Business Finance Assignment - 1

1) I think they should go for general partnership as there is
i) Ease of creation
ii) Low cost of operations.
iii) Few Ongoing requirements
Although general partnership have their own cons such as
i) There is no separate individual entity (partners = business)
ii) Each partner is taxed individually

2) I do not agree with the new CFO completely as a ~~company~~ ~~may~~ corporation may have higher earnings but it may not treat its shareholders well (not giving appropriate dividends to their shareholders at appropriate time). But if a company treats its shareholders well and has higher earnings, then, yes they should give more ~~valu~~ value to its a corporations with higher ~~yearni~~ earnings.

4) Private Limited Company is neither listed on the stock exchange nor are traded, they are held in private by its members only. On the other hand Public limited company is a company recognized as a listed company in stock market and its shares are traded publicly.
→ ~~No~~ Minimum number of members required for Public Limited Company = 7 // for Private Limited Company = 2

Term used at the end of name
Public LC = Ltd.
Private LC = Pvt. Ltd.

Maximum No. of members
Public LC = Unlimited
Private LC = 200

5) Pros for Sole proprietership
→ Easy to Establish
→ Easier to operate
→ Sole beneficiary of profits
→ Privacy.

Cons for Sole proprietership
→ Unlimited liability
→ Difficulty in obtaining funds
→ ~~Hi~~ Higher taxation

6) ~~a~~ Some of the ways to raise short term capital are:—
→ Trade Credit
→ Installment Credit
→ Factoring
→ Advances
→ Deffered Incomes
→ Commercial paper
→ Public Deposits.

Operating Lease

→ A Commericial contract where the lessor allows lessee to use an asset ~~for~~ in lieu of periodical payments.

→ Operational lease is a short term concept.

→ The ownership remains with the lesser

→ It is a short term concept.

→ The contract is called a rental agreement / contract.

→ There is no purchasing ~~option~~. ~~in the~~

Financial Lease

→ A commercial contratt in which the lessor lets the lessee to an asset in lieu of periodical payments for usually long period.

→ It is a long term concept.

→ The ownership is transferred ~~to~~ a lessee.

→ The contract is called loan agreement / contract

→ There is a purchase option.

8) i) A convertible is a bond with an option ~~of~~ for the holder to exchange the bond into "new" shares of common stocks of issuing under specified terms of conditions. These includes the conversion period and conversion ratio

ii) Warrants are a derivative that give the right, but not the obligation, to buy or sell a security - most commonly an equity - at a certain price before expiration