



Accounting: From Data to Decisions

Introduction to the Balance Sheet and Income Statement

Teachers: Thibaud Goffin & Stephane Biron - Smile School - Belgium

Ages 16-18 - 7 students - 90 minutes

AI Navigators: Empowering Teachers for the AI Era

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SECTION 1



Teacher & Lesson Overview

Teacher(s)	Thibaud Goffin, Stephane Biron
School / Organisation	Smile School, Belgium
Subject & lesson topic	Accounting: Introduction to the Balance Sheet and Income Statement
Grade level / age group	16-18 years old (7 students)
Lesson duration	90 minutes
Curriculum link	Introduction to accounting principles: understanding and constructing a balance sheet and an income statement

SECTION 2



Learning Objectives

By the end of the lesson, students will be able to:

- Correctly identify and classify assets, liabilities, equity, products and charges
- Construct a simplified balance sheet using accounting data
- Construct a simplified income statement using accounting data
- Interpret the financial situation and profitability of a small company using basic accounting documents

SECTION 3



Hook / Warm-up

Approx. 5 minutes - class discussion

Students begin with a discussion about the usefulness of accounting in business life. The teacher asks simple guiding questions:

1. How does a company know if it is making money?
2. How does a bank decide whether to lend money to a company?
3. What happens if a company spends more money than it earns?

Objective: help students understand that accounting is a decision-making tool, not only an administrative obligation.

AI used for this warm-up: Yes - ChatGPT

SECTION 4



Main Teaching Activity

15-25 minutes - six guided steps

- 1 Balance sheet: definition and structure
- 2 Guided exercise: classify balance sheet elements
- 3 Income statement: definition and structure
- 4 Guided exercise: classify brewery operations
- 5 Build the case study: “Les Jus du Soleil”
- 6 Correction and explanation of accounting logic

Visuals: Slides - AI tool used during instruction: ChatGPT

STEP 1



The Balance Sheet - Definition

The balance sheet is an accounting document that reflects a company's financial position at a given moment. It is a snapshot of what the company owns and owes on a specific date, often at the end of the accounting period (e.g. 31 December).

Left side: ASSETS

What the company owns: its property and receivables.

Right side: LIABILITIES

What the company owes: its debts and the resources made available to finance the assets.

Fundamental rule: Assets = Liabilities. The total resources (liabilities) must always equal the total uses or investments (assets).

STEP 1



Example: the balance sheet of Tartenfolie restaurant

As of 31/12/N

ASSETS

Fixed assets

Intangible assets	1,000
Tangible assets	82,000
Financial assets	0

Total fixed assets **83,000**

Current assets

Stocks	1,000
Trade receivables	0
Cash (bank + till)	2,300

Total current assets **3,300**

TOTAL ASSETS **86,300**

LIABILITIES

Equity

Capital	30,000
Reserves	10,000
Result for the year	24,300

Total equity **64,300**

Liabilities

Loans	16,000
Trade payables	2,000
Tax and social liabilities	3,500
Other liabilities	500

Total liabilities **22,000**

TOTAL LIABILITIES **86,300**

STEP 2



Guided Exercise: Classify Balance Sheet Elements

Fixed assets - Current assets - Equity - Debts

1. Production machines : _____

2. Merchandise stocks : _____

3. Capital contributed by owners : _____

4. Trade receivables : _____

5. Bank loan repayable over 5 years : _____

6. Company building : _____

7. Cash (bank) : _____

8. Trade payables : _____

9. Retained earnings : _____

10. Delivery vehicle : _____

Reminder

Fixed assets: durable goods for long-term activity. **Current assets:** goods or receivables in short-term rotation. **Equity:** resources belonging to the owners (capital and profits). **Debts:** obligations to third parties (short or long term).

STEP 3



The Income Statement - Definition & Structure

The income statement presents a company's performance over a given period (usually one year). Unlike the balance sheet (a snapshot at one point in time), it shows how the company generated revenue and incurred costs during the period.

1. Operating result

Operating products (sales, subsidies) minus operating charges (raw materials, staff). Measures the performance of the core activity.

2. Financial result

Financial products (interest on investments) minus financial charges (interest on loans). Measures the impact of financial activities.

3. Exceptional result

Exceptional products (sale of an asset) minus exceptional charges (fines). Measures the impact of unusual events.

Net result = Operating result + Financial result + Exceptional result

STEP 3



Example: a simplified income statement

Operating products	100,000 EUR
Operating charges	-80,000 EUR
Operating result	20,000 EUR
Financial products	2,000 EUR
Financial charges	-1,000 EUR
Financial result	1,000 EUR
Exceptional products	5,000 EUR
Exceptional charges	-2,000 EUR
Exceptional result	3,000 EUR
Net result for the year	24,000 EUR

Reading this table, the company achieves a result of made possible by

STEP 4



Guided Exercise: La Belle Biere Brewery

Classify each operation: operating, financial or exceptional, product or charge

1. Sale of beer bottles to customers : _____
2. Interest received on a financial investment : _____
3. Purchase of hops and malt for production : _____
4. Sale of an old delivery van : _____
5. Fines received for illegal parking : _____
6. Payment of employee salaries : _____
7. Interest paid on a bank loan : _____
8. Sale of glasses and branded accessories : _____
9. Annual insurance for the factory : _____
10. Subsidy received from the region : _____



Step 5: Build the Case Study

“Les Jus du Soleil”

Context: you work for a small fruit juice company, “Les Jus du Soleil”. At year-end, the company wants to build its balance sheet and income statement to assess its financial position.

Guided in class: classify each element into the correct category, verify $\text{Assets} = \text{Liabilities}$, calculate the net result, and state whether the company made a profit or a loss.

STEP 5



Data - Les Jus du Soleil

For the BALANCE SHEET

- Production machines: 15,000 EUR
- Capital contributed: 70,000 EUR
- Stock of glass bottles: 2,500 EUR
- Trade receivables: 3,000 EUR
- Bank loan (3 years): 8,000 EUR
- Factory building: 50,000 EUR
- Cash: 4,500 EUR
- Trade payables: 2,000 EUR
- Retained earnings: 5,000 EUR
- Delivery vehicle: 10,000 EUR

For the INCOME STATEMENT

- Sales of fruit juice: 60,000 EUR
- Interest received: 500 EUR
- Purchase of fruit and raw materials: 15,000 EUR
- Parking fines: 100 EUR
- Sale of an old machine: 1,000 EUR
- Employee salaries: 18,000 EUR
- Interest paid (loan): 600 EUR
- Annual insurance: 1,200 EUR
- Electricity and water: 2,500 EUR
- Building rent: 6,000 EUR

STEP 6



Correction - Balance Sheet as of 31 December

ASSETS

Fixed assets

Production machines 15,000

Factory building 50,000

Delivery vehicle 10,000

Total fixed assets 75,000

Current assets

Stock 2,500

Trade receivables 3,000

Cash 4,500

Total current assets 10,000

TOTAL ASSETS 85,000

LIABILITIES

Equity

Capital contributed 70,000

Retained earnings 5,000

Total equity 75,000

Liabilities

Bank loan 8,000

Trade payables 2,000

Total liabilities 10,000

TOTAL LIABILITIES 85,000

Verification: Total Assets = Total Liabilities : 85,000 EUR = 85,000 EUR (OK)

STEP 6



Correction - Income Statement for the Year

Sales of fruit juice	60,000 EUR
Total operating products	60,000 EUR
Purchase of raw materials	-15,000 EUR
Employee salaries	-18,000 EUR
Annual insurance	-1,200 EUR
Electricity and water	-2,500 EUR
Building rent	-6,000 EUR
Total operating charges	-42,700 EUR
Operating result	17,300 EUR
Interest received	500 EUR
Interest paid	-600 EUR
Financial result	-100 EUR
Sale of an old machine	1,000 EUR
Fines	-100 EUR
Exceptional result	900 EUR
Gross result for the year	18,100 EUR

Gross result: 18,100 EUR

Tax (25%): 4,525 EUR

Net result: 13,575 EUR

SECTION 5



Practice, Application & Differentiation

10-15 minutes

Student practice / application activity:

- A classification exercise identifying fixed assets, current assets, debts and equity
- A classification exercise identifying operating, financial and exceptional products and charges
- A homework assignment: construct a balance sheet and an income statement using accounting data

Differentiation strategy:

- Concepts introduced progressively, from simple examples to complete accounting documents
- Students receive structured templates and guided corrections
- Teacher support adapted according to student difficulties

AI used for differentiation: Yes - ChatGPT

SECTION 6



Formative Assessment

Formative assessment method:

- Oral questioning during exercises
- Observation of student participation
- Correction of classification exercises
- Homework assignment: construct a balance sheet and an income statement

AI support used for assessment:

Homework instructions, accounting exercises, and detailed corrections with verified calculations.

Evidence of learning: students are able to correctly classify accounting elements, construct a balanced balance sheet, produce a correct income statement, calculate gross and net results, and identify whether a company made a profit or a loss.

SECTION 7



Materials & Resources

AI-generated materials

- Accounting theory notes
- Classification exercises
- Accounting case studies
- Homework assignment
- Detailed corrections

Other digital tools

- PowerPoint

Traditional materials

- Whiteboard
- Printed exercises
- Calculator
- Student notebooks

SECTION 8



Wrap-up & Reflection

Lesson closure:

Summary of the main concepts (role of accounting, balance sheet structure, income statement structure, assets/liabilities/products/charges). Students explain in their own words what accounting helps a company understand.

Homework / follow-up:

Complete a full accounting exercise: construct a balance sheet, construct an income statement, calculate the gross result and the net result after taxes, and identify whether the company made a profit or a loss.

Teacher reflection:

The AI-generated content was very useful and saved significant preparation time. However, some adaptations were necessary because certain proposed answers initially reflected the French tax system, while the lessons are taught in a Belgian context. The calculations also had to be carefully checked and corrected several times to ensure accuracy. Overall, the generated material was highly valuable and greatly supported lesson preparation and activity design.

May this lesson plan be shared as a good practice example? Yes



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