

1.

Traditional Partnership	Limited Liability Partnership
Unlimited personal liability of each partner for dues of the partnership firm. Personal property of each partner is also liable.	No personal liability of partner, except in case of fraud.
Not a legal entity separate from its partners.	It is a legal entity separate from its partners, having perpetual succession.
Documents are required to be filed with the Registrar of Firms (of the respective State).	The Registrar of Companies (ROC) is the administering authority.
Partnership can be 'at will' i.e. any partner can resign or dissolve firm	Individual partners can resign but cannot dissolve the LLP.

I suggest they should opt for LLP because it is a business vehicle that gives the benefits of limited liability whilst retaining other characteristics of a traditional business partnership. It has members but no director is required. Also, it has limited liability, perpetual succession and registration with ROC.

2.

The key objective of any company is that of maximizing shareholders wealth. And, Mr. Darshan Lodha's perspective is right that shareholders give more value to corporations which have higher earnings. But, it is partially true, shareholders also see other aspects of a company which include debt on the company, growth aspects of the company, company's business model etc. So, if Mr. Darshan Lodha only focuses on the earnings of the company and takes a lot of debt for it then it is a point of concern for the shareholder and they may not value his company and not invest in it. So, there should be a balance between all the above listed things and the CFO should not focus on only one aspect of the Company.

3.

Convertibles - Convertible forms of company securities are, almost invariably, unsecured loan stocks or preference shares that convert into ordinary shares of the issuing company.

Preference Shares - Preference shares are much less common than ordinary shares. Assuming the company makes sufficient profits, they offer a fixed

stream of investment income, which is paid and generally taxed like a dividend.

Equity Shares - An equity share, normally known as ordinary share, is a part ownership where each member is a fractional owner and initiates the maximum entrepreneurial liability related to a trading concern.

I suggest that Mr Kevin must invest in Convertibles because they are safe as they provide regular cash flows to the investor and protect the principal amount invested. And, if the company grows and earns profit thereby increasing their share price then convertibles can be converted to equity shares and earn profit as the share price increases.

4.

Public Limited Company	Private Limited Company
Public Limited Company implies a company that is listed on a recognized stock exchange and whose shares are traded openly by the public.	Private Limited Company refers to the company which is not listed on a stock exchange and the shares are held privately by the members concerned.
Its Issue Share Cap must be greater than GBP 50,000	No Issue Share Cap is required.
The shares of a private company are not freely transferable, as there are restrictions in Articles of Association.	The shares of a public company are freely transferable, i.e. freely traded in an open market called a stock exchange.
Issue of shares or debentures to the public is prohibited	It can invite the public to subscribe to its shares or debentures.

5.

Advantages of Proprietorship –

A) Easy to Establish - A sole proprietorship business does not have any specific registration requirements and the proprietor's legal identity is used by the business.

B)Easier to Operate - As a single person is at the helm of affairs, it is easier to operate as the particular person will be the sole decision maker and he need not consider too many opinions.

C)Sole Beneficiary of Profits - No other business, other than that of a sole proprietorship and one person company, entitles the owner as the sole beneficiary of profits.

Disadvantages of Proprietorship –

A)Unlimited Liability - On the occurrence of a loss, the proprietor must meet the liabilities at any cost, which implies that if the need occurs, his/her personal assets may have to be used for discharging the liabilities.

B)Difficulty in Obtaining Funds - A sole proprietor cannot indulge in sale of business interest or shares, which deprives the entity from the receipt of any type of equity funding.

C)Higher Tax Incidence - Proprietorship firms are taxed similarly to an individual. Hence, the income tax rate for a proprietorship firm is based on slabs. Though the income tax rate for income of upto Rs.10 lakhs is lower when compared to a company, proprietorship firms cannot enjoy various benefits enjoyed by an LLP or Company.

6.

Short Term Finances for Company -

A)Bank Overdrafts - An overdraft is a form of short-term borrowing from a bank where the borrower is granted a facility to draw money out of a current account such that it becomes negative, down to an agreed limit.

B)Trade Credit - Trade credit is an agreement between a company and one of its suppliers to pay for goods or services after they have been supplied.

C) Factoring - Factoring implies a financial arrangement between the factor and client, in which the firm (client) gets advances in return for receivables, from a financial institution (factor).

D) Bills of Exchange - A bill of exchange is effectively a claim to the amount owed by a purchaser of goods on credit and may be 'accepted by a bank (for a fee).

E) Commercial Paper - Commercial paper is a type of bearer document, ie there is no register of holders. Payment is made to whoever presents the piece of paper at the end of the term.

7.

Operating lease –

Under an operating lease, the owner of the asset will retain most of the risks associated with owning the asset. The lease will be for a period substantially shorter than the likely life of the asset.

Finance lease –

Under a finance lease, the lessee takes on most of the risks associated with owning the asset. The lease will be for a period similar to the likely life of the asset.

8.

- A) Convertible - Convertible forms of company securities are, almost invariably, unsecured loan stocks or preference shares that convert into ordinary shares of the issuing company.
- B) Warrant - a warrant is a security that entitles the holder to buy the underlying stock of the issuing company at a fixed price called exercise price until the expiration date.
- C) The convertible must trade at a higher price than equity because if they are traded at a lower price then people will sell it and earn profits instantly.
- D) Running Yields of a convertibles must be greater than equity because convertibles get cash flows at regular intervals and the dividends are also paid in it at regular intervals whereas it is not necessary to pay in equity.