

# 25 Lecture - MGT401

## Important Subjective

### 1. What is the purpose of a prospectus, and why is it important for potential investors?

Answer: The purpose of a prospectus is to provide information to potential investors about the securities a company is offering. It is important for potential investors because it helps them make an informed decision about whether or not to invest in a company. The prospectus provides details about the company's financial health, its business model, and its potential risks and rewards.

### 2. What are non-current liabilities, and why are they important for a company's financial health?

Answer: Non-current liabilities are obligations that a company is expected to fulfill over a period of more than one year. They are important for a company's financial health because they represent long-term financial commitments that must be met in the future. Non-current liabilities include things like long-term loans, bonds, and leases, and they can have a significant impact on a company's cash flow and ability to invest in future growth.

### 3. What information is typically included in the 4th schedule of a prospectus?

Answer: The 4th schedule of a prospectus typically includes details about a company's non-current liabilities. This might include information about long-term loans, leases, or other obligations that extend beyond the current fiscal year. The schedule may also include details about the terms of these liabilities, such as interest rates or repayment schedules.

### 4. Why is it important for investors to understand a company's non-current liabilities?

Answer: Investors need to understand a company's non-current liabilities in order to assess its long-term financial health. Non-current liabilities represent financial obligations that extend beyond the current fiscal year, and they can have a significant impact on a company's cash flow and ability to invest in future growth. Understanding a company's non-current liabilities can help investors make informed decisions about whether or not to invest in the company.

### 5. What are some examples of non-current liabilities that might be included in the 4th schedule of a prospectus?

Answer: Examples of non-current liabilities that might be included in the 4th schedule of a prospectus include long-term loans, bonds, leases, and other financial obligations that extend beyond the current fiscal year. These liabilities may be secured or unsecured, and they may have varying interest rates or repayment schedules.

### 6. How do non-current liabilities differ from current liabilities, and why is this distinction important?

Answer: Non-current liabilities are obligations that a company is expected to fulfill over a period of more than one year, while current liabilities are obligations that are due within one year. This distinction is important because it helps investors understand a company's short-term and long-term financial health. Current liabilities can have a more immediate impact on a company's cash flow, while non-current liabilities represent longer-term commitments that may impact a company's ability to invest in future growth.

#### **7. How can a company manage its non-current liabilities?**

Answer: A company can manage its non-current liabilities by carefully monitoring its debt levels and repayment schedules. This might involve negotiating favorable interest rates or repayment terms with lenders, or refinancing existing debt to reduce interest costs. Companies can also explore alternative financing options, such as issuing equity or selling assets, to raise funds and pay down their long-term liabilities.

#### **8. What risks are associated with non-current liabilities?**

Answer: Non-current liabilities can pose a number of risks for companies, particularly if they are unable to meet their repayment obligations. If a company defaults on a long-term loan or lease, it may face legal action or damage to its credit rating. Additionally, high levels of non-current liabilities can limit a company's ability to invest in future growth or respond to changes in the market.

#### **9. What factors might impact a company's non-current liabilities?**

Answer: A company's non-current liabilities may be impacted by a variety of