

1120

U.S. Corporation Income Tax Return

OMB No. 1545-0123

Form Department of the Treasury Internal Revenue Service

For calendar 1986 or tax year beginning , 1986, ending , 19 For Paperwork Reduction Act Notice, see page 1 of the instructions.

1986

Check if a- A Consolidated return B Personal Holding Co. C Business Code No. Use IRS label. Other-wise please print or type. Name, Number and street, City or town, state, and ZIP code, D Employer identification number, E Date incorporated, F Total assets (see Specific Instructions) Dollars Cents

G Check box if there has been a change in address from the previous year

Income section table with rows 1a-11. Includes Gross receipts or sales, Cost of goods sold, Gross profit, Dividends, Interest, Gross rents, Gross royalties, Capital gain net income, Net gain or (loss) from Form 4797, Other income, and TOTAL income.

Deductions section table with rows 12-29. Includes Compensation of officers, Salaries and wages, Repairs, Bad debts, Rents, Taxes, Interest, Contributions, Depreciation, Less depreciation claimed, Depletion, Advertising, Pension, profit-sharing, etc., plans, Employee benefit programs, Other deductions, and Less: a Net operating loss deduction, b Special deductions.

Tax and Payments section table with rows 30-36. Includes Taxable income, TOTAL TAX, Payments: a 1985 overpayment credited to 1986, b 1986 estimated tax payments, c Less 1986 refund applied for on Form 4466, d Tax deposited with Form 7004, e Credit from regulated investment companies, f Credit for Federal tax on gasoline and special fuels, 33 Enter any PENALTY for underpayment of estimated tax, 34 TAX DUE, 35 OVERPAYMENT, 36 Enter amount of line 35 you want: Credited to 1987 estimated tax, Refunded.

Please 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, Preparer's signature, Date, Check if self-employed, Preparer's social security number, Firm's name (or yours, if self-employed) and address, E.I. No., ZIP code.

**Schedule A Cost of Goods Sold and/or Operations** (See instructions for line 2, page 1)

1 Inventory at beginning of year . . . . .	1		
2 Purchases . . . . .	2		
3 Cost of labor . . . . .	3		
4 Other costs (attach schedule). . . . .	4		
5 Total—Add lines 1 through 4 . . . . .	5		
6 Inventory at end of year . . . . .	6		
7 Cost of goods sold and/or operations—Line 5 less line 6. Enter here and on line 2, page 1 . . . . .	7		

**8a** Check all methods used for valuing closing inventory:

- (i)  Cost
- (ii)  Lower of cost or market as described in Regulations section 1.471-4 (see instructions)
- (iii)  Writedown of "subnormal" goods as described in Regulations section 1.471-2(c) (see instructions)
- (iv)  Other (Specify method used and attach explanation) ▶ \_\_\_\_\_

**b** Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) . . . . .

**c** If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO . . . . . **8c** \_\_\_\_\_

**d** If you are engaged in manufacturing, did you value your inventory using the full absorption method (Regulations section 1.471-11)? . . . . .  Yes  No

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

**Schedule C Dividends and Special Deductions** (See Schedule C instructions)

	(a) Dividends received	(b) %	(c) Special deductions: multiply (a) X (b)
1 Domestic corporations subject to section 243(a) deduction (other than debt-financed stock) . . . . .		see instructions	
2 Debt-financed stock of domestic and foreign corporations (section 246A) . . . . .		see instructions	
3 Certain preferred stock of public utilities . . . . .		see instructions	
4 Foreign corporations and certain FSCs subject to section 245 deduction . . . . .		see instructions	
5 Wholly-owned foreign subsidiaries and FSCs subject to 100% deduction (sections 245(b) and (c)) . . . . .		100	
6 Total—Add lines 1 through 5. See instructions for limitation . . . . .		100	
7 Affiliated groups subject to the 100% deduction (section 243(a)(3)) . . . . .			
8 Other dividends from foreign corporations not included in lines 4 and 5 . . . . .			
9 Income from controlled foreign corporations under subpart F (attach Forms 5471) . . . . .			
10 Foreign dividend gross-up (section 78) . . . . .			
11 IC-DISC or former DISC dividends not included in lines 1 and/or 2 (section 246(d)) . . . . .			
12 Other dividends . . . . .			
13 Deduction for dividends paid on certain preferred stock of public utilities (see instructions) . . . . .			
14 Total dividends—Add lines 1 through 12. Enter here and on line 4, page 1 . . . . . ▶			
15 Total deductions—Add lines 6, 7, and 13. Enter here and on line 29b, page 1 . . . . . ▶			

**Schedule E Compensation of Officers** (See instructions for line 12, page 1)

Complete Schedule E only if total receipts (line 1a, plus lines 4 through 10, of page 1, Form 1120) are \$150,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
			(d) Common	(e) Preferred	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	

Total compensation of officers—Enter here and on line 12, page 1 . . . . .

**Schedule F Bad Debts—Reserve Method** (See instructions for line 15, page 1)

(a) Year	(b) Trade notes and accounts receivable outstanding at end of year	(c) Sales on account	Amount added to reserve		(f) Amount charged against reserve	(g) Reserve for bad debts at end of year
			(d) Current year's provision	(e) Recoveries		
1981						
1982						
1983						
1984						
1985						
1986						

**Schedule J Tax Computation** (See instructions) (Fiscal year corporations see page 12 of instructions before completing Schedule J)

**1** Check if you are a member of a controlled group (see sections 1561 and 1563)  **2a** If line 1 is checked, see instructions. Enter your portion of each \$25,000 taxable income bracket amount:  
(i) \$ \_\_\_\_\_ (ii) \$ \_\_\_\_\_ (iii) \$ \_\_\_\_\_ (iv) \$ \_\_\_\_\_  
**b** If your tax year includes July 1, 1987, see instructions and enter share of tax bracket amounts  
(i) \_\_\_\_\_ (ii) \_\_\_\_\_

**3** Income tax (see instructions to figure the tax; enter this tax or alternative tax, whichever is less). Check if alternative tax is used

**4a** Foreign tax credit (attach Form 1118)  
**b** Possessions tax credit (attach Form 5735)  
**c** Orphan drug credit (attach Form 6765)  
**d** Credit for fuel produced from a nonconventional source (see instructions)  
**e** General business credit. Enter here and check which forms are attached  Form 3800  Form 3468  Form 5884  
 Form 6478  Form 8007  Form 6765  Form 8586

<b>3</b>			
<b>4a</b>			
<b>b</b>			
<b>c</b>			
<b>d</b>			
<b>e</b>			
<b>5</b>			
<b>6</b>			
<b>7</b>			
<b>8</b>			
<b>9</b>			
<b>10</b>			

**5** Total—Add lines 4a through 4e  
**6** Line 3 less line 5  
**7** Personal holding company tax (attach Schedule PH (Form 1120))  
**8** Tax from recomputing prior-year investment credit (attach Form 4255)  
**9** Minimum tax on tax preference items (see instructions—attach Form 4626)  
**10** Total tax—Add lines 6 through 9. Enter here and on line 31, page 1

**Additional Information** (See instruction F)

**H** Did the corporation claim a deduction for expenses connected with:  
**(1)** Entertainment facility (boat, resort, ranch, etc.)?  
**(2)** Living accommodations (except employees on business)?  
**(3)** Employees attending conventions or meetings outside the North American area? (See section 274(h).)  
**(4)** Employees' families at conventions or meetings?  
If "Yes," were any of these conventions or meetings outside the North American area? (See section 274(h).)  
**(5)** Employee or family vacations not reported on Form W-2?  
**I** **(1)** Did the corporation at the end of the tax year 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 identifying number; (b) percentage owned; (c) taxable income or (loss) before NOL and special deductions (e.g., if a Form 1120: from Form 1120, line 28, page 1) of such corporation for the tax year ending with or within your tax year; (d) highest amount owed by the corporation to such corporation during the year; and (e) highest amount owed to the corporation by such corporation during the year.  
**(2)** Did any individual, partnership, corporation, estate, or trust at the end of the tax year own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) If "Yes," complete (a) through (e).  
**(a)** Attach a schedule showing name, address, and identifying number.  
**(b)** Enter percentage owned   
**(c)** Was the owner of such voting stock a person other than a U.S. person? (See instructions.) **Note:** If "Yes," the corporation may have to file Form 5472.  
If "Yes," enter owner's country   
**(d)** Enter highest amount owed by the corporation to such owner during the year

	Yes	No
<b>(e)</b> Enter highest amount owed to the corporation by such owner during the year <input type="checkbox"/>		
<b>Note:</b> For purposes of I(1) and I(2), "highest amount owed" includes loans and accounts receivable/payable.		
<b>J</b> Refer to the list in the instructions and state the principal: Business activity <input type="checkbox"/> Product or service <input type="checkbox"/>		
<b>K</b> Was the corporation a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.) If "Yes," attach Form 5471 for each such corporation.		
<b>L</b> At any time during the tax year, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See instruction F and filing requirements for form TD F 90-22.1.) If "Yes," enter name of foreign country <input type="checkbox"/>		
<b>M</b> Was the corporation the grantor of, or transferor to, a foreign trust which existed during the current tax year, whether or not the corporation has any beneficial interest in it? If "Yes," the corporation may have to file Forms 3520, 3520-A, or 926.		
<b>N</b> During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316). If "Yes," file Form 5452. If this is a consolidated return, answer here for parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.		
<b>O</b> During this tax year did the corporation maintain any part of its accounting/tax records on a computerized system?		
<b>P</b> Check method of accounting: <b>(1)</b> <input type="checkbox"/> Cash <b>(2)</b> <input type="checkbox"/> Accrual <b>(3)</b> <input type="checkbox"/> Other (specify) <input type="checkbox"/>		
<b>Q</b> Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If so, the corporation may have to file Form 8281.		

**Schedule L Balance Sheets**

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash				
2 Trade notes and accounts receivable				
a Less allowance for bad debts				
3 Inventories				
4 Federal and state government obligations				
5 Other current assets (attach schedule)				
6 Loans to stockholders				
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9 Buildings and other depreciable assets				
a Less accumulated depreciation				
10 Depletable assets				
a Less accumulated depletion				
11 Land (net of any amortization)				
12 Intangible assets (amortizable only)				
a Less accumulated amortization				
13 Other assets (attach schedule)				
14 Total assets				
<b>Liabilities and Stockholders' Equity</b>				
15 Accounts payable				
16 Mortgages, notes, bonds payable in less than 1 year				
17 Other current liabilities (attach schedule)				
18 Loans from stockholders				
19 Mortgages, notes, bonds payable in 1 year or more				
20 Other liabilities (attach schedule)				
21 Capital stock: a Preferred stock				
b Common stock				
22 Paid-in or capital surplus				
23 Retained earnings—Appropriated (attach schedule)				
24 Retained earnings—Unappropriated				
25 Less cost of treasury stock		( )		( )
26 Total liabilities and stockholders' equity				

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

Do not complete this schedule if the total assets on line 14, column (d), of Schedule L are less than \$25,000.

1 Net income per books		7 Income recorded on books this year not included in this return (itemize)	
2 Federal income tax		a Tax-exempt interest \$	
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize)		8 Deductions in this tax return not charged against book income this year (itemize)	
5 Expenses recorded on books this year not deducted in this return (itemize)		a Depreciation \$	
a Depreciation \$		b Contributions carryover \$	
b Contributions carryover \$			
6 Total of lines 1 through 5		9 Total of lines 7 and 8	
		10 Income (line 28, page 1)—line 6 less line 9	

**Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (line 24, Schedule L)**

Do not complete this schedule if the total assets on line 14, column (d), of Schedule L are less than \$25,000.

1 Balance at beginning of year		5 Distributions: a Cash	
2 Net income per books		b Stock	
3 Other increases (itemize)		c Property	
		6 Other decreases (itemize)	
4 Total of lines 1, 2, and 3		7 Total of lines 5 and 6	
		8 Balance at end of year (line 4 less line 7)	