

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