Using Gen AI to spot potential acquisition targets

Shaping the Profession | Generative AI and professional judgement in accounting

The task

Daniel is a Corporate Finance Executive with four years' experience. His job is to help clients understand who they could buy — or who might want to buy them. This work is complex and it isn't just about the numbers. He also must consider strategy, governance, leadership strength and whether two organisations would work well together.

How Daniel used Gen AI

During the research, Daniel started experimenting with Gen AI. He went on to help design a custom tool, called Origination GPT, built on ChatGPT Enterprise with web search ability. The aim was simple: to speed up the early stages of deal sourcing. Daniel's longlists used to take days or even weeks. He relied on; Google searches; LinkedIn; Market to Market and Market IQ. Each source had to be checked manually, and the process was slow and repetitive.

With Origination GPT, Daniel could:

- Run much broader initial searches
- Quickly narrow down longlists
- Fill information gaps
- Challenge his own assumptions by asking the model to double-check or offer alternatives

The tool produced Excel-style longlists filtered by geography, sector and key financial or governance indicators. It also:

- Filled in basic fields (location, sector, description, financials)
- Flagged missing data
- Highlighted potential "red flags" for further checking

This meant Daniel could explore more options, more quickly.

New risks introduced by Gen AI

Using Gen AI didn't remove risk - it changed it. Daniel identified three main issues:

1. Hidden errors
AI-generated lists could contain false positives, missing data or misclassified companies. If unchecked, these could mislead clients.

2. Scope creep
The model sometimes suggested companies outside the intended geography, sector or deal rationale.

3. Subtle influence on judgement
AI suggestions could nudge Daniel's thinking without him realising — especially in ambiguous cases.

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How Daniel managed the risks

Daniel built a structured workflow to keep control of the process:

Clear instructions

He set tight search parameters before running any query.

Independent verification

Every company was checked against trusted databases before being shared with clients.

AI as a partner, not a decision maker

He used the model to test ideas and challenge assumptions, but final judgement always rested with him.

Why this matters for everyday professional work

Daniel's approach shows how Gen AI can:

- Speed up repetitive research
- Expand the range of options you consider
- Help you challenge your own thinking

...but only if paired with:

- Clear boundaries
- Independent verification
- Professional judgement

It's a practical example of using Gen AI to enhance — not replace — professional decision making.

Using Gen AI to review board minutes

The task

Ajay and Henry are junior auditors working towards their Chartered Accountant qualification. As part of audit planning, they were asked to review a client's board minutes. This is important work, but it can take a long time. Board minutes can run to hundreds of pages, and only a handful of items are directly relevant to identifying risks. Doing this well requires patience, context and sound judgement.

How Ajay and Henry used Gen AI

To make the process faster, Henry built a custom Gen AI model that could:

- Scan the full set of board minutes
- Pull out anything that might be relevant to the audit
- Present the findings in a clear, structured table

Ajay then refined the prompts so the model's output matched the firm's risk assessment approach.

Their work was routine in concept but required close coordination with the wider audit team and alignment with audit standards.

What the Gen AI model identified:

- Key decisions
- Potential risks
- Large or unusual transactions
- Attendance and absences
- Conflicts of interest
- Other signals that might matter for audit planning

The auditors then checked these findings through targeted spot-checks of the original minutes.

Why spot-checks aren't enough

Gen AI can miss things, misclassify items or overemphasise certain points. Spot-checking helps, but accuracy in one section doesn't guarantee accuracy across the whole document. This means the model's output must always be treated as a starting point, not a final answer.

Using Gen AI to review board minutes

New risks created by this workflow

1. Overreliance

Because the AI highlighted certain items, Henry naturally focused more on those areas. This risked narrowing his independent review of the full document.

2. Loss of context

If auditors rely too heavily on summaries, they may miss subtle cues or patterns that only appear when reading the minutes in full.

3. Reduced learning for juniors

Reviewing board minutes is traditionally a key way for trainees to build judgement. If AI does most of the summarising, juniors lose opportunities to develop this skill.

What this means for professional practice

Gen AI made the review process faster and helped surface patterns that might otherwise be missed. But it also introduced new risks — not just to audit quality, but to how professional judgement is built over time.

The key message

Gen AI can support good audit work, but people must stay firmly in control. Weak inputs lead to weak outputs, and over time this can undermine the trust that accounting relies on.

Professionals still need to read, think, question and verify. AI can help, but it cannot replace human judgement.

Using Gen AI to automate companies house extraction

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The task

Nathan is an Audit Manager with four years' experience. As part of ISA 315 audit planning, he regularly gathers basic company information from Companies House. This includes:

- Directors
- Shareholders
- Charges and debt
- Recent filings

The task is routine, but it requires judgement. Changes in governance or financing can signal potential audit risks, so accuracy matters.

How Nathan used Gen AI

Nathan built a custom Gen AI model to automate the early steps. The model could:

- Pull filings from Companies House
- Extract key details
- Present everything in a clean, structured table
- Flag possible risk indicators such as director changes or new borrowing

At first glance, the output looked efficient and professional.

Where things went wrong

The model's polished appearance hid serious problems. It began to:

- Omit important information
- Misidentify directors
- Invent details that looked plausible but were completely false

When Nathan questioned missing or unclear items, the model sometimes **made up answers** to fill the gaps.

Key risks created by the workflow

1. Illusion of accuracy
Because the summaries looked neat and well-structured, it was harder to spot what was missing. This encouraged misplaced confidence in the output.

2. Hallucinated facts
Fabricated directors or debt arrangements directly undermine the evidence base required under ISA 315. False information is worse than incomplete information.

3. Distorted understanding
Pre-structured tables can shape the auditor's thinking before they have engaged with the original filings. This narrows professional judgement.

Using Gen AI to automate companies house extraction

How Nathan responded

To maintain audit quality, Nathan had to:

Crosscheck every AI-generated point against the original Companies House documents

Treat any mismatch as a red flag

Use the AI output as a starting point, not a source of truth

This restored control and ensured the audit remained grounded in verified evidence.

What this means for professional practice

Nathan's experience shows both the **potential** and the **fragility** of Gen AI in audit and transaction work:

- Automation can speed up data gathering
- But without strong validation, it can distort understanding and introduce new risks

The key message

Gen AI can help with routine tasks, but only when **professionals stay firmly in charge of verification and judgement**.

Using Gen AI in internal audit benchmarking

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The task

Ahmed is a Chartered Accountant working in internal audit. He wanted to use Gen AI to support a task that normally relies heavily on expert judgement: benchmarking client policies against compliance expectations.

Benchmarking is often done by a single experienced auditor because:

- Every organisation writes policies differently
- Requirements can be vague or expressed in unusual ways
- The auditor must interpret wording, judge whether it is sufficient, and spot gaps

This makes the task highly complex, even if the process itself is familiar.

How Ahmed used Gen AI

Ahmed built a custom Gen AI model to compare client policies against a set list of compliance areas, such as:

- Escalation procedures
- Training requirements
- Response times

The model produced a structured table showing **Yes / No / Partial** coverage, along with extracts from the policy to justify each classification. Ahmed hoped this would:

- Speed up the process
- Reduce inconsistency between auditors
- Provide a more standardised starting point

What improved

The tool dramatically **accelerated the early stages**. Reviews that normally took several hours could now be completed in around 30 minutes. The output **looked clear, organised and professional**.

But the **efficiency came with hidden risks**.

Using Gen AI in internal audit benchmarking

New risks created by this workflow

1. Variability

The same policy sometimes produced different results when the model was run again. This undermined the goal of standardisation and raised questions about reliability.

2. Shaping expert reasoning

Starting with an AI-generated table subtly influenced what Ahmed paid attention to. The model's classifications shaped his sense of what was important or risky before he had fully engaged with the policy himself.

3. Hidden omissions and misinterpretations

Gen AI occasionally:

- Missed key requirements
- Misinterpreted ambiguous wording
- Added details that were not actually in the policy

This meant Ahmed still had to crosscheck everything carefully.

4. Displaced reasoning

Because the model produced instant documentation, Ahmed spent less time writing his own comparisons. This reduced the reflective thinking that normally helps auditors build and apply professional judgement.

What this means for professional practice

Ahmed's experience highlights a core tension in automating expert driven tasks:

- **Gen AI can streamline and structure work**, making early stages faster and more consistent.
- **But it cannot replace the professional judgement needed to interpret policies**, understand context and make defensible decisions.

The key message

Gen AI should **support expert reasoning, not replace it**. Professionals must stay in control of interpretation, verification and final judgement.