**Week 8 Chapter 13 Exercise Assignment # \_\_\_\_\_\_\_\_\_\_\_ Task #4**

An investment is something you put time, energy, or money into because you expect to gain profit or satisfaction in return.

ROI: To calculate a return on investment (ROI), the net profit of a business divided by the start-up investment, expressed as a percentage of that investment.

ROI Formula = Net Profit / Investment X 100 = ROI%

ROS: To calculate a return on sales (ROS), the percentage created when sales are divided into net income. This is an important measure of the profitability of a business.

ROS Formula = Net Income (Profit) / Sales X 100 = ROS%

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1. Calculate the monthly (June) and yearly (2015) financial ratios ROI and ROS using the data below:

**June Sales = $300,000 June Net Profit = $35,000**

**June ROI:**

June Net Profits \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ / June Sales = \_\_\_\_\_\_\_\_\_\_ X 100 = \_\_\_\_\_\_\_\_ percent

**June ROS:**

June Net Profits \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ / June Sales = \_\_\_\_\_\_\_\_\_\_\_ X 100 = \_\_\_\_\_\_\_\_\_ percent

**2015 Yearly Sales = $2,600,000 2015 Yearly Net Profit = $467,000**

**2015 ROI:**

2015 Net Profits \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ / June Sales = \_\_\_\_\_\_\_\_\_\_ X 100 = \_\_\_\_\_\_\_\_ percent

**2015 ROS:**

2015 Net Profits \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ / June Sales = \_\_\_\_\_\_\_\_\_\_\_ X 100 = \_\_\_\_\_\_\_\_\_ percent

2. What do the financial ratios tell you about this business?

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