

Exercise 2

Year 1

The household earns 100,000 (of which 10,000 is put into a pension that is matched by the employer every year) and the household spends 40,000 every year on goods from the corporation. The corporation pays interest of 5000 every year for the household pension.

The household buys 500 newly issued shares for 40 each of their favorite publicly listed company (their employer). The household continues to pay a loan of 40,000 each year to the company.

Year 2

Over the year the price of the household's shares increased from 40 units to 50 units.

Year 3

The household decides to sell 200 shares at the start of the year. At the same time, the price of their shares went from 50 units to 55 units by the end of the year.

A neighbor's home, like the household's, sold during the year for 950,000 units.