



5. Mastering ChatGPT AI Prompt

ChatGPT prompt is the input you provide—be it a question, instruction, or statement—that guides the AI's response. Think of it as the starting point of a conversation with the model, directing it on what kind of information or assistance you're seeking.

Effective prompts are the key to unlocking ChatGPT's full potential. Learn how to craft prompts that generate precise, relevant responses for any task.

Understanding Prompts

Definition

A prompt is your input that guides the AI's response. It's the conversation starter that directs what information you receive.

Importance

Well-crafted prompts lead to more accurate, relevant responses. They enhance your interaction with AI.

Range

Prompts can be simple questions or detailed instructions. Their quality influences the usefulness of responses.



Types of Prompts

Informational

Seeking facts or explanations.

Example: "Explain the concept of machine learning in simple terms."

Instructional

Requesting step-by-step guidance.

Example: "Provide a tutorial on setting up a secure Wi-Fi network at home."

Creative

Generating stories, poems, or ideas.

Example: "Write a short story about a time-traveling explorer."

Conversational

Engaging in back-and-forth dialogue. *Example:* "Let's discuss the pros and cons of remote work."

Analytical

Interpreting data or scenarios. *Example:* "Analyze the potential impact of electric vehicles on urban transportation."

What Is ChatGPT Prompt?

A prompt can range from a simple query like:

"What's the weather like in Nairobi today?"

to a more detailed instruction such as:

"Act as a project manager and outline a plan for launching a new mobile application, including timelines, key milestones, and resource allocation."

The quality and specificity of your prompt significantly influence the relevance and usefulness of the AI's response.

Tips for Crafting Effective Prompts



Be Specific

Clearly state what you're looking for. Instead of "Tell me about marketing," try "What are effective digital marketing strategies for small businesses?"



Provide Context

Include relevant details to guide the response. For example, "I'm preparing a presentation for high school students about climate change."



Set the Role

Assign a perspective or role to the AI. *Example:* "Act as a career counselor advising someone transitioning into the tech industry."



Define the Format

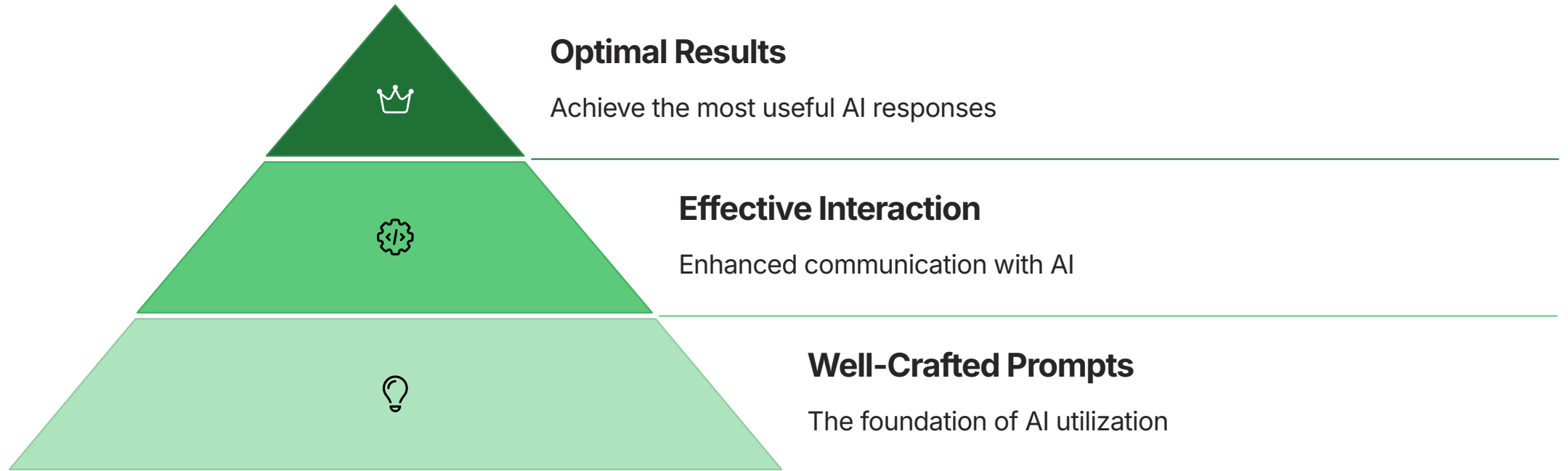
Specify the desired output format. *Example:* "List the top five benefits of meditation in bullet points."



Iterate and Refine

If the response isn't quite right, adjust your prompt and try again.

Why Prompts Matter



The effectiveness of ChatGPT heavily relies on how you frame your prompts. Well-crafted prompts lead to more accurate, relevant, and useful responses, enhancing your interaction with the AI. As you become more adept at prompt engineering, you'll unlock greater potential in leveraging ChatGPT for various tasks.

Industry-Specific Prompts

Manufacturing

Focus on inventory turnover, PPE utilization, and COGS analysis.



Retail

Examine same-store sales, inventory days, and gift card liabilities.



Services

Analyze contract costs, intangible assets, and multi-year revenue recognition.



Accounting Standards Focus



GAAP Compliance

Address US-specific accounting rules for financial reporting.



IFRS Requirements

Focus on international standards for global comparability.



Comparative Analysis

Identify key differences affecting financial statement presentation.



Financial Analysis Prompts

1

Balance Sheet Analysis

Examine components, ratios, and trends to assess financial health.

2

Cash Flow Statement Analysis

Evaluate operating cash flow, discrepancies, and investing activities.

3

Income Statement Analysis

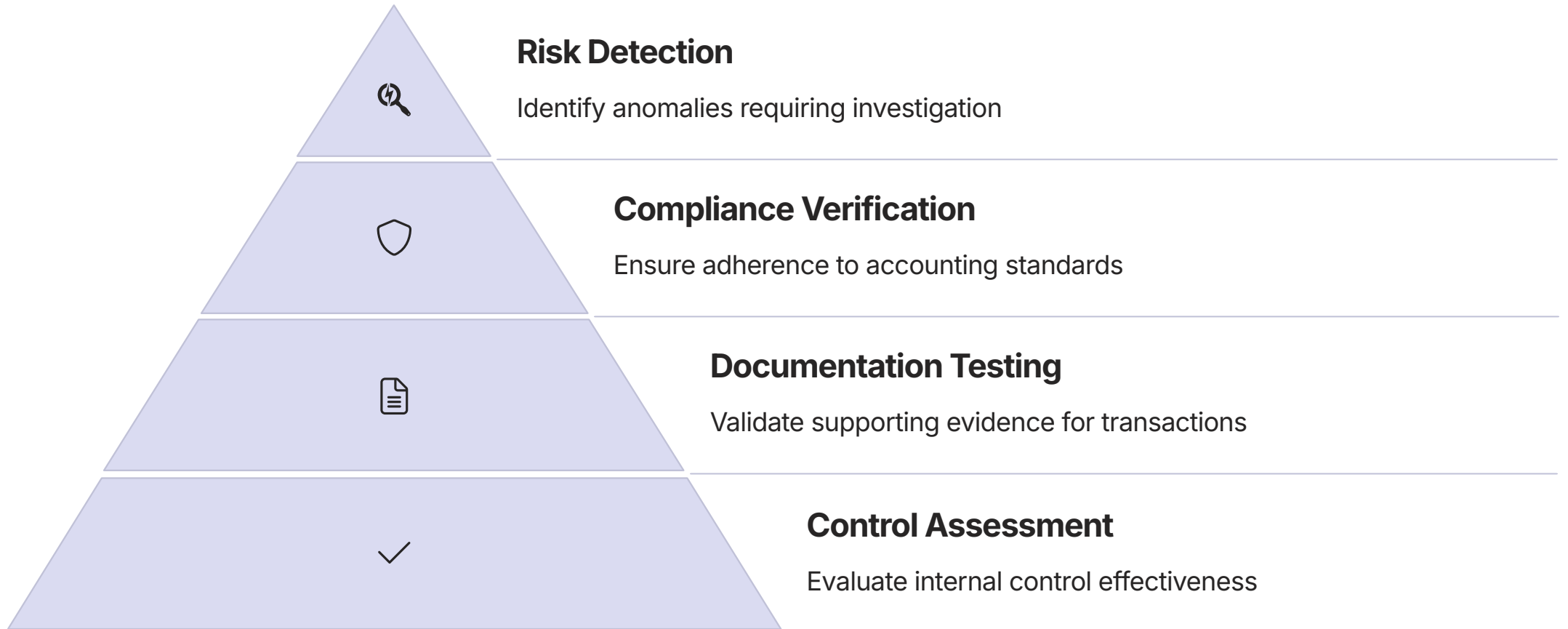
Analyze profit margins, expenses, and revenue recognition.

4

Industry Comparisons

Compare metrics with industry standards for competitive insights.

Auditor-Focused Prompts



Balance Sheet Components



Assets

Resources owned by the company that have economic value



Liabilities

Obligations and debts owed to outside parties



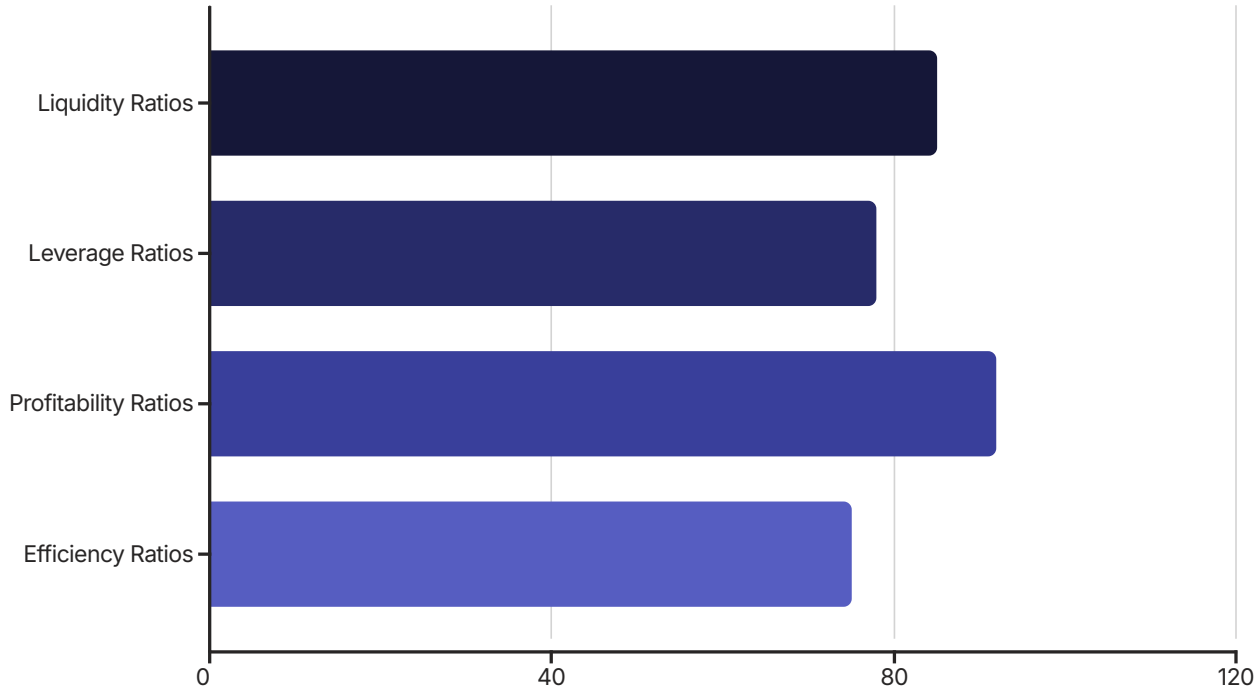
Owners' Equity

Residual interest in the assets after deducting liabilities

This prompt helps you understand the fundamental structure of a balance sheet, including assets, liabilities, and owners' equity of the attached report. Present in tabular form and with graphs

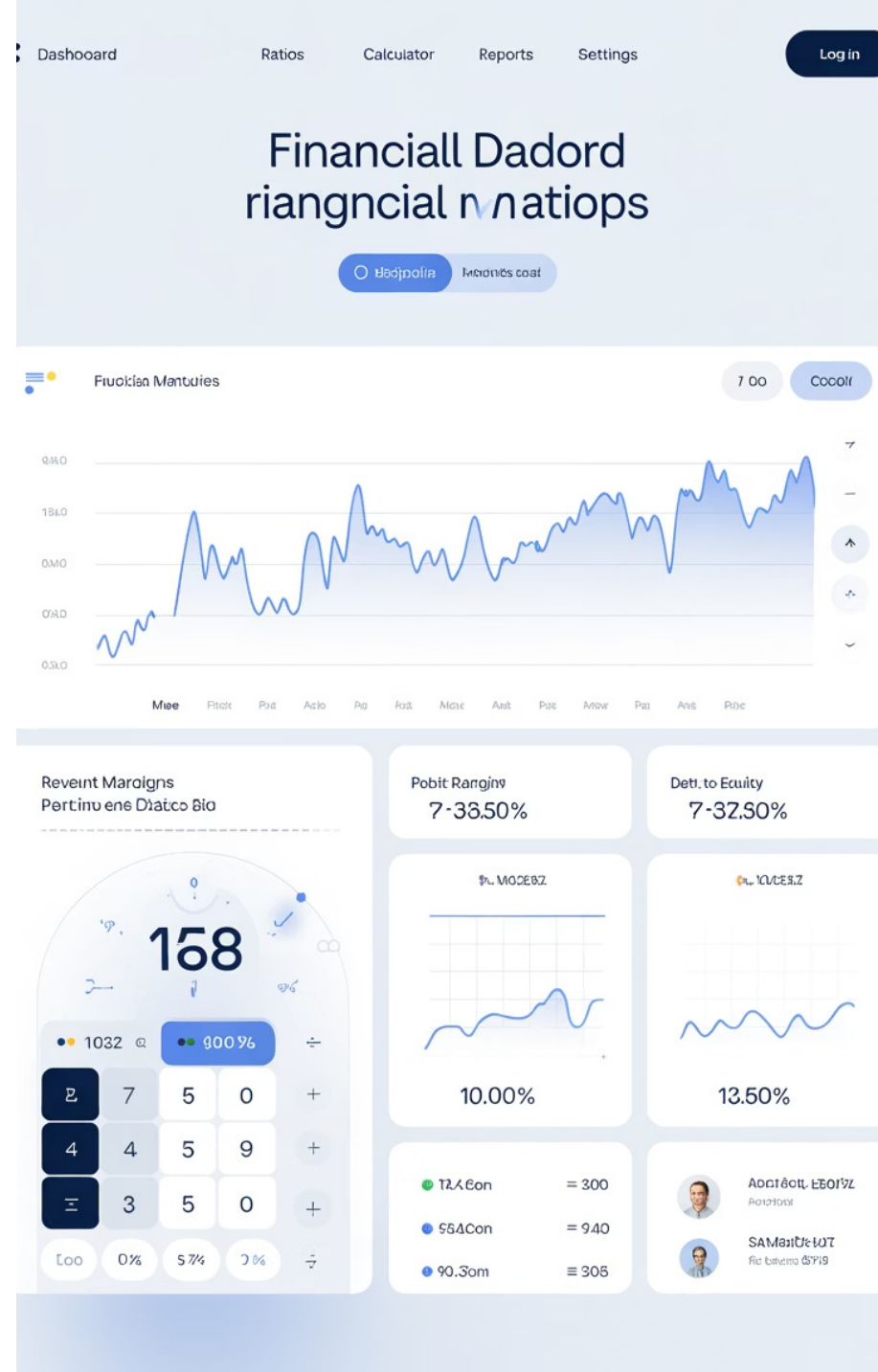
"Provide a detailed explanation of the key components of a balance sheet, including assets, liabilities, and owners' equity of the attached report. Present in tabular form with graphics"

Ratio Analysis



This prompt enables you to assess the company financial health through important ratios that indicate liquidity. Leverage and profitability.

"Calculate and interpret key financial ratios from the balance sheet, such as the current ratio, quick ratio, debt to equity ratio and return on equity include interpretations and formulae."





Trend analysis



Year 1

Establish baseline metrics for assets, liabilities, and equity



Year 2

Track changes and identify emerging patterns



Year 3

Analyze significant shifts and their implications



Conclusions

Draw insights about financial position and trajectory

"Analyze the trends in the balance sheet over the past three years. Highlight any significant changes in assets, liabilities, and equity. What do these trends suggest about the company's financial position? Present in tabular form."

Comparisons of industry standards

1.5

**Industry Avg.
Current Ratio**

Benchmark for liquidity
comparison

2.1

**Company Current
Ratio**

Above industry
average

0.8

**Industry Avg.
Debt-to-Equity**

Standard leverage
metric

0.6

**Company Debt-
to-Equity**

Lower risk profile than
peers

"Compare the company's balance sheet metrics with industry averages. Focus on key ratios like debt to equity and current ratio. What insights can be drawn from this comparison?"



Impact on accounting policies



This prompt encourages an exploration of how accounting choices influence financial reporting, which is crucial for understanding the nuances behind the number.

"Discuss how different accounting policies (e.g., depreciation methods, inventory valuation can affect the figures reported in the balance sheet of the attached report)"

For Accountants

Cash Flow Statement Analysis



Calculate Operating Cash Flow Ratio

Operating Cash Flow / Current Liabilities for three years



Identify Discrepancies

Compare net income and cash flow from operations



Analyze Investing Cash Flows

Examine capital expenditures and asset sales



Draw Conclusions

Determine impact on future growth and liquidity

Here are three prompts for analyzing the Cash Flow Statement, Balance Sheet, and Income Statement, tailored for accountants and auditors:

Cash Flow Statement Analysis

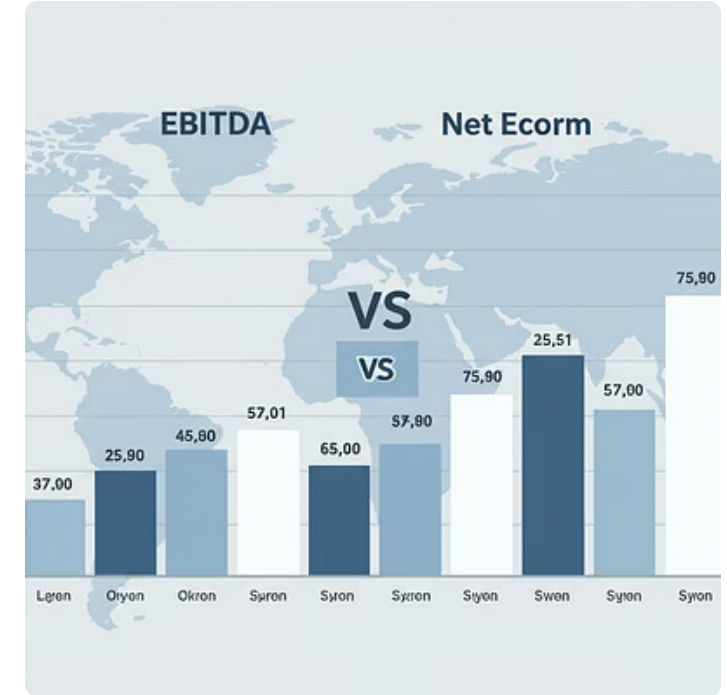
1. ****Calculate and interpret the operating cash flow ratio (Operating Cash Flow / Current Liabilities) for the last three years. What does the trend indicate about the company's liquidity?****
2. ****Identify any significant discrepancies between net income and cash flow from operations. What are the potential reasons (e.g., changes in working capital, non-cash expenses)?****
3. ****Analyze the company's investing cash flows—what major capital expenditures or asset sales occurred, and how do they impact future growth?****

Balance Sheet Analysis

Ratio	Year 1	Year 2	Change	Interpretation
Current Ratio	1.8	2.1	+0.3	Improved liquidity
Quick Ratio	1.2	1.5	+0.3	Better immediate liquidity
Debt-to-Equity	0.8	0.7	-0.1	Reduced leverage
A/R Turnover	8.5	7.2	-1.3	Slower collections

- 1. ****Compute the current ratio and quick ratio for the past two years. Has the company's short-term financial health improved or deteriorated?****
- 2. ****Assess the company's debt-to-equity ratio. Is the business becoming more leveraged, and what risks does this pose?****
- 3. ****Compare accounts for receivable turnover over the last three years. Are customers taking longer to pay, and what does this imply about credit policies?****

Income Statement Analysis



1. **"Break down the gross profit margin trend over the past three years. What factors (e.g., cost of goods sold, pricing strategy) are influencing this trend?"**
2. **"Analyze the company's operating expenses as a percentage of revenue. Are costs rising faster than sales, and if so, why?"**
3. **"Calculate EBITDA and compare it to net income. Are there significant non-operating or non-cash items affecting profitability?"**



For Auditors

Understand Audit Objectives

Identify key risk areas and compliance requirements for financial statement audits

Apply Specialized Prompts

Use targeted queries to examine specific financial statement components

Detect Anomalies

Identify unusual patterns, discrepancies, or potential misstatements in financial reporting

Cash Flow Statement Analysis



Reconciliation Verification

Examining the bridge between net income and operating cash flow to identify unusual adjustments requiring investigation



Financing Activities Review

Scrutinizing large or unexpected loans and repayments that might indicate financial distress



Capex-Depreciation Consistency

Checking for reasonable alignment between reported capital expenditures and depreciation based on asset lifecycles

1. *****"Verify the reconciliation between net income and cash flow from operations. Are there any unusual adjustments that require further investigation?"****
2. *****"Examine cash flows from financing activities—were there any large, unexpected loans or repayments that could indicate financial distress?"****
3. *****"Check for consistency between reported capex (investing activities) and depreciation (income statement). Are the amounts reasonable given asset lifecycles?"****



Balance Sheet Analysis



Confirm Inventory Valuation

Verify FIFO vs. LIFO methodology and assess for potential obsolescence. Ensure reserves are adequately recorded.



Review Long-term Liabilities

Examine for undisclosed contingencies or off-balance-sheet obligations. Verify all debt covenants are being met.



Test Accrued Liabilities

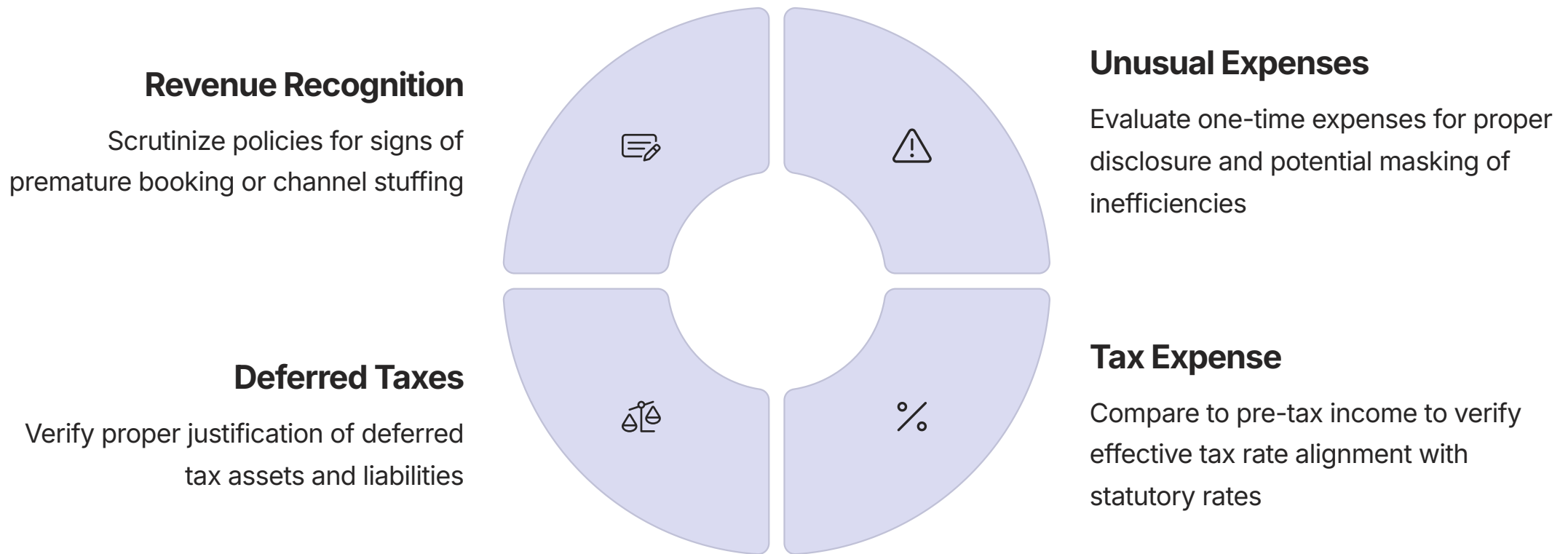
Verify accuracy of accrued liabilities and prepaid expenses. Check for any unrecorded expenses that should be recognized.

1. *****Confirm the valuation of inventory (FIFO vs. LIFO) and assess for potential obsolescence. Are reserves adequately recorded?*****

2. *****Review long-term liabilities for undisclosed contingencies or off-balance-sheet obligations. Are all debt covenants being met?*****

3. *****Test the accuracy of accrued liabilities and prepaid expenses. Are there any unrecorded expenses that should be recognized?*****

Income Statement Analysis



1. ****"Scrutinize revenue recognition policies—are there any signs of premature revenue booking or channel stuffing?"***
2. ****"Evaluate unusual or one-time expenses—are they properly disclosed, or could they be masking operational inefficiencies?"***
3. ****"Compare tax expense to pre-tax income—is the effective tax rate in line with statutory rates, and are deferred tax assets/liabilities properly justified?"***

These prompts help accountants **interpret financial health** and assist auditors in **detecting anomalies or risks** during examinations.

Great! Below is a **refined set of prompts** tailored for specific industries (Manufacturing, Retail, and Services) and accounting standards (GAAP vs. IFRS).

For Accountants (Industry-Specific & GAAP/IFRS Focus)

Cash Flow Statement Analysis

Manufacturing

"Analyze the cash conversion cycle (CCC) for the last two years. Given the high inventory turnover in manufacturing, are there inefficiencies in receivables or payables dragging liquidity?"

Retail

"Compare free cash flow (FCF) to net income. With thin margins in retail, are operating cash flows stable enough to cover expansion costs (e.g., new store openings)?"

Services (IFRS)

"Under IFRS, how are deferred contract costs treated in operating cash flows? Are there material differences from GAAP (e.g., capitalization rules) affecting comparability?"

Balance Sheet Analysis

Manufacturing (GAAP)

"Assess PPE turnover (Revenue / Net PPE). Is the company maintaining optimal asset utilization, or are there idle capacities increasing depreciation drag?"

Retail

"Calculate inventory days (DIO) and compare to industry benchmarks. Are markdowns or obsolescence risks adequately reflected in inventory valuations?"

Services (IFRS)

"Review intangible assets (e.g., software development costs). Under IFRS, are development phases capitalized correctly per IAS 38, or is there risk of overstatement?"

Income Statement Analysis

Manufacturing

"Break down cost of goods sold (COGS) into variable/fixed components. Have input cost spikes (e.g., raw materials) eroded gross margins disproportionately?"

Retail (GAAP)

"Evaluate same-store sales growth vs. total revenue. Are new stores cannibalizing existing ones, or is growth organic and sustainable?"

Services (IFRS)

"Under IFRS 15, how is revenue recognized for multi-year contracts? Are there unbilled receivables or performance obligations needing disclosure?"

For Auditors (Risk-Based & Compliance-Focused)

Cash Flow Statement Analysis

1. **Manufacturing:** *"Audit capex disclosures: Are additions to PPE supported by approved budgets, and are disposals properly reconciled to avoid asset misstatements?"*
2. **Retail (GAAP):** *"Test for 'window dressing' in operating cash flows (e.g., delaying payables or accelerating receivables). Are year-end balances artificially inflated?"*
3. **Services (IFRS):** *"Verify cash flows from financing: Under IFRS, are lease liabilities (IFRS 16) correctly classified between principal (financing) and interest (operating)?"*

Balance Sheet Analysis

1. **Manufacturing:** *"Confirm LIFO reserve calculations (if GAAP) and assess for liquidation risks. Are inventory writedowns properly documented per ASC 330?"*
2. **Retail:** *"Audit gift card liabilities: Are breakage revenues recognized in compliance with GAAP (ASC 606), and is the estimation methodology reasonable?"*
3. **Services (IFRS):** *"Inspect goodwill impairment tests (IAS 36): Are cash-generating units (CGUs) appropriately defined, and is discount rate supportable?"*

Income Statement Analysis

1	Manufacturing (GAAP)	2	Retail	3	Services (IFRS)
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"Scrutinize warranty expense accruals (ASC 460). Are historical claim rates used to estimate liabilities, or is there evidence of under-reserving?"

"Validate revenue cut-off: Are post-year-end sales returns (per ASC 606) adequately provisioned, or could revenue be overstated?"

"Test foreign currency transactions (IAS 21): Are gains/losses from intercompany balances correctly reclassified from OCI to P&L?"