**EFFECTIVE FINANCIAL MANAGEMENT**

**Learning Outcome 4: ACTIVITY 4**

**Raising equity**

Equity can be raised using a number of different mechanisms. Each of these mechanisms has both advantages and disadvantages.

#### In small groups

Identify a business with which you are familiar. This could be a multinational company from which you have purchased goods/services, a business that owns your favourite brand or the business for which you work (or wish to work in the future).

Ideally this should be the business you chose earlier to re-visit throughout your classroom activities.

From your research:

1. Outline the nature of each of the following mechanisms that are used to raise equity finance:
   1. Initial public offering
   2. Seasoned equity offering
   3. Rights issue
2. For each of the mechanisms that you outlined in (1), identify and explain their advantages and disadvantages.
3. Identify and explain which of the mechanisms that you identified in (1) have been used by your chosen business.
4. Prepare a short presentation on your findings.