BMS9.0 Perform financial analyses to make business decisions.	
9.1	Interpret data on financial statements.
9.1	Current Assets – Cash and other assets expected to be exchanged for cash or consumed within a year.
9.1	Current Liabilities – Liabilities (debts) due within a short time, usually within a year.
9.1	Current Ratio – A ratio that shows the numeric relationship of current assets to current liabilities. A ratio used to assess the financial condition and stability of a business.
9.1	Debt Ratio – A ratio that indicates what proportion of debt a company has relative to its assets. The measure gives an idea to the leverage of the company along with the potential risks the company faces in terms of its debt-load. $\text{Debt Ratio} = \frac{\text{Total Debt}}{\text{Total Assets}}$
9.1	Interest Earned – Income gained from investments and interest bearing bank accounts.
9.1	Interest Expense – The payment for the use of borrowed money.
9.1	Long-term Asset – The value of a company's property, equipment and other capital assets, minus depreciation. This is reported on the balance sheet. A stock, bond or other asset that an investor plans to hold for a long period of time. Be aware that long-term assets are usually recorded at the price at which they were purchased and do not always reflect the current value of the assets.
9.1	Long-term Liability – Liabilities owes for more than one year.
9.2	**Prepare comparative income statements.**
9.2	The pro forma accounting is a statement of the company's financial activities while excluding "unusual and nonrecurring transactions" when stating how much money the company actually made. Expenses often excluded from pro forma results include company restructuring costs, a decline in the value of the company's investments, or other accounting charges, such as adjusting the current balance sheet to fix faulty accounting practices in previous years. In business, pro forma financial statements are prepared in advance of a planned transaction, such as a merger, an acquisition, a new capital investment, or a change in capital structure such as incurrence of new debt or issuance of equity. The pro forma models the anticipated results of the transaction, with particular emphasis on the projected cash flows, net revenues and (for taxable entities) taxes. Consequently, pro forma statements summarize the projected future status of a company, based on the current financial statements. • Shows how much a business has made or lost over a period of time • Shows how much revenue a company brings in • Shows the cost and expenses associated with earning the revenue Net income or net loss is the difference between what the company brings in and what it spends Often called the bottom line
9.3	Prepare cost and revenue analyses.
9.3	Cost – Expense. Business expenses incurred in the operation of the organization.
9.3	Cost of Goods Sold (Cost of Merchandise and /Direct Expenses) – The price a business pays for goods it purchases to sell. The total original price of all merchandise sold during a fiscal period.
9.3	Cost-benefit Analysis – a systematic process for calculating and comparing benefits and costs of a project, decision or government policy. CBA has two purposes: To determine if it is a sound investment/decision (justification/feasibility) and to provide a basis for comparing projects. It involves comparing the total expected cost of each option against the total expected benefits, to see whether the benefits outweigh the costs, and by how much.
9.3	Expenses – The costs of doing business. Costs of business operations.
9.3	Fixed Costs – Business expenses that remain constant during each business period such as rent and/or mortgage costs.
9.3	Operating Expenses (Costs) – Ongoing costs of running a business. Day-to-day expenses such as sales and administration, or research & development.
9.3	Overhead – In business, overhead or overhead expense refers to an ongoing expense of operating a business; it is also known as an "operating expense". Examples include rent, gas, electricity, and wages. Used when grouping expenses that are necessary to the continued functioning of the business but cannot be immediately associated with the products or services being offered (i.e., do not directly generate profits).
9.3	Revenue – The total amount of money a business takes in during a specific period of time by selling goods and services.
9.3	Spreadsheet – A computer application that is typically used to work with numbers and financial information. Excel is a Microsoft program that can be used to create spreadsheets. Spreadsheet programs can be used to perform mathematical formulas and maintain financial and accounting records.
9.4	Forecast financial growth based upon an organization’s future.

9.4	Accumulating Wealth - Quite simply to accumulate wealth you need to save and invest - How much people save and invest depends on: - Income level - If income rises people ***usually*** save more - Expectations for future income - When the economy is bad people tend to save more - Current Interest Rates - Higher interest rates may promote saving - Tax Laws - Higher taxes on income and investing tends to discourage saving - Cutting taxes on savings accounts encourages saving
9.4	Debt Financing – When a firm raises money for working capital or capital expenditures by selling bonds, bills, or notes to individual and/or institutional investors. In return for lending the money, the individuals or institutions become creditors and receive a promise that the principal and interest on the debt will be repaid.
9.4	Equity Financing – Method of obtaining funds by issuing common or preferred stock. Receipts may be in the form of cash, services, or property. It is in the company's best interest to issue shares at a time when the market price of the stock is at its highest.
9.4	Initial Public Offering (IPO) – The first public offering of a corporation's stock.
9.4	Private investors – Private money investment is a great source of startup capital for new businesses. Start-up businesses seeking private investors have received a great deal of financial aid and expert assistance. Private investors invest in all venture ideas- entertainment, contracting, construction, real estate, brokerage, catering, pet supplies, craft stores, appliance repair, retail, greeting cards, photography, consulting, beauty salon/products, interior design, online businesses and others. Private investors are sometimes called angel investors.
9.4	Venture Capitalists-an individual investor or investment firm that invests venture capital professionally.