

# Dividend and Investment Banking

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## DIVIDEND

It is the share of profits that is distributed to shareholders in the company and the return that shareholders receive for their investment in the company

Cash dividend:

A dividend that is paid out in cash and will reduce the cash reserves of the company.

Shareholder has to give tax for that

Stock dividend: Bonus share referred to share of the company are distributed to share holders at no cost. It is done in addition with cash dividend.

Dividend Policy:

A company's dividend policy dictates the amount of dividend paid out but the company to its shareholders and the frequency with which the dividend are paid out

When a company makes profit they need to make a decision with to do with it.

They can either retain the profit in the company or they can distribute the money in form dividend.

- Regular dividend
- Irregular dividend
- Stable dividend
- No dividend

## INVESTMENT BANKING

Business transactions:

- Assets: properties owned ( lands, building, furniture, machinery, equipment, cash), claims owned (debtor, advances given , loans given)
- Liabilities: loan taken, advances taken, unpaid salaries, creditors.
- Incomes: sale of good and services, interest received, rent received
- Expenses: expenditures of purchase of raw materials, staff salaries, electricity expenses and business transport expenses.