

### Economic Assignment answers

A brief discussion on the payback period of a business unit.

The term payback period refers to the amount of time it takes to recover the cost of an investment. Simply put, it is the length of time an investment reaches a breakeven point. People and corporations mainly invest their money to get paid back, which is why the payback period is so important. In essence, the shorter payback an investment has, the more attractive it becomes. Determining the payback period is useful for anyone and can be done by dividing the initial investment by the average cash flows. Payback period is calculated by dividing the amount of the investment by the annual cash flow....