# 23 Lecture - MGT401

## **Important Mcqs**

### 1. What is share capital?

- a. The funds raised by a company through the sale of shares to investors
- b. The amount of money a company owes to its lenders
- c. The profits generated by a company from its operations
- d. The total assets owned by a company

#### Solution: a

## 2. What is authorized share capital?

- a. The maximum amount of share capital that a company is authorized to issue
- b. The amount of share capital that a company has already issued
- c. The amount of share capital that a company is required to issue
- d. The amount of share capital that a company has repurchased

#### Solution: a

## 3. What is issued share capital?

- a. The maximum amount of share capital that a company is authorized to issue
- b. The amount of share capital that a company has already issued
- c. The amount of share capital that a company is required to issue
- d. The amount of share capital that a company has repurchased

#### Solution: b

## 4. What is subscribed share capital?

- a. The maximum amount of share capital that a company is authorized to issue
- b. The amount of share capital that a company has already issued
- c. The amount of share capital that a company is required to issue
- d. The amount of share capital that a company has repurchased

#### Solution: b

### 5. What is paid-up share capital?

- a. The maximum amount of share capital that a company is authorized to issue
- b. The amount of share capital that a company has already issued
- c. The amount of share capital that a company is required to issue
- d. The amount of share capital that a company has repurchased and retired

#### Solution: d

## 6. Which of the following is not a type of share capital?

a. Authorized share capital

- b. Issued share capital
- c. Paid-up share capital
- d. Retained earnings

#### Solution: d

### 7. What is the par value of a share?

- a. The value of a share as determined by the stock market
- b. The value of a share as stated on the share certificate
- c. The value of a share as determined by the company's board of directors
- d. The value of a share as determined by the company's auditors

## Solution: b

## 8. What is the difference between common shares and preferred shares?

- a. Common shares have no voting rights, while preferred shares do
- b. Preferred shares have no voting rights, while common shares do
- c. Preferred shares have a higher claim on a company's assets and earnings than common shares
- d. Common shares have a higher claim on a company's assets and earnings than preferred shares

#### Solution: c

## 9. What is a stock split?

- a. The process of increasing the par value of a company's shares
- b. The process of reducing the par value of a company's shares
- c. The process of increasing the number of a company's shares outstanding
- d. The process of reducing the number of a company's shares outstanding

### Solution: c

### 10. What is a rights issue?

- a. The process of issuing shares to the general public
- b. The process of issuing shares to a select group of investors
- c. The process of allowing existing shareholders to purchase additional shares at a discounted price
- d. The process of repurchasing shares from existing shareholders

#### Solution: c