**12TH WEEK ASSIGNMENT AND ACTIVITIES**

**ASSIGNMENT**

1. Explain Dividend Policy

2. Explain some good reasons for paying dividend.

3. What are the benefits that stock holders might perceive in stock buy backs?

**ACTIVITIES**

Solve: Z-Tec Corporation, a firm providing Internet services, reported net income of $ 10 million in the most recent year, while making $ 25 million in capital expenditures (depreciation was $ 5 million). The firm had no working capital needs and uses no debt.

a. Can the firm afford to pay out dividends right now? Why or why not?

b. Assuming net income grows 40% a year and that net capital expenditures grow 10% a year, when will the firm be in a position to pay dividends?