

# **Royalties Are the Most Natural and Best Means of Privately-Owned and For-Benefit Companies Raising Growth Capital**

**Arthur Lipper**

**The publicly traded and investor financed company is generally expected to have an objective of reporting maximized profits to increase market value. This is not the case for privately-owned and for-benefit companies. The reason for the distinction is important.**

**The owners of private companies are attracted to strategies which legally reduce the amount of profit which is necessary to be reported, on which income taxes are therefore due. Such strategies can include being supportive of tax-deductible organizations.**

**The shareholders of for-benefit companies have an overall desire to do social good, making our planet a better and more sustainable place to live, while still wishing to earn profit. The objective of providing social benefit takes the form of both corporate policies as relating to employees, vendors, customers as well as the activity focus of the business. The making and reporting of maximized financial profit is balanced with the added social objectives and practices of the enterprise.**

**Royalties, an agreed percentage of defined revenues for an agreed period, are of interest to investors focused on likely increased revenues over the period of royalty payment. Other than how they impact the predictable sustainability of the royalty issuer, the royalty investor is only interested in the growth of revenues and has no particular interest in the level of reported profits. This means that for-benefit companies as well as, in certain cases, non-profit organizations, can effectively use royalties as a means of obtaining growth capital.**

**Once investors become increasingly aware of the likely increasing revenue characteristic of many for-benefit companies, they may also become supportive of the social benefit vision of the for-benefit company issuing a royalty based on those revenues.**

**Royalties are the better way of both investing in and financing of companies intent on growing but not wholly focused on reporting maximum profit.**

**Arthur Lipper, Chairman  
British Far East Holdings Ltd.**

**© Copyright 2016 British Far East Holdings Ltd.  
All Rights reserved.      September 20, 2016**