



## Chapter 14 Outline

Financial Statements  
Advantages and Disadvantages of the Corporation  
Taxes  
Organizational Structure  
Forming a Corporation  
Common Stock  
Dividends  
Retained Earnings  
Stock Subscription Plan  
Preferred Stock  
Cash Dividends Compared to Stock Dividends  
Stock Splits  
Treasury Stock  
Book Value per Share of Common Stock  
    Book Value versus Market Value per Share

## Competencies

1. Identify unique features of corporate financial statements, and outline advantages and disadvantages of the corporate form of business. (pp. 421–422)
2. Explain how corporations' taxes are accounted for and how corporations are structured and formed. (pp. 422–423)
3. Describe common stock and cash dividends and demonstrate how to account for them. (pp. 423–425)
4. Demonstrate how to prepare a statement of retained earnings and how to account for a stock subscription plan. (pp. 425–427)
5. Distinguish between common and preferred stock, and describe preferred stock. (pp. 427–428)
6. Describe stock dividends and stock splits and demonstrate how to account for them. (pp. 428–429)
7. Describe treasury stock and demonstrate how to account for it. (pp. 429–430)
8. Demonstrate how to calculate book value per share of stock, and explain why this figure and the market value per share interest shareholders. (pp. 430–431)