Steal This: A Four-Stage Faded Worked Example for Prepaid Expenses

One supplies adjustment, faded step by step, using the routine Mostyn (2012) describes and the cognitive load principles in Young et al. (2014) and Halabi et al. (2005). Issue 02 · Article 04.

> **Editorial material.** The Editorial Desk put this sequence together. Stage 1's numbers come from Mostyn's (2012) illustration, while Stages 2–4, the variations and the exit ramp are our suggestions. None of the three papers tested this exact routine. Halabi et al. (2005) did compare three fully solved adjustments followed by five unsolved ones against problem-solving alone, but that was not step-by-step fading. So please adapt the material to your own curriculum.

Why fade?

Young et al. (2014) describe novices learning more from worked examples than from solving the equivalent problems. By contrast, they say more advanced learners learn more from problems. That flip is called the **expertise-reversal effect**. With that in mind, they list "worked example followed by completion problems followed by problem solving" as a way to fade guidance. Mostyn (2012) says faded examples should come before problems are assigned, and that they should be reduced as performance improves. There is also one accounting experiment. In Halabi et al.'s (2005) study, students with no prior accounting reported less effort with worked examples than with problem-solving. Test scores did not differ significantly, and students with prior accounting saw no significant difference.

Exit ramp (start here)

Check problem: Supplies had an opening balance of $300, and $2,700 was bought during the year. A count shows $1,200 unused at year-end. What is the adjusting entry?

Got it right? Go straight to Stage 4. Not sure? Start at Stage 1. *(This is learner control, as Mostyn recommends for mixed-background classes.)*

Stage 1: Full worked example

"The beginning balance of the supplies account is $500, and $6,500 of supplies was purchased during the year. No uses have been recorded. 60 percent of the available supplies remain unused at year end." (Mostyn, 2012)

1. $500 + $6,500 = $7,000 unadjusted balance (debit)
2. $7,000 × 0.6 = $4,200 cost remaining
3. $7,000 − $4,200 = $2,800 used up, so the adjustment is $2,800

4. Dr Supplies expense $2,800 / Cr Supplies $2,800

> Steps 3–4 are our completion of Mostyn's example, because he leaves step 3 for the student.

Stage 2: Last two steps blank

Opening balance $800, purchases $4,200, no uses recorded, 30% unused at year-end.

1. $800 + $4,200 = $5,000
2. $5,000 × 0.3 = $1,500 remaining
3. Adjustment: _____
4. Entry: _____

Stage 3: Only step 1 given

Opening balance $1,000, purchases $9,000, no uses recorded, 25% unused at year-end.

1. $1,000 + $9,000 = $10,000
2. Cost remaining: _____
3. Adjustment: _____
4. Entry: _____

Wrong at any step? Check the solution, go back to Stage 1 and then try again. That's the routine Mostyn describes.

Stage 4: On your own (with a solution to check)

There are no credit entries in the supplies account, and the ledger shows $600 opening and $5,400 purchased. Supplies costing $2,000 are on hand at year-end. Prepare the adjusting entry.

The wording varies on purpose, so "no credit entries" replaces "no uses recorded". That's because Mostyn suggests moderate variability helps students transfer the skill.

Solutions

Exit ramp: $3,000 − $1,200 = $1,800, so Dr Supplies expense $1,800 / Cr Supplies $1,800. Stage 2: $3,500. Stage 3: $2,500 remaining, adjustment $7,500. Stage 4: $6,000 − $2,000 = $4,000, so Dr Supplies expense $4,000 / Cr Supplies $4,000.

Sources

Young, J. Q., Van Merrienboer, J., Durning, S., & Ten Cate, O. (2014). *Medical Teacher, 36*(5), 371–384. https://doi.org/10.3109/0142159X.2014.889290 · Mostyn, G. R. (2012). *Issues in Accounting Education, 27*(1), 227–245. https://doi.org/10.2308/iace-50099 · Halabi, A. K., Tuovinen, J. E., & Farley, A. A. (2005). *Issues in Accounting Education, 20*(1), 21–32. https://doi.org/10.2308/iace.2005.20.1.21