Form **1120S**

Department of the Treasury
Internal Revenue Service

U.S. Income Tax Return for an S Corporation

▶ **Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation.**

▶ **See separate instructions.**

OMB No. 1545-0130

2003

For calendar year 2003, or tax year beginning , 2003, and ending , 20

A Effective date of election as an S corporation

B Business code number (see pages 31–33 of the Insts.)

Use the IRS label. Otherwise, print or type.

Name

Number, street, and room or suite no. (If a P.O. box, see page 12 of the instructions.)

City or town, state, and ZIP code

C Employer identification number

D Date incorporated

E Total assets (see page 12 of instructions) $

F Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return

G Enter number of shareholders in the corporation at end of the tax year ▶

Caution: *Include **only** trade or business income and expenses on lines 1a through 21. See page 12 of the instructions for more information.*

Income	**1a**	Gross receipts or sales **b** Less returns and allowances **c** Bal ▶		**1c**	
	2	Cost of goods sold (Schedule A, line 8)		**2**	
	3	Gross profit. Subtract line 2 from line 1c		**3**	
	4	Net gain (loss) from Form 4797, Part II, line 18 (attach Form 4797)		**4**	
	5	Other income (loss) (attach schedule)		**5**	
	6	**Total income (loss).** Add lines 3 through 5 ▶		**6**	
Deductions (see page 13 of the instructions for limitations)	**7**	Compensation of officers		**7**	
	8	Salaries and wages (less employment credits)		**8**	
	9	Repairs and maintenance		**9**	
	10	Bad debts		**10**	
	11	Rents		**11**	
	12	Taxes and licenses		**12**	
	13	Interest		**13**	
	14a	Depreciation (Attach Form 4562)	**14a**		
	b	Depreciation claimed on Schedule A and elsewhere on return	**14b**		
	c	Subtract line 14b from line 14a		**14c**	
	15	Depletion **(Do not deduct oil and gas depletion.)**		**15**	
	16	Advertising		**16**	
	17	Pension, profit-sharing, etc., plans		**17**	
	18	Employee benefit programs		**18**	
	19	Other deductions (attach schedule)		**19**	
	20	**Total deductions.** Add the amounts shown in the far right column for lines 7 through 19 ▶		**20**	
	21	Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6		**21**	
Tax and Payments	**22**	**Tax: a** Excess net passive income tax (attach schedule)	**22a**		
	b	Tax from Schedule D (Form 1120S)	**22b**		
	c	Add lines 22a and 22b (see page 17 of the instructions for additional taxes)		**22c**	
	23	**Payments: a** 2003 estimated tax payments and amount applied from 2002 return	**23a**		
	b	Tax deposited with Form 7004	**23b**		
	c	Credit for Federal tax paid on fuels (attach Form 4136)	**23c**		
	d	Add lines 23a through 23c		**23d**	
	24	Estimated tax penalty (See page 17 of instructions). Check if Form 2220 is attached ▶ ☐		**24**	
	25	**Tax due.** If line 23d is smaller than the total of lines 22c and 24, enter amount owed		**25**	
	26	**Overpayment.** If line 23d is larger than the total of lines 22c and 24, enter amount overpaid		**26**	
	27	Enter amount of line 26 you want: **Credited to 2004 estimated tax** ▶	**Refunded** ▶	**27**	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer Date ▶ Title

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ **Yes** ☐ **No**

Paid Preparer's Use Only

Preparer's signature ▶ Date Check if self-employed ☐ Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code ▶ EIN

Phone no. ( )

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11510H Form **1120S** (2003)

Schedule A **Cost of Goods Sold** (see page 18 of the instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory: *(i)* ☐ Cost as described in Regulations section 1.471-3
(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4
(iii) ☐ Other (specify method used and attach explanation) ▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶ ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO | 9d |

e If property is produced or acquired for resale, do the rules of Section 263A apply to the corporation? ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No
If "Yes," attach explanation.

Schedule B **Other Information** (see page 19 of instructions)

		Yes	No
1	Check method of accounting: (a) ☐ Cash (b) ☐ Accrual (c) ☐ Other (specify) ▶		
2	See pages 31 through 33 of the instructions and enter the: (a) Business activity ▶ (b) Product or service ▶		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned		
4	Was the corporation a member of a controlled group subject to the provisions of section 1561?		
5	Check this box if the corporation has filed or is required to file **Form 8264,** Application for Registration of a Tax Shelter ▶ ☐		
6	Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ ☐ If checked, the corporation may have to file **Form 8281,** Information Return for Publicly Offered Original Issue Discount Instruments.		
7	If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years ▶ $		
8	Check this box if the corporation had accumulated earnings and profits at the close of the tax year ▶ ☐		
9	Are the corporation's total receipts (see page 19 of the instructions) for the tax year and its total assets at the end of the tax year less than $250,000? If "Yes," the corporation is not required to complete Schedules L and M-1.		

Note *If the corporation had assets or operated a business in a foreign country or U.S. possession, it may be required to attach* ***Schedule N (Form 1120),*** *Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.*

Schedule K **Shareholders' Shares of Income, Credits, Deductions, etc.**

	(a) Pro rata share items		(b) Total amount
Income (Loss)	1 Ordinary income (loss) from trade or business activities (page 1, line 21)	1	
	2 Net income (loss) from rental real estate activities (attach Form 8825)	2	
	3a Gross income from other rental activities	3a	
	b Expenses from other rental activities (attach schedule)	3b	
	c Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c	
	4 Portfolio income (loss):		
	a Interest income	4a	
	b Dividends: (1) Qualified dividends ▶ (2) Total ordinary dividends ▶	4b(2)	
	c Royalty income	4c	
	d Net short-term capital gain (loss): (1) Post-May 5, 2003 ▶ (2) Entire year ▶	4d(2)	
	e Net long-term capital gain (loss): (1) Post-May 5, 2003 ▶ (2) Entire year ▶	4e(2)	
	f Other portfolio income (loss) (attach schedule)	4f	
	5 Net section 1231 gain (loss) (attach Form 4797): (a) Post-May 5, 2003 ▶ (b) Entire year ▶	5(b)	
	6 Other income (loss) (attach schedule)	6	

Schedule K Shareholders' Shares of Income, Credits, Deductions, etc. *(continued)*

		(a) Pro rata share items		(b) Total amount
Deductions	7	Charitable contributions (attach schedule)	7	
	8	Section 179 expense deduction (attach Form 4562)	8	
	9	Deductions related to portfolio income (loss) (itemize)	9	
	10	Other deductions (attach schedule)	10	
Investment Interest	11a	Interest expense on investment debts	11a	
	b (1)	Investment income included on lines 4a, 4b(2), 4c, and 4f on page 2	11b(1)	
	(2)	Investment expenses included on line 9 above	11b(2)	
Credits	12a	Credit for alcohol used as a fuel (attach Form 6478)	12a	
	b	Low-income housing credit:		
	(1)	From partnerships to which section 42(j)(5) applies	12b(1)	
	(2)	Other than on line 12b(1)	12b(2)	
	c	Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	12c	
	d	Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities	12d	
	e	Credits related to other rental activities	12e	
	13	Other credits	13	
Adjustments and Tax Preference Items	14a	Depreciation adjustment on property placed in service after 1986	14a	
	b	Adjusted gain or loss	14b	
	c	Depletion (other than oil and gas)	14c	
	d (1)	Gross income from oil, gas, or geothermal properties	14d(1)	
	(2)	Deductions allocable to oil, gas, or geothermal properties	14d(2)	
	e	Other adjustments and tax preference items (attach schedule)	14e	
Foreign Taxes	15a	Name of foreign country or U.S. possession ▶		
	b	Gross income from all sources	15b	
	c	Gross income sourced at shareholder level	15c	
	d	Foreign gross income sourced at corporate level:		
	(1)	Passive	15d(1)	
	(2)	Listed categories (attach schedule)	15d(2)	
	(3)	General limitation	15d(3)	
	e	Deductions allocated and apportioned at shareholder level:		
	(1)	Interest expense	15e(1)	
	(2)	Other	15e(2)	
	f	Deductions allocated and apportioned at corporate level to foreign source income:		
	(1)	Passive	15f(1)	
	(2)	Listed categories (attach schedule)	15f(2)	
	(3)	General limitation	15f(3)	
	g	Total foreign taxes (check one): ▶ ☐ Paid ☐ Accrued	15g	
	h	Reduction in taxes available for credit (attach schedule)	15h	
Other	16	Section 59(e)(2) expenditures: a Type ▶ b Amount ▶	16b	
	17	Tax-exempt interest income	17	
	18	Other tax-exempt income	18	
	19	Nondeductible expenses	19	
	20	Total property distributions (including cash) other than dividends reported on line 22 below	20	
	21	Other items and amounts required to be reported separately to shareholders (attach schedule)		
	22	Total dividend distributions paid from accumulated earnings and profits	22	
	23	**Income (loss)** (Required only if Schedule M-1 must be completed.) Combine lines 1 through 6 in column (b). From the result, subtract the sum of lines 7 through 11a, 15g, and 16b	23	

Note The corporation is not required to complete Schedules L and M-1 if question 9 of Schedule B is answered "Yes."

Schedule L **Balance Sheets**

	Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1	Cash				
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach schedule)				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets				
b	Less accumulated depreciation				
11a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
14	Other assets (attach schedule)				
15	Total assets				
	Liabilities and Shareholders' Equity				
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach schedule)				
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach schedule)				
22	Capital stock				
23	Additional paid-in capital				
24	Retained earnings				
25	Adjustments to shareholders' equity (attach schedule)				
26	Less cost of treasury stock		( )		( )
27	Total liabilities and shareholders' equity				

Schedule M-1 **Reconciliation of Income (Loss) per Books With Income (Loss) per Return**

1	Net income (loss) per books		5	Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize):
2	Income included on Schedule K, lines 1 through 6, not recorded on books this year (itemize):		a	Tax-exempt interest $
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15g, and 16b (itemize):		6	Deductions included on Schedule K, lines 1 through 11a, 15g, and 16b, not charged against book income this year (itemize):
a	Depreciation $		a	Depreciation $
b	Travel and entertainment $		7	Add lines 5 and 6
4	Add lines 1 through 3		8	Income (loss) (Schedule K, line 23). Line 4 less line 7

Schedule M-2 **Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed**

(see page 29 of the instructions)

		(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year			
2	Ordinary income from page 1, line 21			
3	Other additions			
4	Loss from page 1, line 21	( )		
5	Other reductions	( )	( )	
6	Combine lines 1 through 5			
7	Distributions other than dividend distributions			
8	Balance at end of tax year. Subtract line 7 from line 6			