

# Financial Statement Preparation

You're an entrepreneur and the founder of Techno, an innovative technology startup completing its first year of operations. Your company leverages Artificial Intelligence (AI) to streamline daily financial activities. However, you're aware that AI generates errors—known as *hallucinations*—that can impact your financial reporting.

Today is December 31, marking the end of Techno's first year of operations. Your investors have requested financial statements for the year ended December 31. To fulfill this request, you've generated a trial balance from Techno's accounting records. You'll upload this data file into ChatGPT and provide specific prompts to prepare financial statements.

Although AI can draft the financial statements, you are ultimately responsible for their accuracy and reliability. It's essential, therefore, that you carefully review and validate the AI-generated financial statements to identify and correct hallucinations before sharing them with your investors.

## Assignment Directions

1. Go to [www.ChatGPT.com](https://www.ChatGPT.com).
2. Upload the data file Techno\_TrialBalance.xlsx into the chatbox. This is done by dragging the file into the chatbox or by left clicking the plus button (+) and selecting the data file.
3. Enter the following prompt in the chatbox: *Display the content from the uploaded data file in a trial balance with a professional appearance. Display the entire trial balance.*
4. Verify that ChatGPT accurately read the data from the file.
5. Enter the following prompt in the chatbox: *Prepare an income statement for the year ended December 31 using the trial balance. Format in a professional report.*
6. Verify that ChatGPT accurately prepared the income statement.
7. Enter the following prompt in the chatbox: *Prepare a statement of retained earnings for the year ended December 31 using the trial balance and income statement. Format in a professional report.*
8. Verify that ChatGPT accurately prepared the statement of retained earnings.
9. Enter the following prompt in the chatbox: *Prepare a balance sheet as of December 31 using the trial balance and statement of retained earnings. Use the retained earnings balance as of December 31. Format in a professional report.*
10. Verify that ChatGPT accurately prepared the balance sheet.

## Student Questions

1. What is the company's net income for the year ended December 31?
2. What is the company's ending retained earnings balance on December 31?
3. What is the company's total assets on December 31?
4. What is the company's total liabilities and equity on December 31?