

CLASSIFY AID

Nik Nurul Aswani Nik Kamarudin, Siti Nabilah Mohd Shaari, Amizahanum Adam, Suryani Abdul Raman and Haslinawati Che Hasan

Faculty of Accountancy, Tapah Campus, UiTM Perak Branch, MALAYSIA

E-mail: niknu637@uitm.edu.my

ABSTRACT

The fundamental aspect in empowering accounting knowledge and skills is the understanding of accounting classification which will eventually help with the preparation of financial statements. Unfortunately, the common feedbacks received from accounting educators are that many students fail to see the link between the accounting classification and the financial statements. Consequently, the students choose to memorise the items to be recorded in the financial statements, instead of understanding the actual process of accounting. Therefore, we have come up with an innovation to help the accounting students to properly classify the business transactions into an asset, liability, equity, revenue and expense which will serve as a basis in the preparation and presentation of financial statements. The innovation will assist accounting students to learn the company accounts for the first time.

Keywords: accounting classification, financial statements, accounting education, accounting students, e-learning

1. INTRODUCTION AND OBJECTIVES

The importance of course Financial Accounting 1 and 2 (FAR110 and FAR160) in providing strong foundation for accounting students is undeniable. Since both courses focus on the understanding of accounting classification and its effect on business transactions, students often find themselves struggling when they begin taking higher level of accounting courses if they barely understand the foundation courses. This is evident when we compare the performance of students in FAR160 as compared to higher level of accounting courses such as FAR270. The stark difference in their performances shows weak grasp on the accounting foundation knowledge.

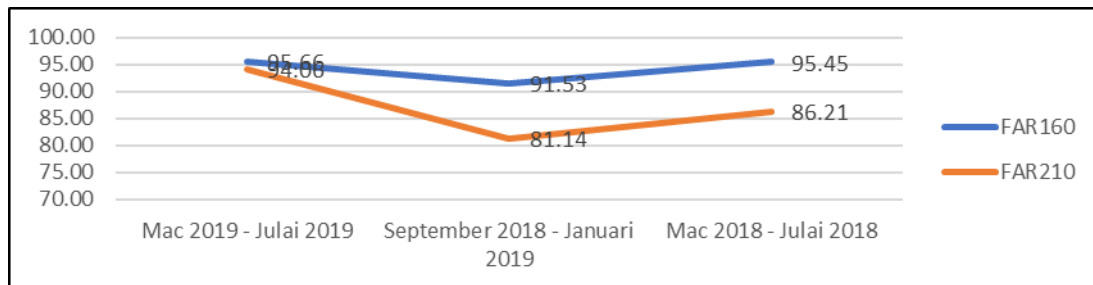


Figure 1. The passing rate of students from lower level to higher level of course

Therefore, we did a survey amongst teaching lecturers the reason why such occurrence happens. From the survey, 44.44% of the lecturers agree that the problem in accounting study is the lack of understanding in

accounting classification and its effect on business transaction, followed by the problem of students simply memorising financial statements without having deeper understanding of the concept behind it (22.22%). Thus, in this innovation project, we focus on the first two main problems identified, which are accounting classifications and financial statement.

Table 1. Cross-Tabulation Analysis of Difficulty to Teach with Years of Teaching

Difficulty To Teach	Years of Teaching				
	0 - 5	6 - 10	11 - 15	16 - 20	> 21
Yes	0	6	6	7	0
	0	32%	32%	36%	0
No	0	6	1	2	1
	0	60%	10%	20%	10%
Total	0	12	7	9	1

From the same survey, Table 1 shows the educators who have the difficulty in teaching are mostly have longer years of experience in teaching. It suggests that the problem is prevalent amongst older educators. Thus, we aim to assist the teaching lecturers to educate students better, especially in the area of accounting classifications and financial statement.

2. METHOD: ACCOUNTING CLASSIFICATION USING MICROSOFT EXCEL

Classify Aid is developed via Microsoft platform. It is used to assist the educators in teaching preparation and presentation of financial statements starting from STEP 1 which is entering the business transactions and the amount (RM) involved. Next, the educators and the students are expected to decide together on the classifications of the business transactions. There are two levels of classifications, and for certain transactions, they must state the details of the transaction to help with the preparation and presentation of financial statements. It can be summarised as follow:

Table 2. Examples of classifications in Classify Aid

STEP 2: Classifications	STEP 3: Sub-classifications	STEP 4: Details
Asset	Non-current assets	Property, Plant and Equipment
		Intangible Asset
Equity	Ordinary share capital	Issuance of shares
		Bonus issue
		Share buy-back
	Retained earnings	Dividend
		Bonus Issue

Finally, from the classification made by the students, the financial statements are automatically generated. Therefore, the educators can show the students that by using the basic accounting knowledge, which is accounting classifications, they are able to produce the correct financial statements. Furthermore, Classify Aid can be used in cooperative/group studying. Studies found that students in the cooperative learning significantly outperform the traditional-learning group on assessment scores at both knowledge levels [1]. Cooperative learning also contributes to the development of students' leadership abilities, which will enhance the employability of students [2]. In addition to that, by teaching the technical part behind the financial statement rather than teaching the principle of the accountancy education, it can help to improve the passing rate since implementation of a principles-of-accounting competency exam created in response to the high dropout and failure rate in intermediate accounting [3].

3. FINDINGS

Classify Aid has been used and tested by the teaching lecturers of introduction-level accounting courses, who act as pilot-test participants for this new product. The comments received have been, overall, a positive one, where they feel that this product is able to help the students at the beginning stage of learning accounting course. They also feel that Classify Aid allows students to understand better on how the accounting classifications work and allows the students to see all details of the business transactions that they have key-in. They also think that the way Classify Aid is able to show the connection between accounting classifications and the preparation of financial statements should be beneficial to the students in understanding the importance of proper classification in preparing financial statements.

4. CONCLUSION AND SUGGESTIONS

We believe that the application of Classify Aid in introduction-level accounting courses can help the students to enhance their understanding of the accounting foundation before embarking into higher level of accounting courses. By having strong basic knowledge, the students should be able to survive until the end of accounting program, either in diploma level, bachelor level or professional level. In the future, we would like to include suggestions given by our test pilot participants where Classify Aid is able to detect the errors made by the students and to identify where the errors have been created. This will allow introvert students to do more self-learning and encourage independency amongst accounting students.

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