

# Position and Issues Statements of the Accounting Education Change Commission

## Position Statement Number Two The First Course in Accounting June 1992

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*This Statement is issued by the Accounting Education Change Commission (AECC). The AECC was appointed in 1989 by the American Accounting Association and supported by the Sponsors' Education Task Force, representing the largest public accounting firms in the United States. Its objective is to be a catalyst for improving the academic preparation of accountants so that entrants to the accounting profession possess the skills, knowledge, and attitudes required for success in accounting career paths. This document may be copied without restriction.*

### THE FIRST COURSE IN ACCOUNTING

In its first Position [Statement](#)<sup>1</sup>, the Commission outlined the knowledge, skills, and orientation accounting graduates must possess to become successful professionals. This Statement builds upon that foundation by presenting the Commission's views on the first course in [accounting](#)<sup>2</sup>.

The concepts in this Statement apply directly to the first course in accounting at the undergraduate level. However, they are also applicable to courses in introductory accounting at the graduate level.

### THE IMPORTANCE OF THE FIRST COURSE IN ACCOUNTING

The first course in accounting can significantly benefit those who enter business, government, and other organizations, where decision-makers use accounting information. These individuals will be better prepared for their responsibilities if they understand the role of accounting information in decision-making by managers, investors, government regulators, and others. All organizations have accountability responsibilities to their constituents, and accounting, properly used, is a powerful tool in creating information to improve the decisions that affect those constituents.

The first course has even more significance for those considering a career in accounting and those otherwise open to the option of majoring in accounting. The course shapes their perceptions of (1) the profession, (2) the aptitudes and skills needed for successful careers in accounting, and (3) the nature of career opportunities in accounting. These perceptions affect whether the supply of talent will be sufficient for the profession to thrive. For those who decide to major in accounting or other aspects of business, the course is an important building block for success in future academic work.

## OBJECTIVE OF THE FIRST COURSE IN ACCOUNTING

The primary objective of the first course in accounting is for students to learn about accounting as an information development and communication function that supports economic decision-making. The knowledge and skills provided by the first course in accounting should facilitate subsequent learning even if the student takes no additional academic work in accounting or directly related disciplines. For example, the course should help students perform financial analysis; derive information for personal or organizational decisions; and understand business, governmental, and other organizational entities.

In achieving this objective, students completing the first course in accounting should—

- Have a broad view of accounting's role in satisfying society's need for information and its function in business, in government, in other organizations, and in public accounting. Students should gain an overview of the accounting profession, encompassing its history, its ethics, its public responsibilities, and its international dimensions as well as an appreciation of the role of auditing in enhancing the credibility of publicly reported information.
- Understand the basic features of accounting and reporting by organizations, including the principles underlying the design, integrity, and effectiveness of accounting information systems.
- Understand fundamental accounting concepts in addition to the elements of financial statements. These concepts include accountability, estimation, accounting judgment (for example, substance vs. form), the qualitative characteristic of accounting information, performance measurement (including productivity and quality), choice in accounting measurement (for example, defining profit centers and other units of accountability), accounting controls and processes, and the ethics of internal and external reporting.
- Appreciate the role of accounting in both the generation of taxes and preparation of economic measurements, by and for governmental bodies.
- Understand that some accounting systems are more effective than others in given circumstances and that the decision-usefulness of information produced by an accounting system depends on its design and choices among information capturing, analysis, and reporting options.
- Possess enhanced analytical skills and the ability to confront unstructured problems—that is, problems with more than one defensible solution.
- Gain an appreciation that accounting as a discipline is the focus of constructive debate and intensive re-thinking caused by economic and technological change, and one that will continue to evolve in the future.

In general, the first course in accounting should be an *introduction to accounting* rather than *introductory accounting*. It should be a rigorous course focusing on the relevance of accounting information to decision-making (use) as well as its source (preparation).

## TEACHING METHODS

Teachers of the first course in accounting should put a priority on their interaction with students and on interaction among students. Students' involvement should be promoted by methods such as cases, simulations, and group projects. Emphasis should be on teaching the student to learn on his or her own.

## FACULTY

The commitment of faculty [resources](#)<sup>3</sup> to the first course in accounting should be consistent with its foundational importance to the curriculum. The most effective instructors should teach the course. Those who teach the course should have a record of success in teaching, should have up-to-date knowledge of professional developments, should be able to support points by citing relevant

research, should be able to bring an integrative organizational perspective to the course, and should be able to reinforce the relevance of the course to the students by examples from the non-academic work of the accounting profession. These qualifications should be supplemented by enthusiasm and commitments to teaching and the accounting profession.

## **CONCLUSION**

The first course in accounting is very important to all who take it, whether they plan to become professional accountants or to use accounting information in non-accounting careers. If designed according to this Statement, the course can meet the educational needs of these students, engender accurate perceptions of the broad role of accounting in modern economies, and assist students in making well-informed career choices. The breadth of this influence increases the responsibility of every party capable of improving the effectiveness of the first course in accounting.

Other Statements issued by the Accounting Education Change Commission:

Issues Statement No.1: *AECC Urges Priority for Teaching in Higher Education* (August 1990).

Position Statement No. One: *Objectives of Education for Accountants* (September 1990).

Issues Statement No. 2: *AECC Urges Decoupling of Academic Studies and Professional Accounting Examination Preparation* (July 1991).

Issues Statement No. 3: *The Importance of Two-Year Colleges for Accounting Education* (August 1992).

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<sup>1</sup> Position Statement No. One: *Objectives of Education for Accountants* (September 1990). The views expressed in this Statement should be considered in conjunction with Position Statement No. One.

<sup>2</sup> "First course in accounting" refers to the introductory accounting sequence, usually taught over two terms (e.g., introductory "financial" and "managerial" accounting).

<sup>3</sup> Position Statement No. One: *Objectives of Education for Accountants* (September 1990, 5), states, "Faculty who are effective teachers and those who develop and implement new or innovative approaches to teaching and curriculum design should be recognized and rewarded for such scholarly activities." See also Issues Statement No. 1: *AECC Urges Priority for Teaching in Higher Education* (August 1990).

