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Self-Made Assignment - Advance Accounting

Dividends

Write True or False.

- 1.) A dividend is a portion of a company's earnings distributed to shareholders.
- 2.) Dividends are always paid in cash.
- 3.) Only profitable companies can pay dividends.
- 4.) Companies are legally required to pay dividends to their shareholders.
- 5.) Preferred shareholders typically receive dividends before common shareholders.
- 6.) The dividend yield is calculated by dividing the annual dividend by the stock's current price.
- 7.) A high dividend payout ratio always indicates a healthy company.
- 8.) When a company declares a dividend, it is obligated to pay it on the ex-dividend date.
- 9.) Reinvesting dividends allows shareholders to purchase more shares of the company.
- 10.) A stock's price usually decreases on the ex-dividend date.
- 11.) Companies must pay the same dividend amount each year.
- 12.) Dividends are only paid to common shareholders.
- 13.) The dividend payout ratio measures the percentage of earnings paid out as dividends.

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Self-Made Assignment - Advance Accounting

Dividends

14.) A dividend reinvestment plan (DRIP) allows shareholders to automatically reinvest their dividends into additional shares without fees.

15.) If a company issues a stock dividend, the total number of shares a shareholder owns increases.

16.) Shareholders receive dividends in proportion to the number of shares they own.

17.) A company's board of directors must approve dividend payments before they are issued.

18.) Dividends are taxed the same way as capital gains.

19.) A dividend cut usually signals strong financial health in a company.

20.) Companies that consistently pay dividends are typically considered more stable investments.