Howard Teall 3rd Place
Learning Strategies

Intro to Accounting: Smarties Activity

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Donald School of Business

Our Programs

- Management Certificate
- Business Administration Diploma
- BComm University Transfer
- Bachelor of Business Administration
  (collaborative degree with Mount Royal University, Calgary)
Active Learning

“anything that involves students in doing things and thinking about things they are doing” (Bonwell & Eison, 1991)

“doing in the classroom what you will do on the job” (Donald School of Business Instructors)

My Students

Introductory Accounting

- 1st year
  - Certificate, diploma and degree students
  - Mandatory core courses
  - Non-accounting and accounting majors
  - High school (dual-credit) through experienced, mature students
  - Face to face and online delivery

Introductory Financial Accounting – Teaching Inventory with Smarties

Smarties Inventory Demo:

- My Winter 2016 Online Class Demo
Smarties Inventory Demo:

On the desk set it up similar to this:

1st row must all be the same color

2nd row must all be the same color but different from 1st row – as well you need 4 extra of this color (reserves)

3rd row must all be the same color but different from the 1st and the 2nd row.

Beginning Inventory

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3 units</td>
<td>X $2 per unit</td>
<td>6</td>
</tr>
<tr>
<td>3 units</td>
<td>X $4 per unit</td>
<td>12</td>
</tr>
<tr>
<td>4 units</td>
<td>X $3 per unit</td>
<td>12</td>
</tr>
<tr>
<td>10 units</td>
<td></td>
<td>$30</td>
</tr>
</tbody>
</table>

References

Photos:
Donald School of Business and classroom photos provided by RDC Marketing & Communications


Videos:

Articles:


Contact Info

For additional information or handouts, please contact:

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Classroom Activities
Using Smarties to Demonstrate Inventory Systems, Methods and COGS
Introductory Accounting 1

Teaching Strategy:
To incorporate hands-on learning and increase student engagement in a first year, mandatory Management Certificate and Business Administration Diploma Introductory Accounting course that includes both accounting and non-accounting majors using Smarties to demonstrate merchandising inventory concepts.

Objectives of Activity:
1. Review inventory systems – perpetual and periodic
2. Review inventory related journal entries and COGS concepts
3. Introduce inventory costing methods – specific unit, FIFO and Weighted Average
4. Work in groups and individually

Overview:
This activity occurs during the first class on Inventory Costing Methods. Students have already completed a chapter on Inventory Systems and covered perpetual and periodic systems and related journal entries and cost of goods sold concepts.

Students work in their regular table groups however, each student has their own Smarties inventory and completes the activity individually. The process of organizing their Smarties gets the students involved and interacting with one another and sets the stage for a safe, open environment to introduce what is typically a challenging topic for first year students. Students follow the instructor’s lead through the various scenarios and answer questions pertaining to results such as value of inventory, COGS amount, appropriate journal entries and financial statement presentation.

The activity is approximately 1/2 hour in duration. After the activity, students work on applying this learning through completion of textbook exercises primarily using inventory records (charts) and then moving on to preparing journal entries and analyzing results.

Set-up:
- Use miniature Smarties boxes (timing ties in great with Halloween) – usually need two boxes per student, then have them share extras to get enough for three distinct colors.
- Wear Halloween hats – witch’s hat to represent wearing purchaser’s hat, another type of hat to represent seller’s side.
- Smarties work best because the little box is integral in demonstrating the methods however Skittles Halloween size bags work also.
- Provide the students with the following “rules:” 1) Don’t wreck the Smartie box and 2) Don’t eat any Smarties until instructed to do so or you will run out of Inventory.
- Students need: **10 units or 10 Smarties per student**
  1. 3 of 1 color – this color is $2.00 per unit
  2. 3 of another color – total of 7 for this color – this color is $4.00 per unit
     *(you need 4 extra of this color – these are reserves, put them over to the side of your desk)*
  3. 4 of another color – this color is $3.00 per unit
- Assume that when students eat one that classifies as a sale – 1 unit sells for $5

On the desk set it up similar to this:

```
|   |   |   |   |
```
1st row must all be the same color

```
|   |   |   |
```
2nd row must all be the same color but different from 1st row – as well you need 4 extra of this color (reserves)

```
|   |   |   |   |
```
3rd row must all be the same color but different from the 1st and the 2nd row.
Discussion / Activity:

1. **Two systems to track inventory:**
   - **Periodic**
     In no particular order, ask students to put their 10 Smarties back in the box and empty them on the desk. Then ask them to assume it’s year-end and that they need to count their inventory. Which type of system is this?
   - **Perpetual**
     Ask students to put Smarties back in the box again. Ask them to empty some of the box onto the desk, and count. Then empty the box some more, and count. Keep a record. What does your record look like? What system is this?

2. **Different methods to cost and record inventory:**
   - **Specific Unit Identification**
     Ask students to determine what the value of their inventory is based on these three rows, first.

   **Beginning Inventory**
   
<table>
<thead>
<tr>
<th>Units</th>
<th>Cost per unit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>$2 per unit</td>
<td>6</td>
</tr>
<tr>
<td>3</td>
<td>$4 per unit</td>
<td>12</td>
</tr>
<tr>
<td>4</td>
<td>$3 per unit</td>
<td>12</td>
</tr>
<tr>
<td><strong>10</strong></td>
<td></td>
<td><strong>$30</strong></td>
</tr>
</tbody>
</table>

   Ask students to pick out one from the left side of the middle row and eat it. What type of inventory costing is this? What is your inventory now, and what is your Cost of Goods Sold? Journal entries? What do financial statements look like at beginning and ending?

   Apply the same idea and process to FIFO and Weighted Average methods as appropriate.

Outcomes:

- Students are engaged and having fun in Accounting; learning difficult new concepts in a safe, fun environment.
- Assesses recall and retention from previous chapter on Inventory Systems, journal entries and Financial Statement presentation.
- Moves students up Bloom’s Taxonomy into comprehension, application and beginning to analyze concepts.
- Students are working in groups and peer-tutoring one another
- Student feedback on this and similar activities has been extremely positive and anecdotally, students have listed these activities as helping them the most with their learning in this course.

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