

CHAPTER 2

➤ Define Bonus Shares?

The shares issued to its shareholders by the company from its accumulated profits and reserves, free of cost are known as bonus shares.

➤ Define Right Issue?

An option to buy a share at a specified price during specified period.

OR

Right shares are the shares which are issued to the existing shareholders under such pre-emptive right.

Formula for Bonus Shares:

$$Q = \frac{4FR - C}{5}$$

Formula for Right Issue:

$$V = \frac{M - S}{N + 1}$$
