

Section-4

Q.1
Ans

A company's dividend decisions and policy signify its future and financial well being. So here what are the essentials of a sound dividend policy would be.

- * Lower dividends in Initial stage. When the company is at the beginning stage and earn profits in little, it should still provide dividends to the shareholders.
- * Gradual increase in dividend. As the company prosper and grow, the dividend should be kept on increasing proportionately, to build shareholders confidence.
- * Stability is one of the crucial features of a superior dividend policy.

⇒ Stock dividend is a dividend payment to shareholders that is made in shares

rather than cash. The stock dividend has the advantage of rewarding shareholders without reducing the company's cash balance, although it can dilute earnings per share.

⇒ Lease financing is a contractual agreement between the owner of the assets and user of the asset, whereby the owner permits the user to economically use the asset on the payment of periodically amount which is in form of lease rent for a specific period of time.

⇒ Venture Capital is a form of private equity and a type of financing that investors provide to startup companies and small businesses that are believed to have long term growth potential. Venture capital generally comes from well-off investors, investment banks and any other financial institution.

⇒ dividend is the distribution of a portion of the company's earnings, decided and managed by the company's board of directors, and paid to a class of its shareholders. ~~Div~~ Dividends may be paid out as cash or in the form of additional stock.