**Chapter 4: Equities**

**Activity: Dividends Calculations**

Enter the formula for calculation dividend yield below:

|  |
| --- |
|  |

Complete the dividend yield calculations for the following three companies:

|  |  |  |  |
| --- | --- | --- | --- |
| Company Name | Total dividends paid in the last year ($) | Share price ($) | Dividend yield (%) |
| **Abbotts Inc** | 4.32 | 172.00 |  |
| **Cyber Inc** | 8.64 | 403.00 |  |
| **Xenia Inc** | 12.24 | 702.00 |  |

**Activity: Further Dividend Calculations**

Attempt the dividend yield calculations in the questions below, showing how arrived at to your answer. Once completed, attempt the extension questions below.



1. XYC plc has 38 million ordinary shares trading at £4.50 a share. The company pays out £3 million in dividends. What is the dividend yield?

Answer: \_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Zebra plc has issued 27 million ordinary shares, trading at £2.18. The company paid out £4.75 million in dividends. What is the dividend yield?

Answer: \_\_\_\_\_\_\_\_\_\_\_\_\_\_



1. GOT plc has issued 18 million ordinary shares, trading at £4.61. The company paid out £6.8 million in dividends. What is the dividend yield?

Answer: \_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. ABC plc has issued 5 million ordinary shares. They were trading at £3.20 a share until warnings that profits had been overstated saw a 15% fall in its share price. The company paid £1 million in dividends. What is the dividend yield?

Answer: \_\_\_\_\_\_\_\_\_\_\_\_\_\_

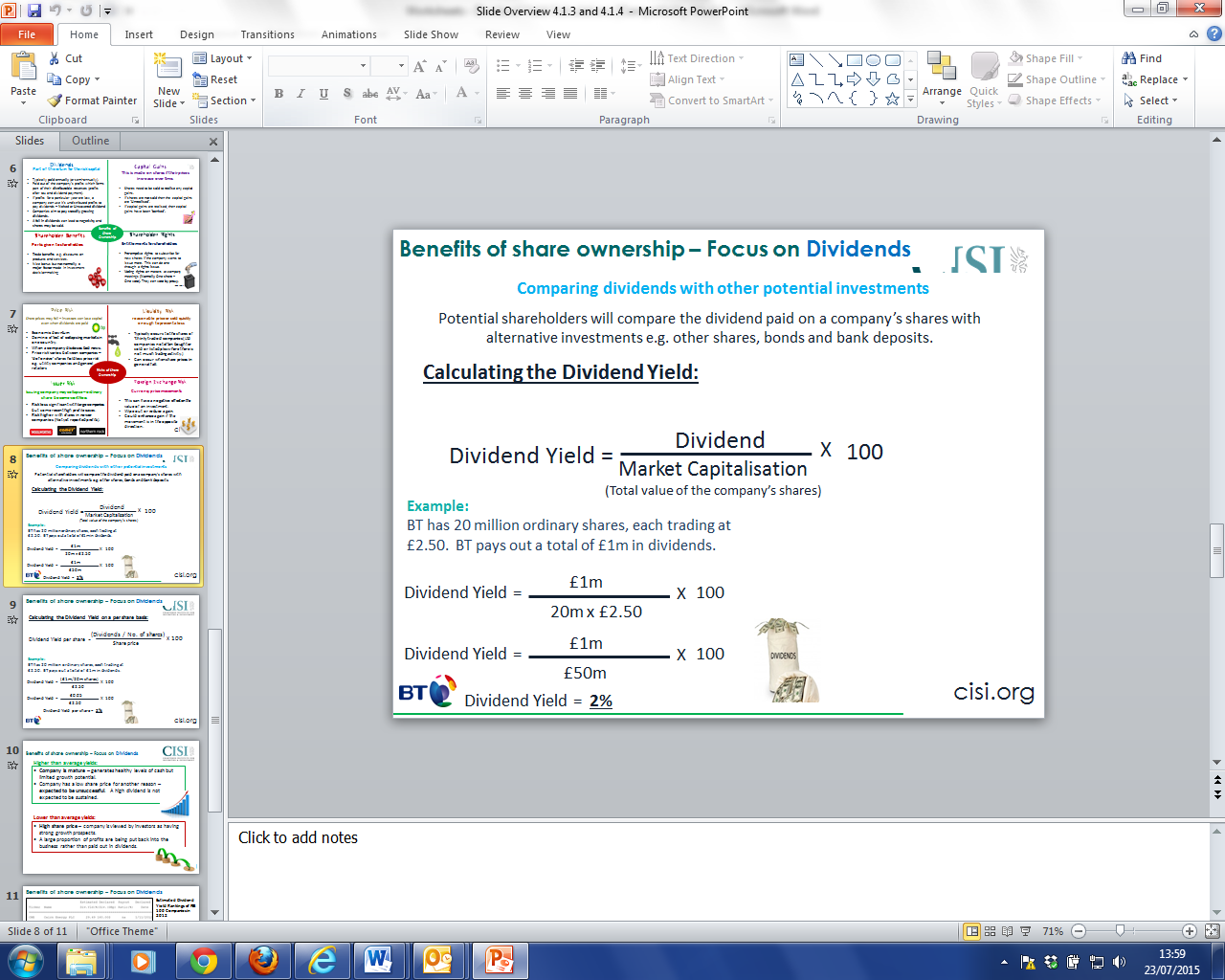
1. Pizza D’Actione plc issued 12 million ordinary shares, trading at £5.80. The company paid out £900,000 in dividends to shareholders. What is the dividend yield per share?

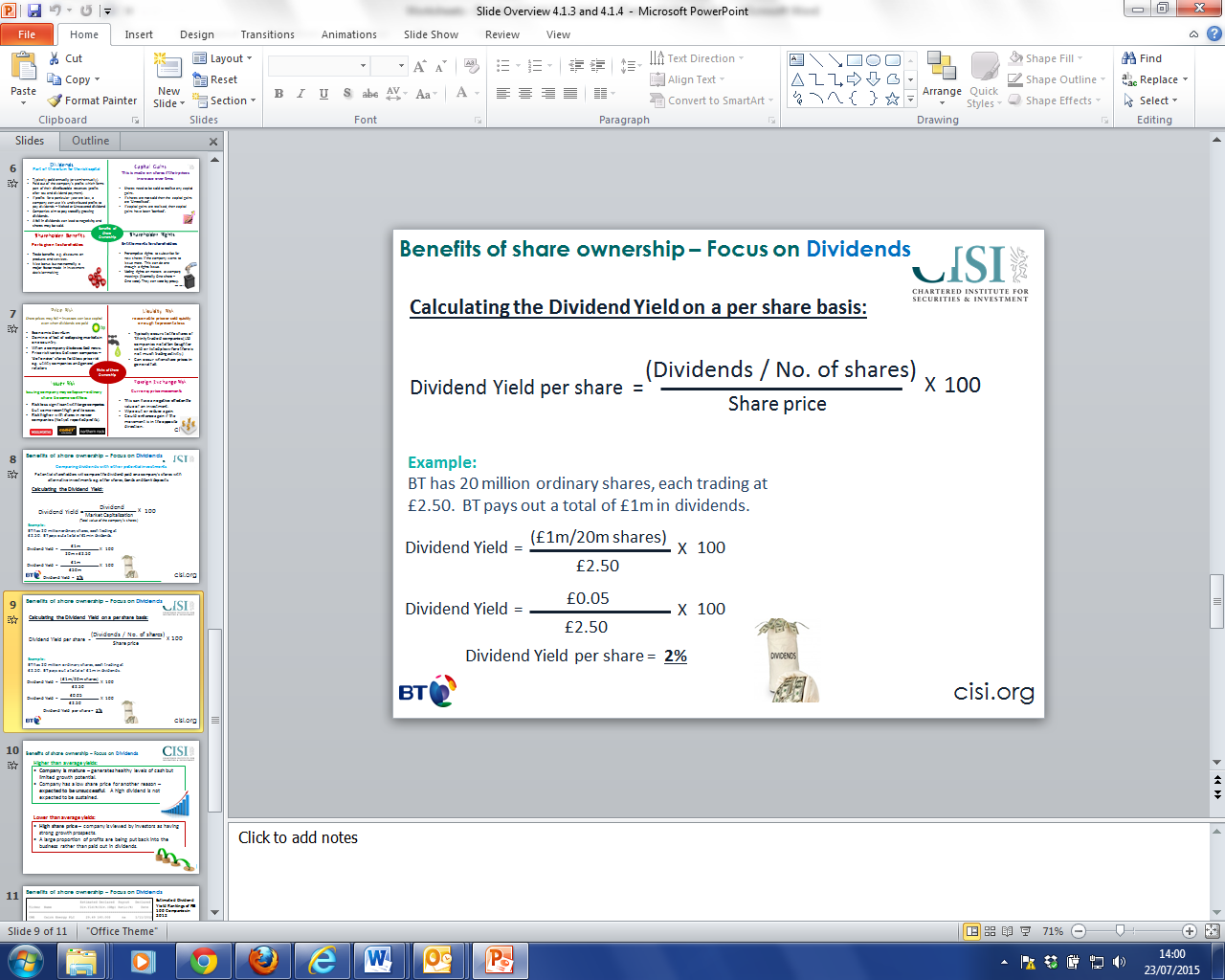
Answer: \_\_\_\_\_\_\_\_\_\_\_\_\_\_



1. Jaytech plc issued 21 million ordinary shares trading at £1.20 until a new CEO was appointed, which saw a share price increase of 55%. The company paid out £6.9 million in dividends. What is the dividend yield per share?

Answer: \_\_\_\_\_\_\_\_\_\_\_\_\_\_





**Extension:**

What could it mean if a company has higher than average yields when compared with the rest of the market?



What could it mean if a company has lower than average yields when compared with the rest of the market?

**Summary of Dividends & Capital Gains**

Use the table below to summarise the key features of dividends and capital gains.

|  |  |
| --- | --- |
| **http://www.taxlawforchb.com/files/2015/08/dividend_dollar.jpgDIVIDENDS** | **http://innovationleaders.org/images/shares.jpg CAPITAL GAINS** |
|  |  |