

Acquainting With Accounting An Experiential And Empirical Study On The Methods To Teach Basics Of Accounting

Dr. K. V. Ramana Murthy¹, Dr. Vanisree Talluri²

¹M. Com, M. Phil., PhD Principal, Vijayanagar College of Commerce, Hyderabad.

²M. Com, M. Phil., PhD Assistant Professor, St. Francis College for Women, Hyderabad.

Abstract

The focus of the study is on eliciting the views of the respondents with regard to the way the subject “Financial Accounting” may be introduced in the ab initio stages by the teachers or teaching faculty.

The overall sample size is 1100. The year of study is 2021. Purposive sampling is used. Perceptual mapping, mean scores on five point rating scales, rank correlation and t test are used for analysis.

It is inferred that the students will learn better if focus is drawn on accounting equation. The discussion on Accounting Equation will provide a better understanding about classification of accounts and journalizing. Passage/ comprehension is a useful method to assess the levels of understanding of the subject. The student should concentrate more on why part than the how part of financial accounting. There is a need to search for acquainting with accounting.

Key Words

Experiential: Based on experience and observation

Empirical: Based on observation rather than theory

Concepts: The basic assumptions and rules and principles which work as the basis of recording of business transactions and preparing accounts

Conventions: Common practices which are universally followed in recording and presenting accounting information of the business entity.

Perceptual Map: a chart used to depict and understand how the respondents view and feel about a given aspect

Introduction

1.0 Accounting is a noble profession. There are many opportunities for the accounting professionals across the globe in different sectors. However, it is felt that the higher learning institutions are not in a position to provide the best qualified accounting people to the job providers. It may be attributed to curriculum designing, evaluation methods or conceptual base. The focus of the study is on eliciting the views of the respondents with regard to the way the subject “Financial Accounting” may be introduced in the ab initio stages by the teachers or teaching faculty.

1.1 Review of literature: A few papers and articles relevant for the study were reviewed. The details are highlighted hereunder:

Bariyima D. Kiabel and Nya¹ opines that financial statements of Enterprises usually depend upon by a wide variety of users in making economic decisions about an enterprise. This paper offers a critical appraisal of various accounting concepts and concluded that accounting concepts or conventions are likely to be of relatively different importance to different users of financial statements.

Prof. Sunita A. Rai² observes that “while some concepts and educational objectives will be easy for students to grasp, others will require creativity to ensure that important learning objectives are

met. The teaching strategies used must therefore be in line with the contextual learning theory where the aim of education is the integration of content learnt with the real world experiences. Using audio/visual aids in teaching is one way to enhance lesson plans and give students additional ways to process subject information. Therefore, teaching tools such as interactive case studies, simulations and games, group work are widely recommended by several research organizations.

A Pilot Study of Accounting Teaching with LMS Platform³ by Dimitros Belias and Athonios Kousterious states that the role of the accountant has changed due to the continuous development of the market economy. As we enter the technological era, students and teachers have both changed their methods of learning and acquiring information, making the implementation of ICT technologies in the teaching process of accounting a necessity. The main objectives of the research are: The application of an LMS system as main teaching tool of an accounting course and the comparison of the LMS (Learning Management System) tool to traditional lecture type teaching method.

An article titled How to Study Accounting⁴ a general article published by Educationcorner.com states "While there are several rules for studying accounting effectively, learning accounting starts with desire and hard work." The following steps and cues were suggested:

- Read your accounting textbook to understand "WHY" and discover the "HOW."
- Read the problem and make sure you understand what is being asked. Then scan the problem.
- Work each problem in its entirety without referring to reference materials.
- Always arrive in class PREPARED.

According to Haneef and Mukherjee⁵ valuation is an adjustment made to an asset account, in order to allow for or provide for, a fall in the value as a result of depreciation or doubtful debts. The same is shown under the category Valuation accounts.

1.2 Objectives of the study: The study focuses on the better methodologies to launch the subject "Financial Accounting". The following are the objectives of the study:

- To know briefly the levels of understanding of the respondents about the preliminary aspects of Accounting
- To know the areas and the aspects requiring special attention for the enhancement of quality of teaching learning process
- To introduce a method involving four stages to launch the subject in an effective manner

1.3 Methodology and Sample Design: The methodology is used to analyse and interpret the data is highlighted in the following table. **(The study is totally based on primary data)**

Objective / Lens	Method/ approach	Sample size	Sampling method	Statistical tools used	Hypothesis H ₀
Knowing the levels of understanding of the respondents	Empirical – a structured questionnaire	300	Purposive sampling	Percentages and perceptual mapping	-
Knowing the aspects requiring special attention	Empirical – a structured questionnaire	300	Purposive sampling	Mean scores on five-point rating scales and Rank correlation are used.	-

Five stages suggested to launch the subject	Experiential method – the subject financial accounting is introduced in five stages in the class room. The perception levels of the students before and after the session are tested using a structured questionnaire	500	Purposive sampling	Percentages are used and paired t test is applied	There is no impact of the session on the improvement in conceptual clarity of the respondents
---	---	-----	--------------------	---	---

The total sample size thus is 1100. The year of study is 2021. Structured questionnaires are administered to the respondents in the first stage of the research work. In the second stage students were taught the fundamentals of accounting in five stages. The impact of the methodology is tested by using paired t test.

Perceptual mapping is done to explain the levels of understanding of the subject

1.4 Analysis and findings of the study: The findings of the study are highlighted in two parts,
 - Findings based on empirical study
 - Findings based on experiential method

1.4.1 Empirical Study: The first part of the study deals with the perceptions of the respondents about the following

- The levels of understanding of the concepts and fundamentals of accounting by the respondents

- Topics which require special attention, yet due weightage is not given by the respondents

The required data is collected by administering structured questionnaires to the respondents. The findings are highlighted in the subsequent part of the study.

1.4.1.a Levels of understanding of the respondents: This part of the study deals with the levels of understanding of the respondents about the basic aspects and issues of accounting. A questionnaire containing twenty five multiple choice questions was administered to the respondents. Perceptual mapping based on the correctness of the answers provided by the respondents is done. The results are highlighted here under:

Table 1 CONCEPTS AND CONVENTIONS

		Excellent	Good	Average
Concepts		-	Teachers	Students
Conventions		-	-	Teachers Students

Source: Primary data

It is evident from the above table that the respondent – teachers have good amount of knowledge in concepts and are average in

Conventions. The respondent – students have limited knowledge in both concepts and conventions

Table 2 TERMINOLOGY AND NEW CONCEPTS

	Excellent		Good	Average
Terminology	Teachers			Students
New concepts	-		Teachers	Students

Source: Primary data

It is evident from the above table that the respondent – teachers are excellent in terminology and are good in new concepts. The

respondent – students have limited knowledge in both terminology and new concepts

Table 3 CLASSIFICATION OF ACCOUNTS AND GROUPING OF ASSETS

	Excellent	Very Good	Good	Average
Classification of accounts		Teachers	Students	
Grouping of assets		Teachers		Students

Source: Primary data

It is evident that the teachers have very good knowledge in classification of accounts and grouping of assets. The students on the other

hand are good in classification and have little knowledge in grouping of assets

Table 4 JOURNAL PROPER AND OTHER SUBSIDIARY BOOKS

	Excellent	Very Good	Good	Average
Journal proper			Teachers	Students
Other subsidiary books	Teachers		Students	

Source: Primary data

It can be inferred that the teachers have excellent knowledge in other subsidiary books and good knowledge in journal proper. The students are

good in other subsidiary books and are poor in journal proper.

Table 5 ADJUSTMENT ENTRIES AND RECTIFICATION OF ERRORS

	Excellent	Very Good	Good	Poor
Adjustment entries			Teachers	Students
Rectification of errors		Teachers		Students

Source: Primary data

It is clear that the teachers are very good in rectification of errors and good in adjustment entries. The students have poor knowledge in both. The levels of understanding of the basic aspects of accounting differ between teachers and students.

1.4.1. b Fielding the MCQs: This part of the paper highlights the percentage of correct answers by the respondents. In all, 25 multiple choice questions were given to the respondents through google forms. The details are highlighted hereunder:

Table 6 THE PORTION OF CORRECT ANSWERS BY THE RESPONDENTS (AS A PERCENTAGE)

	Out of 25 questions
--	---------------------

	0 to 10 correct answers	10 to 20 correct answers	More than 20 correct
Students	34 percent	35 percent	31 percent
Lecturers	14 percent	42 percent	44 percent

Source: Primary data

Based on the way the questions were fielded by the respondents, it is felt that a new methodology be evolved to make the concepts clear and interesting.

The null hypothesis that there is no significant difference between the opinions of the students and teaching faculty with regard to their knowledge in the fundamental aspects of accounting is rejected. The levels of

understanding of the basic aspects of accounting differ between teachers and students.

1.4.1.c This part of the paper deals with the areas requiring improvement and special attention. The data have been collected on a five point rating scale and the weights assigned are Totally Agree – 5; Partially Agree – 4; No opinion – 3; Partially Disagree – 2 and Totally Disagree – 1. The mean scores on five point rating scale are listed hereunder:

Table 7 PERCEPTIONS OF THE RESPONDENTS WITH REGARD TO THE AREAS REQUIRING SPECIAL ATTENTION

Areas requiring improvement and special attention	Mean score
1. There is a need to provide a strong conceptual base in accounting by the lecturers	4.347368
2. There are sufficient number of employment opportunities for accounting professionals	3.973684
3. Adjustment entries are not taught by majority of the lecturers. If at all it is taught, the students ignore it believing strongly that a question on this topic is very rarely covered in the question papers	3.547872
4. Problems on Journal -Ledger – Trial Balance are not covered in most of the question papers and text books	3.281915
5. Final accounts are not integrated with accounting concepts and conventions as rote learning is taking place in most of the cases	3.423913
6. Capital and revenue distinction is not taught well before the introduction or teaching of final accounts	3.454545
7. When it comes to subsidiary books, more focus is drawn on cash book. The other subsidiary books are not taught well or learnt well	3.680851
8. Efforts are not made to teach problems covering journal proper	3.467742
9. Majority of the students do not know the difference between cash discount and trade discount	3.87027
10. Most of the students do not know the difference between expense, expenditure and cost	3.758065
11. Some of the students are not conversant with the process of postings in the ledger form journal especially compound entries and opening entry	3.675532
12. Most of the students are not conversant with the process of postings in the ledger form subsidiary books	3.547872
13. Most of the students leave out rectification of errors, joint venture, accommodation bills, amalgamation, single entry conversion in choice	3.97861

14. Majority of the students have little knowledge about the terms such as marshalling, depletion, amortization, wasting assets, overriding commission, patents, apprentice premium, sinking fund and the like	4.02139
15. Treatment of GST in journal entries is not covered by majority of the teachers	3.902703
16. There should be a compulsory question on accounting concepts and conventions	3.630435
17. If the name of a person is given in trial balance, instead of debtors or creditors, the students get confused	3.827957
18. Some students are not in a position to differentiate between "Ram paid" and "Paid Ram"	3.596774

Source: Primary data

Majority of the respondents felt that there is a need to provide a strong conceptual base in accounting by the lecturers and majority of the students have little knowledge about the terms such as marshalling, depletion, amortization, wasting assets, overriding commission, patents, apprentice premium, sinking fund and the like.

1.4.1.d: This part of the study deals with the evaluation methods best suited to assess the basic knowledge of the students in accounting. Ten parameters were given and the respondents were asked to rank them. In order to know if there is any difference between the rank assigned by teachers and students, rank correlation is used for operationalization of the hypothesis.

Table 8 EVALUATION METHODS

The evaluation method suggested to test the levels of knowledge of the students in fundamental aspects of accounting	Rank assigned by students	Rank assigned by lecturers
Reading comprehension	1	1
Multiple choice questions	3	2
Voucher based entries	2	3
Entries through Tally or any other accounting package after providing a strong theoretical knowledge	9	9
Asking the student to correct a solution to the problem	4	4
Fill in the blanks	6	7
Oral tests/ quiz	5	5
Testing the knowledge in terminology/ jargon	7	6
Match the following	8	10
Very short answer questions	10	8
r = 0.9212		

Source: Primary data

The coefficient of rank correlation calculated for this purpose clearly states that there is a perfect positive correlation between the opinions of the respondents with regard to the evaluation methods. Majority of the respondents felt that passage/ comprehension is the best method to assess the levels of understanding.

1.4.2 The Experiential Study: This part of the study deals with the methodology adapted by the researchers of this paper to introduce the Preliminary part of the subject "Accounting". The subject was taught to the students of B. Com for a week in four colleges for three sections each and their perception about the methodology adapted is elicited.

The following issues are covered in the work sheets supplied to the students

Work sheet number	Issues/ topics covered
1 (Given to the respondents before teaching the subject by the researchers)	Journal entries, concepts, accounting equation, one sided errors, grouping of assets and liabilities, conventions, compound entries and journal proper
2	Vouchers/ documentary evidences, to know whether the given events are transactions are not to the proprietor
3	Classification of Accounts
4	Comprehension
5	Accounting equation and concept of debit, credit and duality Analytical table to explain duality
6 (Given to the respondents after teaching the subject by the researchers)	Journal entries, concepts, accounting equation, one sided errors, grouping of assets and liabilities, conventions, compound entries and journal proper
7	Voucher Based Entries

The findings under this experiential method are highlighted in the subsequent part of the study. The following methodology is used in the classrooms to launch the subject:

Step I Accounting Jargon and Accounting Equation are taught

Step II Concept of debit and credit is taught by using the modern approach which is shown hereunder

	Debit	Credit
Assets and Possessions	The increase	The decrease
Liabilities	The decrease	The increase
Expenses	The increase	The decrease
Incomes	The decrease	The increase
Capital	The decrease	The increase
Valuation Accounts	The account to be decreased	The account to be increased

Step III Journalising based on Impersonal and Personal Classification

	Debit
Credit	
Real Accounts	What comes in
What goes out	
Nominal Accounts	All Expenses and
Losses	All Incomes and
gains	
Personal	The receiver
The Giver	

Step IV Journalising based on the vouchers supplied

Step V Journal with GST entries in brief

1.4.2 .a: Paired t test: The present part of the study aims to know if there is any improvement in the performance of the students after the teaching of the subject in the methodology as suggested in 1.4.2 of the paper. The students **were given 20 questions before the session on the following issues / areas. After the session which lasted for four hours in four days, a questionnaire covering similar issues / aspects was administered. Paired t test is applied** to see if there is a significant difference in the understanding levels of the students after teaching the concepts in the teaching methodology which has been adapted by the teachers. The details of the t test are highlighted hereunder:

Table 9 PAIRED t TEST

	Journal entries	Accounting Concepts	Accounting Equation	One Sided Errors	Grouping of assets	Conventions	Compound entries	Journal proper	Overall score more than 20
Before teaching	60%	40%	52%	12%	33%	49%	65%	39%	34%
After teaching	85%	72%	89%	40%	99%	75%	89%	95%	69%

Source: Primary Data

At 5 percent level of significance, the critical value of t is 2.31. Since the computed value of $t = 8.298626$ is greater than the critical value of $t = 2.31$, it falls in the rejection region. Hence the null hypothesis that there is no impact of the session on the improvement in conceptual clarity of the respondents is rejected and it may be inferred that the reorganized teaching method has definitely a

positive effect on learning. It is happy to note that the students after the session are able to solve problems on one sided errors too.

1.4.2.b This part of the study deals with opinion of the respondents with regard to their experience after the session.

Table 10 OPINION REGARDING THE TEACHING METHODOLOGY USED TO TEACH FUNDAMENTALS OF ACCOUNTING

Methodology [Excellent, Very Good, Good Average and Poor]	Mean score = 4.8466
Conceptual Clarity [Crystal Clear, Very Clear, Clear, Not So Clear and Unclear]	4.7900
Evaluation methods [Most Useful, Very Useful, Useful, Not So Useful and Useful]	4.6800
Material supplied [Quite Sufficient, More Than Sufficient, Sufficient, Just Enough and Insufficient]	4.8266
Overall rating [outstanding, excellent, very good, good and average]	4.6330

Source: Primary Data

It is evident from the table that the respondents through their experience are more than satisfied with regard to the methodology, conceptual clarity, evaluation methods and the material supplied by the resource persons to them.

It is suggested by a few respondent lecturers that computerised accounting may be taught immediately after the accounting cycle. It is also suggested that the students of first year be taught by senior and serious teachers.

1.5 Conclusion: It may be concluded that there is a need to lay a very strong foundation in the subject FINANCIAL ACCOUNTING. It

requires innovative methodologies, lot of planning to present the topic and better evaluation methods. The students will learn better if focus is drawn on accounting equation. The discussion on Accounting Equation will provide a better understanding about classification of accounts and journalizing and also the ways to rectify the accounting errors. Passage/ comprehension is a useful method to assess the levels of understanding of the subject. One needs to concentrate more on why part than the how part of accounting. Strong roots and route are needed. There is a need to search for a method which is best suited for acquainting with accounting.

References

1. Some Basic Concepts of Accounting: A Critical Appraisal - Research Journal of Finance and Accounting - www.iiste.org - ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online) - Vol.5, No.7, 2014 – pp 197 - BARIYIMA D. KIABEL, Ph.D and LOVEDAY A. NWANYANWU,
2. Prof. Sunita A. Rai - CREATIVE METHODS OF TEACHING ACCOUNTANCY- ITS IMPACT -
<https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwiX3v6zj4T0AhXOyZgGHSAEA8wQFnoECDYQAAQ&url=https%3A%2F%2Fosf.io%2Fgc9v5%2Fdownload%2F&usg=AOvVaw0tOkfoqSopc6jOGSSSsqzK>
3. A Pilot Study of Accounting Teaching with LMS Platform – Dimitros Belias and Athanosios Kousterious -
https://www.researchgate.net/publication/261570555_A_Pilot_Study_of_Accounting_Teaching_with_LMS_Platform
4. How to study accounting -
<https://www.educationcorner.com/accounting-study-skills-guide.html>
5. Financial Accounting – M. Hanif and A. Mukherjee – Tata Mc Graw Hill Education – Second edition – pp 3.9