**Economics assignment**

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[Name of the Institution]

**Answer 1**

1. A financial plan is prepared to show the expected figures to be attained in the future. Thus this allows the person to continuously check the achievements made by the subject under consideration.
2. The goals are the long term statements made by the companies to be achieved. It is important to set goals because they give the direction to the company to proceed. A goal is generally broken down into shorter objectives and then these objectives are achieved step by step.
3.

|  |  |  |  |
| --- | --- | --- | --- |
| **Goals** | **Short term** | **Medium Term** | **Long term** |
| Education expenses |  |   **√** |  |
| Buy a car |  |  |  **√** |
| Buy a house |  |  |  **√** |
| Buy a vacation home |  |  |  **√** |
| Other large purchases |  | **√** |  |
| Take a vacation | **√** |  |  |
| Start a business |  | **√** |  |
| Have children | **√** |  |  |
| Retirement funds |  |  | **√** |
| Provide for survivor |  |  |  |

**Answer 2**

The net worth is the difference between the total assets of the companies and total liabilities of the company. Specifically it shows the ability of the company to pay off all its debts.

The cash flow shows the movement of cash in and out of the business. This generally is related to the operations of the business.

A budget is an estimate of the future or expected financial aspects. This entails all the financial information required to run a business over a period of future time generally taken as one year.

**Answer 3**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
| Current income |  | Expenses |  |
| Earnings | $50 | Transport | $15 |
| Allowance | $20 | School supplies | $10 |
| Gifts | $10 | Lunches | $35 |
| Other | nil | Entertainment | $13 |
|  |  |  |  |
| **Total income** | **$80** | **Total Expenses** | **$ 73** |

Total income $ 80

Total Expenses $ 73

**Net $7**

**Answer 4**

Saving is an important component of the national economy along with consumption and investment. This is important from two aspects. One is the investment aspect because in general the investment is made by the amount of money saved in the past. The second aspect is the consumption because not always the amount of income is enough to support the consumption requirements of any person. Thus the person will use whatever savings are available for him to use.

**Answer 5**

|  |  |  |
| --- | --- | --- |
| **Option** | **Advantage** | **Disadvantage** |
| Savings Account | Generation of income | Cannot with draw funds  |
| Certificate of Deposits | Higher rate of interest | Prone to fluctuations in the economy |
| Money Market fund | Easily traded | Risky  |
| NOW accounts | Interest earned | Notice required for withdarawal |
|  |  |  |