

Shares and Dividends

Chapter 3: Shares and Dividends · Topic 1

Key Concept

The face value (nominal value) of a share is its original printed value, while the market value is its current buying/selling price, which can differ.

Dividend is calculated as a percentage of the face value, so a 10% dividend on a ₹100 face value share pays ₹10 per share.

Investment in shares involves buying shares at market value, with returns coming from dividends and potential capital gains (share price increase).

Understanding shares and dividends helps us grasp basic investment concepts and how companies raise capital and share profits.

Quick Revision Notes

- Face value is a share's original printed value.
- Market value is the current buying/selling price.
- These can differ from each other.
- $\text{Dividend} = \text{percentage} \times \text{face value}$.
- 10% dividend on ₹100 face value = ₹10.
- Investment returns come from dividends and capital gains.
- Capital gains come from share price increases.
- This shows basic investment concepts.

Practice Questions

- 1 Calculate the dividend on a ₹50 face value share at 8%.
- 2 Discuss the difference between face value and market value.
- 3 Explain what a capital gain means.
- 4 Research how dividends are paid to shareholders.
- 5 Solve a shares and dividends word problem.
- 6 Discuss why companies issue shares.