

Course
&
Test Series

Self-Made Assignment - Advance Accounting

Dividends

Write True or False.

1. Companies must pay the same dividend amount each year.
2. Dividends are only paid to common shareholders.
3. The dividend payout ratio measures the percentage of earnings paid out as dividends.
4. A dividend reinvestment plan (DRIP) allows shareholders to automatically reinvest their dividends into additional shares without fees.
5. If a company issues a stock dividend, the total number of shares a shareholder owns increases.
6. Shareholders receive dividends in proportion to the number of shares they own.
7. A company's board of directors must approve dividend payments before they are issued.
8. Dividends are taxed the same way as capital gains.

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9. A dividend cut usually signals strong financial health in a company.
10. Companies that consistently pay dividends are typically considered more stable investments.

