

# Accounting Cycle: Corporation

## Proprietorship

business owned by one individual

## Partnership

business owned by two or more individuals

## Corporation

business or group of people legally allowed to act as a single unit

## C Corporation

most common type of corporation; has shareholders which elect a board of directors which oversee the company's activities

## Board of Directors

governing body of elected members which oversee the company's activities

## Double Taxation

profits are taxed when earning and taxed again when distributed as shareholders' dividends

## S Corporation

formerly called a "sub section S corporation"; records profits and losses on shareholders' personal tax returns

## Corporate Tax

levy placed on the profit of a firm, with different rates used for different levels of profit

## Target Profit

profit goal set by the company which estimates the business performance needed to make a profit during a certain period of time

## Data Mining

process of examining a large collection of data and identifying potentially useful information

## OLAP

online analytical processing; method of analyzing data used to query databases using specific questions which can be used to investigate business assumptions

## Going Public

process of selling shares of a privately owned company to new public investors for the first time; also known as "IPO" or initial public offering

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## Bonds

debt investments where an investor loans money to an entity such as a corporation which borrows the funds for a defined period of time at a variable or fixed interest rate

## Shares

units of ownership interest in a corporation

## Common Stock

security which represents ownership of a company

## Par Value

lowest price for which a share of stock can be sold

## Preferred Stock

class of ownership in a corporation which has a higher claim on its assets and earnings than common stock

## Convertible Preferred Stock

shares which can be issued by a corporation at a stated price which can be converted to common stock in a predetermined ratio

## Conversion Premium Percentage

difference between the preferred share's parity value and its conversion value, divided by the parity value

## Dividends

distribution of a portion of a company's earnings, decided by the board of directors, to a class of its shareholders

## Cash Dividends

funds paid to the stockholder, normally out of the company's accumulated profits or current earnings

## Stock Dividends

paid to shareholders in the form of shares rather than cash

## Property Dividend

payment which can include shares of a subsidiary company or physical assets; alternative to cash and can include inventory of the company

## Scrip Dividend

provide investors with a chance to purchase new shares made available by a company instead of receiving a cash payout

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## Liquidating Dividend

type of payment made to a shareholder during a partial or full liquidation

## Accounting Period

time frame when certain accounting transactions occur

## Journal

form used to record transactions in a chronological order

## Ledger

collection of all accounts in a business

## Trial Balance

list of all accounts and their balances at a certain point to verify all the debits equal the credits

## Income Statement

shows how profitable a company is during a certain accounting period

## Statement of Retained Earnings

statement outlining the changes in retained earnings for a certain period

## Retained Earnings

earnings maintained by the company for financial growth

## Balance Sheet

external document showing a company's financial position at a certain time

## Internal Accounting Controls

company procedures which ensure transactions are recorded properly