



BAHAMAS  
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## Guide: Creating Your Financial Statements with ChatGPT

# Introduction

Financial statements are essential when applying for funding from the Bahamas Development Bank (BDB). They show the health of your business and help us assess how financing can support your growth. If you do not have an accountant, you can use tools like ChatGPT to help you prepare draft financial statements. This guide walks you through the process.

## 1. What You'll Need Before You Start

To create financial statements, gather:

- Sales/Revenue records – monthly or annual sales (from receipts, invoices, or POS reports).
- Expenses – rent, utilities, wages, supplies, transport, etc.
- Assets – things your business owns (equipment, vehicles, inventory, cash).
- Liabilities – debts, loans, credit card balances, or unpaid bills.
- Equity/Investment – owner's contributions or retained earnings.

Having these numbers organized (even in rough notes or a spreadsheet) will make the process smoother.

## 2. The Three Key Financial Statements

You will need these basic statements for your financial statements:

- Income Statement (Profit & Loss) – shows revenue, expenses, and profit/loss over a period.
- Balance Sheet – shows what your business owns (assets) and owes (liabilities) at a specific date.
- Cash Flow Statement – shows how money enters and leaves your business (operating, investing, and financing activities).

# Historical Financials with Chat GPT

ChatGPT can help you structure and generate the statements once you provide your numbers. Here's how:

### Income Statement Example Prompt

"I run a small catering business. My sales in 2024 were \$120,000. My expenses were: food supplies \$40,000, staff wages \$30,000, rent \$12,000, utilities \$6,000, and marketing \$5,000. Please create an income statement for 2024." ChatGPT will return a formatted income statement showing revenue, expenses, and net profit.

### *Income Statement - For the Year Ended December 31, 2024*

#### Revenue

- Sales: \$120,000

#### Expenses

- Food Supplies: \$40,000
- Staff Wages: \$30,000
- Rent: \$12,000
- Utilities: \$6,000
- Marketing: \$5,000
- Total Expenses: \$93,000

#### Net Income (Profit)

- $\$120,000 - \$93,000 = \$27,000$

### **Balance Sheet Example Prompt**

“Please create a balance sheet for my catering business. As of December 31, 2024, I had cash \$15,000, equipment \$20,000, and inventory \$5,000. I owe a loan of \$10,000 and accounts payable of \$3,000. I invested \$20,000 into the business. Show assets, liabilities, and owner’s equity.”

### **Sample Balance Sheet - As of December 31, 2024**

#### Assets

- Cash: \$15,000
- Equipment: \$20,000
- Inventory: \$5,000
- Total Assets: \$40,000

#### Liabilities

- Loan Payable: \$10,000
- Accounts Payable: \$3,000
- Total Liabilities: \$13,000

#### Owner’s Equity

- Owner’s Investment: \$20,000
- Retained Earnings (Net Income): \$7,000
- Total Equity: \$27,000

Total Liabilities & Equity: \$40,000

### **Cash Flow Statement Prompt:**

“Based on these numbers: sales collected \$120,000, expenses paid \$98,000, loan repayment \$5,000, and equipment purchase \$10,000, please create a cash flow statement for 2024 dividing into operating, investing, and financing activities.”

### **Sample Cash Flow Statement – For the Year Ended December 31, 2024**

#### Operating Activities

- Cash Inflow from Sales: \$120,000
- Cash Outflow for Expenses: (\$98,000)
- Net Cash from Operating Activities: \$22,000

#### Investing Activities

- Equipment Purchase: (\$10,000)
- Net Cash from Investing Activities: (\$10,000)

#### Financing Activities

- Loan Repayment: (\$5,000)
- Net Cash from Financing Activities: (\$5,000)

#### Net Increase in Cash

- $\$22,000 - \$10,000 - \$5,000 = \$7,000$

#### Opening Cash Balance

- \$8,000

#### Closing Cash Balance

- \$15,000 (matches Balance Sheet cash)

## **Financial Projections with Chat GPT**

You can create projections by feeding ChatGPT your assumptions. Here are examples you can copy and adapt:

### **Projected Income Statement Prompt:**

“I run a small catering business. In 2024, my sales were \$120,000 and I expect them to grow by 10% each year for the next three years. My expenses in 2024 were: food supplies \$40,000, wages \$30,000, rent \$12,000, utilities \$6,000, and marketing \$5,000. Assume wages increase 5% each year, rent and utilities stay flat, and marketing doubles in 2025 then grows by 10% annually. Please create a three-year projected income statement (2025–2027)

### **Projected Balance Sheet Prompt**

“Please create a three-year projected balance sheet for my catering business. As of Dec 2024, I had cash \$15,000, equipment \$20,000, and inventory \$5,000. I expect to buy \$10,000 of new equipment in 2025 and increase inventory by \$2,000 each year. My loan payable is \$10,000, which I plan to repay \$2,000 each year. Show projected assets, liabilities, and equity for 2025, 2026, and 2027.”

### **Projected Cash Flow Statement Prompt**

“Based on the projections above, please create a three-year projected cash flow statement (2025–2027). Include operating activities (sales less expenses), investing activities (equipment and inventory purchases), and financing activities (loan repayments). Start with an opening cash balance of \$15,000 in 2025.”

## **Tips for Reliable Projections**

- Be realistic: don’t overstate growth or understate costs.
- Base assumptions on actual data (past sales trends, supplier quotes, market research).
- Explain your assumptions in your business plan alongside the numbers.
- Review your projections at least once a year and adjust as needed.

✅ Remember: Projections are not just numbers – they tell the story of your business’s future. Strong, realistic projections make your application more persuasive.

# Break-Even Analysis

A break-even analysis shows the point where your business's total revenue equals its total costs — in other words, the point where you stop losing money and start making a profit. This helps you (and BDB) understand:

- How much you need to sell to cover your costs.
- Whether your pricing is sustainable.
- How sensitive your business is to changes in costs or sales volume.

## What You Need for Break-Even

- Before you ask ChatGPT to prepare this analysis, gather:
- Fixed Costs (costs that don't change with sales, e.g., rent, salaries, insurance).
- Variable Costs per Unit (costs that change with sales, e.g., ingredients, packaging, commissions).
- Selling Price per Unit (the average price at which you sell your product/service).

## Prompt Example for ChatGPT

"I run a catering business. My fixed costs are \$63,000 per year (rent \$12,000, utilities \$6,000, staff wages \$30,000, marketing \$15,000). My variable cost per meal is \$8, and I sell each meal for \$20. Please calculate my break-even point in units and in total sales dollars, and show me how many units I need to sell to make \$20,000 profit."

## Sample Output-Break-Even Analysis – Catering Business

- Fixed Costs: \$63,000
- Selling Price per Unit: \$20
- Variable Cost per Unit: \$8
- Contribution Margin per Unit:  $\$20 - \$8 = \$12$

## Break-Even Point (Units)

= Fixed Costs ÷ Contribution Margin per Unit  
=  $\$63,000 \div \$12 = 5,250$  meals

## Break-Even Point (Sales Dollars)

= Break-Even Units × Selling Price  
=  $5,250 \times \$20 = \$105,000$

## Units Required for \$20,000 Profit

= (Fixed Costs + Target Profit) ÷ Contribution Margin  
=  $(\$63,000 + \$20,000) \div \$12 = 6,917$  meals

# Break-Even Analysis

## Why This Matters for BDB Applications

- Including a break-even analysis in your projections helps BDB assess:
- The level of sales you must achieve to repay your loan.
- The viability of your pricing strategy.
- The level of risk if sales are lower than expected.

👉 Applicants should include a short explanation of their assumptions and the break-even chart or table with their application.



# CONTACT US



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