS:

Short Answer/Problem

Use the following information to answer a question about depreciation (*show all work for credit*):

A factory machine was purchased for \$125,000 on January 1, 2016. It was estimated that it would have a \$25,000 salvage value at the end of its 5-year useful life. It was also estimated that the machine would be run 40,000 hours in the 5 years. The company ran the machine for 5,000 actual hours during the year.

If the company uses the units of activity method of depreciation, what is the amount of depreciation expense the first year?

Multiple Choice:

The following totals for the month of April were taken from the payroll register of Kirk Company.

|                               |          |
|-------------------------------|----------|
| Wages                         | \$36,000 |
| FICA taxes withheld           | 8%       |
| Federal Income taxes withheld | 7,500    |
| State Income taxes withheld   | 1,350    |
| Federal unemployment taxes    | .8%      |
| State unemployment taxes      | 5.4%     |

Using the information above, from the previous question, the entry to record Kirk Company's payroll taxes would include a

- a) debit to Payroll Tax Expense for \$5,112.
- b) debit to Payroll Tax Expense for \$7,704.
- c) credit to FICA Taxes Payable for \$288.
- d) credit to Payroll Tax Expense for \$36,000.

**DETERMINATION OF CHALLENGE EXAM OUTCOME:**

This exam will be evaluated on a Pass/Fail basis. You will have two hours to complete the exam and may use a financial calculator to prepare your work. You will need to earn the following to be awarded credit through the Challenge Exam for this course:

A score of 73% or greater out of 100% correct will be passing. There will be 25 multiple choice and/or Short answer/Problem questions. Each correct answer is worth 4 points out of a total of 100 points possible.

| ITEM  | Does not demonstrate end-of-course learning | Meets or Exceeds Expectations for end-of-course learning |
|---|---|--|
| Multiple choice and/or Short answer/problem | <73%  | >= 73%   |