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Main article

Using Pacioli's pedagogy and medieval text in today's introductory accounting course



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ABSTRACT

Students today see little relevance in learning double-entry bookkeeping and find it difficult to learn how to prepare journal entries correctly. In particular, they struggle with the first stage of the double-entry process: identifying which accounts are to be debited and which are to be credited for each transaction. This paper reports on an attempt to overcome this situation by using the first printed instructional text on the subject (Pacioli, 1494) as the principal textbook on a 20-hour component of the introductory financial accounting course in an undergraduate accounting degree program. Instruction followed the pedagogy presented by Pacioli and only minimal additional costs to faculty were incurred.

The innovation was successful. In their assessment, students not only demonstrated that they had learned, understood, and were able to draft the correct entries to make into the Journal, they did so correctly to an extent that exceeded expectations.

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1. Introduction

This paper concerns the teaching of double entry bookkeeping and reports upon the results of changes made to the way it is taught at a U.K. university where, each year, over 250 students complete a 5-week course on this subject as part of their introductory accounting course. There are no sections and all teaching is by one instructor. The motivation for the change was ongoing poor performance in this subject by the students stretching back a number of years. It was felt within the Department that

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ability to apply double entry was an important tool for the students to possess because it is the foundation that underpins modern accounting. It comprises the basic principles, rules and procedures enacted in order to maintain accurate and faithful financial records of a business. Even though the computerization of accounting systems places far less emphasis upon accountants needing to know and understand double entry in order to record transactions, being able to understand and explain entries made into accounting systems, particularly in terms of year-end or adjusting entries, does require such knowledge and understanding (Sangster, 2010). Double entry is not, therefore, something that accountants can ignore and it is not, consequently, a topic that can justifiably be ignored in accounting degree programs (Vangermeersch, 1997). Yet, it is not just in this university that students had difficulty with the subject. For many years, the accounting profession has complained about the poor ability of accounting graduates to perform double-entry bookkeeping (Bui & Porter, 2010; Currie, 1992) and this continues to be a cause for concern even where, as is the case in this study, a preparer perspective¹ is adopted in the teaching of the subject.

The importance of bookkeeping in the education of accountants can be traced back to the 13th century, when it was seen as the fundamental and first topic to be covered in accounting education. Initially it was single entry and debtor and creditor accounting that appear to have been taught but double-entry bookkeeping is known to have been formally taught (as opposed to being learned at the workplace) by no later than the mid-15th century (Postma & Van Helm, 2000). The method was standardized following the publication in Venice of a 24,000-word treatise on bookkeeping in 1494, which formed the basis for much of the writing on that subject for the following 100 years (Geijsbeek, 1914, p. 9) and laid the foundation for double-entry bookkeeping as it is practiced today.

The author of that first printed text was a Franciscan friar, Luca Pacioli (1446/7–1517). When he published his text in 1494, he had 30 years' experience of working with merchants and other craftsmen and teaching their sons and employees, both present and future. It was principally for them that his book was written (Sangster, 2011; Sangster, Stoner, & McCarthy, 2008, 2011).

There are many possible approaches to the teaching of double-entry bookkeeping (Freeman, 1948) all of which involve the entry of amounts into the monetary columns of accounts. However, most of these approaches are rarely used and it is commonly recognized that within schools, colleges, and universities double-entry bookkeeping is taught either using a balance sheet approach or a transaction or journal approach,² and has been for many years with the most prevalent approach switching from one to the other and back again over time (see, for example, Tonnem, 1958). Pacioli did not adopt a balance sheet approach – the balance sheet equation was not developed until the 18th century (Edwards, 2009) – but he did adopt a transaction-based approach, which he embeds within the context of business, making the relevance to business of every entry and every statement clear (Sangster & Scataglinibeghitar, 2010). As a result, all learning from his text is done in context.

While that may be similar to what is done today, Pacioli's approach adopts a unique pedagogy that is distinctly different from those in use today, as consideration of any modern textbook in this subject will confirm: we introduce monetary amounts at the start, both in the narrative of an entry and in the monetary columns, thus placing a layer of arithmetic across the procedures we seek to convey; Pacioli does not. He breaks the subject down, separating layout from the entry of monetary amounts, leaving monetary column after monetary column devoid of any entry, even where amounts are mentioned in the narrative of an entry.

In Pacioli's day, this removed the need to convert transaction amounts, which could be in any one of scores of currencies, into the currency of account (see, for example, Sullivan, 2002 or Rossi, 2012). Even today, students are faced with calculating depreciation amounts, installments, accruals, provisions, etc. before entering the amounts in the monetary columns of their entries. Intuitively, by removing the 'fog,' i.e. the distraction, of these calculations and focusing principally upon which account

¹ This is an approach that aims at teaching students *how to 'do'* double-entry bookkeeping. It is usually compared with teaching the subject from a 'user perspective,' an approach that aims at teaching students *how to understand the output from* the double-entry process.

² "The student learns how to keep a general journal on the basis of memorised rules for debit or credit. He is then taught to post, make a trial balance and prepare the financial statements. The student learns how to make an entry without understanding why the entry is made that way." (Freeman, 1948, p. 22)

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