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

