Exercise 19-14

Hardaway Fixtures’ balance sheet at December 31, 2020, included the following:

**Shares issued and outstanding**

<table>
<thead>
<tr>
<th>Shares Issued</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock</td>
<td>$800,000</td>
</tr>
<tr>
<td>Nonconvertible preferred stock</td>
<td>20,000</td>
</tr>
</tbody>
</table>

On July 21, Hardaway issued a 25% stock dividend on its common stock. On December 12, it paid $50,000 cash dividends on the preferred stock. Net income for the year ended December 31, 2021, was $2,000,000.

Compute Hardaway’s earnings per share for the year ended December 31, 2021.

Exercise 19-14 (continued)

Numerator: Net income = $2,000,000; Preferred dividends = $50,000

Denominator: Weighted average # shares of common stock outstanding

1/1 – 12/31

800,000 x 1.25 = 1,000,000

EPS = ($2,000,000 - $50,000) ÷ 1,000,000 = **$1.95**