

Section-4

Ques

Explain the following:-

• What are the essentials of sound dividend policy.

Ans Sound dividend policy is the long term policy that aims in maximization of Shareholders wealth. While

determining such a policy investment opportunity of the firm, its present economic status and investor preferences should be given due to weightage.

- What is meant by stock dividend?
A stock dividend is a dividend payment to share-holders that is made in shares rather than a cash. The stock dividend has the advantage of rewarding share-holders without reducing the company's cash balance, although it can dilute earning per share.

- What is lease financing?
A finance lease is a type of lease in which a finance company is typically the legal owner of the assets for the duration of the lease, while the lessee not only has operating control over the assets, but also some share of the economic risks.

• What is venture capital?

Venture capital is a form of private equity financing that is provided by venture capital firms or funds to startups, early stage, and emerging companies that have been deemed to have high growth potential or which have demonstrated high growth.

• What is dividend?

Ans A dividend is a distribution of profits by a corporation to its shareholders. When a corporation earns a profit or surplus, it is able to pay a proportion of the profit as a dividend to shareholders. Any amt. not distributed is taken to be re-invested in the b/s (called retained earnings.)