PROBLEMS

Prob. 13–1A

1.

Year	Total Dividends	Preferred Dividends Total	Preferred Dividends Per Share	Common Dividends Total	Common Dividends Per Share
2005	$ 5,000	$ 5,000	$ 0.50	$ 0	$ 0
2006	18,000	18,000	1.80	0	0
2007	45,000	37,000*	3.70	8,000	0.32
2008	45,000	20,000	2.00	25,000	1.00
2009	60,000	20,000	2.00	40,000	1.60
2010	67,000	20,000	2.00	47,000	1.88
			$12.00		$4.80

*$37,000 = (2005 dividends in arrears of $15,000) +
(2006 dividends in arrears of $2,000) +
(2007 current dividend of $20,000)

2. Average annual dividend for preferred: $2.00 per share ($12.00/6)
   Average annual dividend for common: $0.80 per share ($4.80/6)

3. a. 1.6% ($2.00/$125)

   b. 10.0% ($0.80/$8)