Colorful Accounting

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ABSTRACT

As instructors of accounting, we should take an abstract topic (at least to most students) and connect it to content known by students to help increase the effectiveness of our instruction. In a recent semester, ordinary items such as colors, a basketball, and baseball were used to relate the subject of accounting. The accounting topics of account classification, debits/credits, the adjusting process, and the closing process were attached to those ordinary items to provide a basis of association. The ability to connect with the students' prior knowledge allowed for better learning from the students.

INTRODUCTION

In the article, "What Research on Learning Tells us About Teaching," Gaea Leinhardt explains, "What kinds and amounts of knowledge one has before encountering a given topic in a discipline affect how one constructs meaning." However, most introductory accounting students have never obtained any knowledge of accounting so the struggle begins. As instructors we need to find new ways of helping introduce our students to the basic principles of accounting. In finding these new ways to reach the students, let's consider the prior knowledge that our students do have. This prior knowledge is important because, "learning outcomes are determined jointly by what was known before and by the content of the instruction" (Leinhardt, April 1992). Additionally, "activating students' prior knowledge prepares them to make logical connections, draw conclusions, and assimilate new ideas" (Barton, Nov. 2002). So, if we can tap into a student's knowledge base, we greatly enhance our classroom time with the student.

In a recent semester, ordinary items such as colors, a basketball, and baseball were used to relate the subject of accounting. The accounting topics of account classification, debits/credits, the adjusting process, and the closing process were attached to those ordinary items to provide a basis of association. The following sections describe the ways chosen to connect with the students' prior knowledge.

FIVE CLASSES OF ACCOUNTS AND ACCOUNTING EQUATION

To help students grasp the five classes (categories) of accounts, colored construction paper was used to help the students visualize the classes. The class of account and color associated with it are as follows: assets were green, liabilities were yellow, owners' equity was blue, revenues were black, and expenses were red. The colors and class of account were specifically chosen to match images students are familiar with. When combining the colors yellow and blue, the color green appears (a good example is the baggie that has the slogan yellow and blue make green). This works perfectly to draw students' attention to the accounting equation. The accounting equation of $\text{Assets} = \text{Liabilities} + \text{Owners' Equity}$ matches up with $\text{Green} = \text{Yellow} + \text{Blue}$.

Additionally, many people talk about their company operating in a positive nature as "being in the black" and negatively as "being in the red." This corresponds well with a company desiring more revenues than expenses thus producing net income or somewhat in a cliché matter, having more black than red.

DEBITS/CREDITS

To help students understand debits/credits and their purpose, a basketball (a basketball was brought to class) can be used to facilitate the concept. Debits/credits simply make an account balance go up and down which is similar to the function of dribbling a basketball. Dribbling makes a basketball go up and down.

ADJUSTING PROCESS

To aid in understanding the adjusting process, two examples were used. To relate the adjusting process the theories of running or passing a football (a football was brought to class) and comparing the advertising of Tums to Prilosec were considered. The adjusting process is really a timing issue of when to recognize revenue and expenses so these illustrations work well. For the matter of deferrals, I chose passing a football or how Prilosec is expected to work. When a deferral occurs you have time available before year-end expenses or revenues need to be recognized. In a similar fashion, a quarterback has time when waiting in “the pocket” to pass the football or in the case claimed by the Tum’s ads, if you want to wait 24 hours, take a Prilosec to relieve your heartburn.

In the accrual situation, the accountant needs to act now (at year-end) to record a revenue or expense. Similarly, when a quarterback needs to act quickly he runs with the ball or in the case of the Tum’s ad, if you want fast relief of heartburn, take Tums.

CLOSING PROCESS

The closing process can be thought of as in a baseball game (a baseball and glove were brought to class). The closing process involves closing out temporary accounts to retained earnings so that the financial records only disclose the Balance Sheet accounts and allow for the Income Statement accounts to begin fresh for the following year. This process was related to how a baseball team who is leading in the ninth inning will bring in their “closer” (a pitcher) to shut down or close out the opposing team therefore not allowing them to score any additional runs.

STUDENT COMMENTS

At the end of the semester, I asked the students to comment on what they remembered about the examples given in class. The following are some of the student comments:

- “Understanding the basics of accounting using the ball and colored papers made the class interesting, fun, and easy to understand.”
- “The visual examples helped a lot, it keeps the examples in your mind. It is easier to remember things by seeing rather than listening.”
- “Bouncing a basketball was like debits and credits, they cause accounts to go up and down like a bouncing basketball.”
- “This did help me (to) definitely remember the accounting equation and other areas.”
- “The concept of using colors helped some because it was more visible instead of saying, ‘Assets = Liabilities + Owners’ Equity,’ you could see it –Green = Yellow + Blue. It bring(s) interest to the class, made it more amusing, instead of you just writing on the board all day.”

CONCLUSION

In conclusion, much of this article is definitely about “thinking outside the box.” These examples may be elementary but they do touch on the students’ prior knowledge. I had a very enjoyable time presenting the material; however the best result was in the student reception of the material. The wacky examples provide a great format for connecting with the students. As instructors we strive to help to our students learn, to make that connection that will last, so I close with a final student comment, “A great teacher is a teacher that can make a subject interesting, fun, and educational at the same time.”

REFERENCES

1. Barton, M. L.; Heidema, C.; & Jordan, D. (November 2002). Teaching Reading in Mathematics and Science. *Educational Leadership*, Volume 60, Issue 3.
2. Leinhardt, G. (April 1992). What Research On Learning Tells Us About Teaching. *Educational Leadership*, Volume 49, Issue 7.

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