

Q1 Explain the following.

a- What are essentials of a sound dividend policy?

Ans Sound dividend policy is a long term policy that aims in the maximisation of shareholder's wealth. While determining such a policy investment opportunity of the firm, its present economic status and investor preference should be given due weightage.

b- What's meant by stock dividend?

Ans A stock dividend is a dividend payment to shareholders that is made in shares rather than in cash.

c- What is lease financing?

Ans A finance lease is a type of lease in which a finance company is typically the legal owner of the asset for the duration of lease, while the lessee not

not only has operating control over the asset, but also share some of the economic risks and return from the change in the valuation of the underlying asset.

d- What is venture capital?

Ans It's a form of private equity financing that is provided by venture capital firms or funds to startups, early stage and emerging companies that have deemed to have high growth potential.

e- What's dividend?

Ans It refers to a reward, cash or otherwise, that a company gives to its shareholders.