CONCEPT: PREFERRED STOCK

- ***Preferred Stock*** is a special class of stock that has different rights than common stock:
  - □ ***No Voting Rights –*** Generally, preferred stock has no voting rights in selecting the Board of Directors
  - □ ***Liquidation Preference –*** Upon liquidation, preferred are repaid their investment before common
  - □ ***Dividend Preference –*** Dividends paid are first paid to preferred stockholders, the remainder goes to common
  - □ ***Dividend Percentage –*** Preferred stock are paid dividends at a percentage of their _______________
    - Preferred Stock generally has a higher par value than Common Stock

- The issuance of preferred stock is very similar to the issuance of common stock

The Apartment Depot issued 10,000 shares of $100 par value 8% preferred stock for $1,250,000

Journal Entry:

Assets	=	Liabilities	+	Equity

- Preferred stock receives dividends equal to their dividend percentage. They cannot receive more than this amount.

The Apartment Depot currently has outstanding 10,000 shares of $100 par value 8% preferred stock and 50,000 shares of $0.50 par value common stock. The Apartment Depot declares and pays a dividend of $130,000. What is the amount received by preferred shareholders and common shareholders?

Total Preferred Dividend:	Total Common Dividend:
Preferred Dividend per Share:	Common Dividend per Share: