

# Bu340 managerial finance 1

[Finance](#)



**ASSIGN  
BUSTER**

ManagerialFinance1 Assignment 01 11-13 -12 1). A limited partnership allows some of the investors to limit their liability. Under these terms, one or more partners are designated general partners and have unlimited liability for the debts of the firm; others contributors are designated limited partners and are liable only for their initial contribution. For example, if partner A and B contribute and of the capital respectively, limited partnership dictates that partner A is liable for only the initial contribution. ). Insider trading occurs when a person has information that is not available to the public and then uses this information to profit from trading in company's publicly trading securities.

This practice is illegal and protected by the government agency called as. Securities and Exchange Commission (SEC). For Example, if company A's CEO didn't trade on the undisclosed takeover news, but instead passed the information on to his relative [brother in law] who traded on it, illegal insider trading is would still have occurred. ). Depreciation is a noncash expense; it has an impact on net cash flow because of its impact on taxes. Every dollar of depreciation expense reduces taxable income by one dollar and thus reduces taxes owed by 1% times the firm's marginal tax rate. Accelerated depreciation the tax benefits forward in time, and thus increases the present value of the tax shield, thereby increasing the value of the project. 4). Inflation is an increase in the price of goods and services over a certain period of time.

In general the price of a product will rise a certain percentage each year. Inflation restricts the usefulness of a balance sheet because actual prices change over time. A balance sheet uses historical or actual values which are

not adjusted for inflation. If a person relies on a balance sheet to determine the actual price of a good or service the balance sheet will show the lower historical price and not the current price. References Block, S. B. , & Hirt, G. A. (2008). Foundations of financial management (12th ed. ). Boston: McGraw-Hill Irwin