

Welcome students,

my name is Miss Alicia Gouker,

assistant Professor E Commerce.

Graham want to take up the subject,

which is known as business

management for the Semester 6.

And the title of the course

is financial management.

The title of the unit is dividend

policy and my module name is

determinant of the dividend policy.

Now, after learning this subject,

the students were able to

acquire the knowledge of the

determinant of the dividend policy.

Now determine nothing board.

These are the least of factors which

would be affecting the dividend policy.

The first item learned I would say,

is shareholders expectation.

Now we know that companies paying our

dividend either in the form of cash

or either in the form of the kind

means they would prefer to pay the

dividend in the form of stock also,

or they prefer to pay the dividend in

the movable or in movable property.

Now the company decided to pay

the dividend in the form of cash.

It would be adding up to the total income,

wherein if the company prefer to make

a dividend in the form of the stock,

it would be treated as a capital

gain and it would be also be coming

under the head which is known as

a source of income by deducting

the conceptional tax rate.

Now here in case of the

shareholders expectation,

you know they would prefer for either

for the cash dividend or either

for the in terms of the shared,

evident or the stock would ever

done based on the economic status

and the rate of tax which would be

applicable in case of the cash dividend

or in case of the stock dividend.

The next level would say or

type of the company.

The next item learned,

which would be if acting is

the type of the company.

No, in case of the closely held up company.

The company or the management

knew the better or the better

preference of the shareholders,

so they would be formulating the

rules and regulation or they would

be formulating our dividend policy

which would be giving the better

satisfaction to its shareholders.

Now in case of the closely held up company,

the shareholders,

basically they are falling

in the higher tax bracket.

So these people were being there in

case of the closely held up company they

would be falling under the category,

which in the higher tax bracket.

So company what they're planning.

Either they are or planning to give

a lower rate of the weather or

no dividend to its shareholders.

The next day I would say is about

the legal restriction.

Now, legal restriction is nothing,

but you know.

As for the provision of a Company Act 2000.

Sorry, 1956.

It is been very compulsory for

the company or it has been very

compulsory for the form to provide

a certain part of the profit in

order to provide deprivation.

So this would be done by then

before declaring the dividend.

Now very ascertained.

The depreciation has to be provided

either from the Profit of the current

year or Secondly it has to be provided.

The Profit of the any of

the previous financial year.

So As for the legal restriction

compulsorily before declaring a dividend.

They have two providers,

some part of a profit in

the form of the depreciation.

The next day I would say is

a liquid item now liquid.

It is nothing but oh it defines

something which is been known as

something which could be really

convertible into the cash within

the sort of span of the time.

Now we assume that you know a

well established company is

highly liquid and in case of the

Val established company they are

able to pay even a large amount

of dividend to its shareholders.

But on the other hand.

If the form is a growing form,

OK at that point of time the phone

will find the difficulties in order

to pay the dividend to its shareholders.

The other category is also been there,

like if the company makes a very good profit,

OK, and if there is a lot of investment

opportunity which has been available

to them at that point of time.

Also they would skip the option of

paying a dividend to its shareholders,

so the management would decide like you know,

even though if you are making a

good sort of a profit we would not

distribute a dividend to the shareholders,

be 'cause there are other investment

opportunity which is big.

Available.

Next layer would see the next item

Mount is or insolvency now insolvency.

You know that we consider that the form

to be the insolvent in two cases when

its liabilities exceeding the set or

when they are unable to make a payment

to the credit are on the correct time.

OK, now in both the cases when

the liability exceeding ourselves

or when they are unable to make a

payment at the correct point of time.

And in that case,

the form is being prohibited to make

a payment to the shareholders in the

form of the dividend or the other case

would be the the phone would not pay

their dividend to the shareholders

if the payment of such dividend to

them would lead to the insolvency.

So if they're picking a payment to the shareholder in the form of the dividend, if such payment lead to insolvency then they would decide not.

To pay the dividend to its shareholders.

The 6th category or 6th

determinant easier inflation now.

As for the accounting concept, we always know that asset are to be recorded at the book value the name in the set are to be purchased.

It is recorded at the price which you are big purchasing now due to the inflation factor.

The over parade of Time we know that we have to replace the asset and you know we would be keeping a company would be keeping.

All separate amount or they would be keeping a part of a profit in



order to replace a set in the future.

But if you compare with the market price,

there would be lot of variation

with respect to the market value

with respect to the book.

Now in that case the year in

which they want to replace a set,

they would be neglecting to pay the

dividend to the shareholders and they

would be retaining that part of a

profit in order to pay the dividend.

Sorry they would be retaining that

part of the profit in order to buy the

asset for the purpose of the company.

These are the list of the

references which are riford.

Thank you.