

1. Traditional Partnership (or Partnership)

LLP (Limited liability partnerships)

• a business owned by more than one person, and is not a limited company.

• a business vehicle that gives the benefits of limited liability whilst retaining other characteristics of traditional partnership.

• it may or may not have a partnership agreement.

• it must have a partnership agreement.

• it is owned by partners, each having unlimited liability, and are 'severally liable'.

• any firm consisting of two or more members engaged in a profit making venture may become a LLP.

Also, I would suggest the 4 medical practitioners to adopt LLP, as their liability will be limited and they will be now focusing on growth with lower risk/fear of failure.

2021

"Failure isn't fatal, but failure to change might be" - John Wooden

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SEPTEMBER • SATURDAY

AUGUST 2021

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2. The stock market serves as a performance monitor. The share prices react to the general economy or industry wide factors, the basic compound of the share price is the market's perception of the particular firm current & future expected performance.

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The key effects of capital markets on a firm's decision, Mr. Darshan Lodha the new CFO is therefore right that shareholders give more value to corporations which have higher earnings.

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12 SUNDAY

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3. As an investor in a startup ,

Mr. Kevin must subscribe to convertibles. Mr. Kevin should invest in preference share capital of a startup, which is of quite low risk than equity share capital, and also is preferred in giving dividends. And, these preference shares could be converted into equity shares if the shareholder wants to. This is called convertibles. Subscribing to convertibles will help Mr. Kevin to get decision making power and higher return as a equity shareholder.

4.

Public Ltd.

- a company whose documentation states that it is a public company and has an issued share capital of at least £ 50,000

- The name must end with the words 'public limited company' (or the abbreviation PLC or plc)

- It can be listed in the stock exchange i.e. can offer its shares to the public.

Private Ltd.

- all limited companies other than public ltd. Companies are classed as private limited companies.

- The name must end with the word 'limited' (or the abbreviation LTD or ltd)

- It cannot be listed in the stock exchange i.e. it is not allowed to offer its shares to the public.

AUGUST 2021						
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5. A sole trader is a business which is owned by one person and which is not a limited Company.

Pros :-

- No specific legal documentation is required.
- The ownership rests in the hand of one person only.
- The sole trader can decide what to do with the business (e.g. run it themselves, hire managers to run it, pass it on to a family member).
- The sole trader can draw out money from business as needed.

Cons :-

- The sole trader has unlimited liability.
- One person has to take care and manage the whole business solely.

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FRIDAY • SEPTEMBER

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6. Suitable methods to raise short term funds for working capital needs%

- **Bank Overdrafts** - an overdraft is a form of short term borrowing from a bank where the borrower is granted a facility to draw money more than the actual balance, upto an agreed limit.
- **Factoring** → This is a method in which the cash payment is collected by a factor by discounting invoice.

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9 7. A lease is an agreement where
10 the owner of an asset gives the lessee
11 the right to use the asset over a period.

12 There are two types of lease:-

1 1) Operating lease → Under this, the owner
2 of the asset will retain most of the
3 risks associated with owning the asset.
The lease will be for a period substantially
shorter than the likely life of the asset.

4 2) Finance Lease → Under this, the lessee takes
5 on most of the risks associated with
6 owning the asset. The lease will be for a
period similar to the likely life of the
asset.

OCTOBER

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WK-38 (256-109)

MONDAY • SEPTEMBER

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8. i) Convertible → In finance, a convertible bond/note is a type of bond that the holder can convert into a specified number of shares of common stock in the issuing company or cash of equal value.

ii) Warrants → They 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.



OCTOBER

NOVEMBER

DECEMBER