23 Lecture - MGT401

Important Subjective

1. **What is share capital?**
Answer: Share capital refers to the funds raised by a company through the sale of shares to investors. It represents the ownership interest of shareholders in the company and is an important source of long-term financing.

2. **What is authorized share capital?**
Answer: Authorized share capital is the maximum amount of share capital that a company is authorized to issue. This amount is specified in the company's articles of association.

3. **What is issued share capital?**
Answer: Issued share capital is the amount of share capital that a company has already issued to its shareholders.

4. **What is paid-up share capital?**
Answer: Paid-up share capital is the amount of share capital that shareholders have actually paid for. It represents the amount of capital that the company has received from its shareholders.

5. **What is the difference between authorized share capital and issued share capital?**
Answer: Authorized share capital is the maximum amount of share capital that a company is authorized to issue, while issued share capital is the amount of share capital that the company has actually issued to its shareholders.

6. **What is the par value of a share?**
Answer: The par value of a share is the value that is stated on the share certificate. It represents the minimum price at which the share can be issued or sold.

7. **What is a stock split?**
Answer: A stock split is the process of increasing the number of a company's shares outstanding by dividing each existing share into multiple shares. This is usually done to make the shares more affordable and increase their liquidity.

8. **What is a rights issue?**
Answer: A rights issue is the process of allowing existing shareholders to purchase additional shares in the company at a discounted price. This is usually done to raise additional capital for the company.

9. **What is the difference between common shares and preferred shares?**
Answer: Common shares represent the ownership interest of shareholders in a company and typically come with voting rights. Preferred shares, on the other hand, usually do not come with voting rights but have a higher claim on the company's assets and earnings.

10. **What is a share buyback?**
Answer: A share buyback is the process of a company repurchasing its own shares from the market. This is usually done to return capital to shareholders, boost earnings per share, or

prevent hostile takeovers.