**Year 11 into 12 Business Studies – Bridging Unit Part2 – Understanding Business Forms**

Answer the following questions.



**Topic 1 – Shares – 15 marks**

**Definition:** The capital of a company is divided into shares. Each share forms a unit of ownership of a company.

Shares can be split in to two categories:

* Ordinary or Equity shares (normal shares)
* Preference shares

Carry out research/reading around and explain:

1. The difference between an Ordinary and a Preference share
2. Explain why businesses issue each type of share – what are their purpose and benefits for the company?
3. Explain why investors choose to buy each type of share
4. Find out and explain the meaning of “Market Capitalisation”. Write out the formula for calculating this figure.

**Topic 2 – Influences on the share price and significance of share price changes – 25 marks**

**Using the link below, go to the London Stock Exchange webpage for Tesco PLC. Study the fluctuation of Tesco’s share price over the past 5 years (there is an interactive graph to do this). Also go to the Tesco Investor pages to look at the current share options for Tesco. Then answer the questions below in full.**

**Links:**

<https://www.londonstockexchange.com/exchange/prices-and-markets/stocks/summary/company-summary/GB0008847096GBGBXSET1.html>

<https://www.tescoplc.com/investors/shareholder-centre/dividends/>

<https://www.proactiveinvestors.co.uk/companies/news/218295/tesco-doubles-annual-dividend-as-profits-surge-by-a-third-218295.html>

1. On the 18th June 2015 Tesco’s share price was 207.05p. Its market capitalisation was £16.8467bn. How many shares have Tesco issued? Show your working.
2. Describe the trend in Tesco’s share price over the past year.
3. Explain the reason for the fall in Tesco’s share price during October-December 2018 (You **will** need to research this).
4. Explain why a falling share price is of concern to Tesco.
5. Explain why a falling share price is of concern to shareholders.
6. What is the “ex-dividend date”?
7. What is the “record date”?
8. Tesco doubled its dividend payment to shareholders in April2019; Why? – Explain in detail.