BF – Assignment

1) Suggestions are as follows
   i) Partnership is very limited among them
   ii) Taxation is done individually as per partnership
   iii) LLP contains legal documents but partnership do not, so LLP is safer.

2) Mr Lodha's perspective is correct as because if the company has higher earnings the profit will be higher which can be beneficial for the shareholders in terms of dividends.

3) Mr Kevin should ~~subs~~ subscribe to convertibles as because in convertibles he ~~could~~ can anytime convert his bond / preferred share ~~or~~ another financial instrument into common stock

4)

Private Limited	Public Limited
i) It is owned by 2 or more person	i) It ~~is~~ owned by the public or a large group of people
ii) Equity shares are very limited and shareholders are very less	ii) There is a minimum amount of 50,000 pounds ~~to be offered~~ of equity shares to be offered to the public
iii) Assets are owned by individuals	iii) Assets are owned by the company, not by an individual

5)

Pros	Cons
i) Easy and Inexpensive to form	i) It is difficult to generate large capital
ii) Low income taxes	
iii) Few government regulations	ii) Limited life of company

6) Delta corp can raise short term funds in these following ways:-

i) By Right Issues
ii) By Script Issues
iii) By Debentures
iv) By issuing bonds

7)

Operating	Financial
i) A contract that permits use of an asset without transferring the ownership right of that asset	i) A contract in which the financial company is the owner of the asset for the duration of the lease

8) i) Convertible - In this anyone can convert their bonds, prefered share or another financial instrument into common stock.

ii) Warrant :- In this, call option for share holder wherein company gives right to investor to buy fixed number of share at fixed price. This increases the outstanding number of shares in the market

Convertible must normally trade at a price higher than equity stock because convertible give investor a chance to enjoy both bond and ordinary share growth

The running yield of convertible must be greater the Equity because in convertible returns are of both bonds and equity whereas equity consist only of shares