

Activity Sheet 2: Calculating Dividends

For each of the following situations, determine the dividends earned by the investor.

<p>SITUATION 1 Company A has 4 investors. Investor 1 has 100 shares, Investor 2 has 150 shares, Investor 3 has 500 shares, and Investor 4 has 625.</p> <p>Company A had a good quarter and decides to pay a one-time dividend of \$3 per share. Calculate the amount of dividend that will be paid to each investor.</p>	<p>SITUATION 2 Company B has 2 investors. Investor 1 has 1000 shares and Investor 2 has 1500 shares.</p> <p>Company B had a good year and decides to pay a \$1.50 annual dividend for each share owned. Calculate the amount of dividends the company will pay to each investor by the end of the year.</p>
<p>SITUATION 3 Company C is a new company. Even though Company C had a good quarter, it decides not to pay a dividend. What can the company do with the extra earnings?</p>	<p>SITUATION 4 Company D has 4 investors. Investor 1 has 200 shares, Investor 2 has 350 shares, Investor 3 has 725 shares, and Investor 4 has 975.</p> <p>Company D had a good quarter and decides not to pay a dividend. Investor 1 decides to sell all shares owned in the company. The investor bought 200 shares for \$10/share and the stock is now trading at \$25/share. Calculate the net profit/loss for the investor.</p> <p>Remember the 2% commission fee for all buy and sell transaction.</p>
<p>SITUATION 5 Company E has 4 investors. Investor 1 has 200 shares, Investor 2 has 350 shares, Investor 3 has 725 shares, and Investor 4 has 975.</p> <p>Company E had a bad quarter and decides not to pay a dividend. Investor 3 decides to sell all shares owned. The investor bought 200 shares for \$10/share, 300 shares for \$25/share, and 225 shares for \$50/share. The stock is now trading at \$25/share. What profit, if any, did the investor make?</p> <p>Remember there is a 2% commission on all buy and sell transactions</p>	<p>SITUATION 6 The investor in Situation 5 also received a \$10 per share one-time dividend when the investor held 500 shares. How does that affect the net profit/loss of the investor?</p>