

# **KAT301 - Pre-requisite for enrollment in ACCT301**

## **Intermediate Accounting I (ACCT 301)**

### **Assessment of Foundational Financial Accounting Knowledge (KAT301)**

Students wishing to enroll in ACCT 301 MUST pass a test of their knowledge of financial accounting. Students will have the opportunity to take the test prior to each semester. The following provides a brief FAQ on the KAT301 and a more detailed description of the rationale for the test, details on administration of the test, the knowledge assessed and resources available for students preparing for the test.

#### **KAT301 - FAQ:**

#### **Why do I have to pass the KAT301 before enrolling in ACCT 301 at CSUSM?**

KAT301 is a pre-requisite for ACCT301. Intermediate Accounting I (ACCT301) is a very demanding course. The accounting faculty introduced the pre-requisite as they found that students without strong foundational financial accounting knowledge frequently do not pass the course.

#### **If I passed the KAT301 in previous semesters, do I need to pass the test again?**

Yes. It is important that your foundational financial accounting knowledge is current.

#### **When can I sit for the KAT301?**

The Department of Accounting will offer a number of test dates on campus prior to each fall and spring semester.

#### **How do I register to sit for the KAT301?**

Each student wishing to sit for the test will register at the Accounting Department - KAT301 Information Cougar Courses site at <http://community.csusm.edu>. Look under Courses - Divisions and Departments - College of Business Administration. The enrollment key for currently enrolled CSUSM students is "Goodwill". The enrollment key for currently enrolled students transferring to CSUSM students is "Transfer". Students must complete a small survey of past accounting courses taken before registering for a test date. Only students registered at the Cougar Courses site will be able to sit for the test on any specific date. Walk-ins will not be able to sit for the test.

#### **What is the format of the KAT301?**

The KAT301 is a multiple choice test covering a number of financial accounting topics. The list of topics covered is provided in the Content of KAT301 section provided below. Students will have up to one hour to complete the test. To pass the KAT301, students must earn a score of 70% or greater.

### **When will I receive the results of the test?**

Students will be able to review the percentage earned through the Department of Accounting - KAT301 Information Cougar Courses site Gradebook.

### **How many times can I take the KAT301?**

Students will be able to take the KAT301 up to three times before enrollment in each semester. Once you have passed the KAT 301 exam for an upcoming semester, you will not be able to take it again for that semester.

### **How frequently can I take the test?**

Students cannot take the test more than once within a seven day period.

### **Can I take the KAT301 at the CSUSM Office of Disable Students Services (DSS) Testing Center?**

Yes. Students wishing to take the test at the DSS testing center are responsible for completing the paperwork with DSS and the Department of Accounting. Note: Students scheduling the test at DSS must take the test at the same day/time as the non-DSS students.

### **How do I study for the KAT301?**

The Department of Accounting recommends that you diligently review textbooks and class-materials from your Principles/Introduction Financial Accounting Class. The Department of Accounting has placed a number of Financial Accounting textbooks on short-term reserve at the CSUSM Library. Regardless of the grade you earned in the first Financial Accounting CSUSM accounting faculty recommend that you spend considerable time reviewing the topics covered by the KAT301.

### **Background:**

Intermediate Accounting I is an important and demanding foundational course for all accounting majors. Across U.S. accounting programs, students find the adjustment to the rigor of Intermediate Accounting a stressful and challenging experience. In many universities the failure rate in this class can range from 30-50%. Success in Intermediate Accounting I (and subsequently Intermediate Accounting II) requires a strong foundational understanding and competency in financial accounting theory, concepts and techniques covered in introductory or principles of financial accounting classes. Without this strong foundational knowledge and a significant time commitment to the course, students are setting themselves up for failure. Successful completion of the course results in development of study habits and the foundational knowledge vital to the remaining accounting courses, certification exams and a rewarding career in the accounting profession. The importance of this course for accounting majors is why many accounting professionals look for the grade in Intermediate I when considering what students to hire in their business organization. Given the importance of this course and the growing restrictions on funding of accounting education, many accounting programs have instituted limits on the number of times accounting students can fail the course before admission as an

accounting major and/or entrance exams for enrollment in the Intermediate Accounting I course. A few years ago CSUSM introduced such a restriction; students admitted to the accounting option must pass Intermediate Accounting I (ACCT 301) on or before the third attempt (including withdrawals). The Department of Accounting now requires students enrolled in ACCT 301 to pass an assessment of their knowledge of financial accounting theory, concepts and techniques covered in introductory or principles of financial accounting classes. Academic research and anecdotal evidence indicates a strong relationship between the level of this knowledge and student success in the Intermediate Accounting I class.

### **Administration of ACCT 301 Knowledge Assessment Test (KAT301):**

Students wishing to enroll in ACCT 301 will have a number of opportunities prior to each semester to take the test. The test is a multiple choice format and students will provide their answers using a green Scantron sheet (provided by the instructor). Students will NOT be able to keep a copy of the exam questions and the student scantron will NOT be returned to the student. The Department of Accounting will NOT review the test or material tested. Each student will receive their test score as a percentage. The Department of Accounting will publicize the dates and times for the test dates. Students wishing to sit for the test MUST register at the Accounting Department - KAT301 Information Cougar Courses site available at <http://community.csusm.edu>. Students registered for the test dates will receive notification of the test location and test results via the Cougar Courses site. Students cannot sit for the test if they have not registered at the Cougar Courses site.

Students will be able to sit for the KAT301 no more than three times before the semester begins. There must be at least one week between the three test administration dates.

### **Content of KAT301:**

The KAT301 will consist of approximately 50 conceptual and computational multiple choice questions. Students will have a maximum of one hour to complete the test. KAT301 will test student knowledge of the following financial accounting theory, concepts and techniques:

Explain what accounting is.

Identify the users and uses of accounting.

Explain the following assumptions: monetary unit, economic entity, going concern, and time period/periodicity.

Explain the following principles: cost, matching, revenue recognition and materiality

State the accounting equation and define its components.

Analyze the effects of business transactions on the accounting equation.

Understand the four financial statements and how they are prepared.

Explain what an account is and how it helps in the recording process.

Define debits and credits and explain their use in recording business transactions.

Identify the basic steps in the recording process.

Explain what a journal is and how it helps in the recording process.

Explain what a ledger is and how it helps in the recording process.

Explain what posting is and how it helps in the recording process.

Prepare a trial balance and explain its purpose.

Explain the accrual and cash approaches to accounting.

Explain the reasons for adjusting entries

Identify the major types of adjusting entries

Prepare adjusting entries for deferrals

Prepare adjusting entries for accruals

Describe the nature and purpose of an adjusted trial balance

Explain the process of closing the books

Describe the content and purpose of a post-closing trial balance.

State the required steps in the accounting cycle

Identifying the sections of a classified statement of financial position

Identify the differences between service and merchandising companies.

Explain the recording of purchases under a perpetual inventory system

Explain the steps in the accounting cycle for a merchandising company

Prepare an income statement for a merchandiser