

U.S. Small Business Corporation
Income Tax Return for calendar year 1978 or

1978

other tax year beginning , 1978, ending , 19

Form 1120S
Department of the Treasury
Internal Revenue Service

A Date of election as small business corporation

Use IRS label. Otherwise, please print or type.

Name
Number and street
City or town, State, and ZIP code

C Employer identification no. (see instruction S)

D Date incorporated

B Business code no. (see page 7 of instructions)

E Enter total assets from Schedule L, line 14, column (D) (see instruction T)

IMPORTANT—All applicable lines and schedules must be filled in. If the space on the schedules is not sufficient, see instruction N. Note: If section 465 (deductions limited to amount at risk) applies, see instruction for line 28.

Table with 31 rows for Gross Income, Deductions, and Tax. Includes sub-rows for items like Gross receipts, Dividends, Interest, Repairs, Taxes, and Credits. Columns for description, amount, and sub-amounts.

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, Preparer's social security no., Check if self-employed, Firm's name, E.I. No., Date

Schedule A Cost of Goods Sold (See instruction 2)

1 Inventory at beginning of year

2 Merchandise bought for manufacture or sale

3 Salaries and wages

4 Other costs (attach schedule)

5 Total of lines 1 through 4

6 Less: Inventory at end of year

7 Cost of goods sold—Enter here and on line 2, page 1

8 (a) Check valuation method(s) used for total closing inventory:
 Cost
 Lower of cost or market
 Other (if "other," attach explanation)

(b) Check if this is the first year LIFO inventory method was adopted and used
 If checked, attach Form 970.

(c) If the LIFO inventory method was used for this taxable year, enter percentage (or amounts) of closing inventory computed under LIFO

(d) Is the corporation engaged in manufacturing activities? Yes No
 If "Yes," are inventories valued under Regulations section 1.471-11 (full absorption accounting method)? Yes No

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

Schedule E Compensation of Officers (See instruction 12)

1. Name of officer	2. Social security number	3. Time devoted to business	4. Percentage of corporation stock owned	5. Amount of compensation	6. Expense account allowances
Total compensation of officers—Enter here and on line 12, page 1					

Schedule F Bad Debts—Reserve Method (See instruction 15)

1. Year	2. Trade notes and accounts receivable outstanding at end of year	3. Sales on account	Amount added to reserve		6. Amount charged against reserve	7. Reserve for bad debts at end of year
			4. Current year's provision	5. Recoveries		
1973						
1974						
1975						
1976						
1977						
1978						

Additional Information Required

F Did you 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).) Yes No
 If "Yes," attach a schedule showing: (1) name, address, and employer identification number; (2) percentage owned; (3) highest amount owed by you to such corporation during the year; and (4) highest amount owed to you by such corporation during the year. (Note: For purposes of F(3) and F(4), "highest amount owed" includes loans and accounts receivable/payable.)

G Taxable income or (loss) from line 28, page 1, Form 1120S for your tax year beginning in:
 1975 ▶; 1976 ▶; 1977 ▶

H Refer to page 7 of instructions and state the principal:
 Business activity ▶; Product or service ▶

I Were you a member of a controlled group subject to the provisions of section 1561? Yes No

J Is the corporation engaged in any activity involving oil or gas, movies or video tapes, leasing section 1245 property to others, or farming which resulted in a loss (see instruction for line 28)? Yes No

	Yes	No
K (1) Did you claim a deduction for expenses connected with:		
(a) Entertainment facility (boat, resort, ranch, etc.)?		
(b) Living accommodations (except for employees on business)?		
(c) Employee's families at conventions or meetings?		
If "Yes," were any of these conventions or meetings outside the United States or its possessions?		
(d) Employee or family vacations not reported on Form W-2?		
(2) Enter total amount claimed on Form 1120S for entertainment, entertainment facilities, gifts, travel, and conventions of the type for which substantiation is required under section 274(d). (See instruction U.) ▶		
L Did you file all required Forms 1087, 1096, and 1099?		
M Answer only if (1) this is the first 1120S return filed since your election to be treated as a small business corporation and (2) the corporation was in existence for the tax year prior to the election and had investment credit property: Was an agreement filed under section 1.47-4(b) of the regulations?		
N Did you, at any time during the tax year, have an interest in or signature or other authority over a bank, securities, or other financial account in a foreign country (see Instruction R)?		
O Were you the grantor of, or transferor to, a foreign trust during any tax year, which foreign trust was in being during the current tax year, whether or not you have any beneficial interest in such trust? If "Yes," you may be required to file Forms 3520, 3520-A, or 926		

Schedule K Computation of Undistributed Taxable Income and Summary of Distributions and Other Items

Computation of Corporation's Undistributed Taxable Income

	1 Taxable income (line 28, page 1)			
	2 Less: (a) Money distributed as dividends out of earnings and profits of the tax year			
	(b) Tax imposed on certain capital gains (line 31, page 1)			
	3 Corporation's undistributed taxable income			
	4 Actual dividend distributions taxable as ordinary income. (Do not include amounts shown on line 6)			
	5 Actual dividend distributions taxable as long-term capital gains (after tax)			
	6 Actual dividend distributions taxable as ordinary income and qualifying for dividend exclusion			
	7 Nondividend distributions			
	8 Undistributed taxable income—taxable as ordinary income or (loss)			
	9 (a) Undistributed taxable income—taxable as long-term capital gain (after tax)			
	(b) Portion of line 9(a) attributable to transactions after 10-31-78 (after tax)			
	10 Investment credit property		Cost or basis	
Property Qualified for Investment Credit	Basis of new investment property	(a) 3 or more but less than 5 years		
		(b) 5 or more but less than 7 years		
		(c) 7 or more years		
	Qualified progress expenditures	(d) 7 or more years	1974, 1975, 1976, and 1977	
		(e) 7 or more years	1978	
	Cost of used investment property	(f) 3 or more but less than 5 years		
		(g) 5 or more but less than 7 years		
		(h) 7 or more years		
	11 Interest on investment indebtedness:			
	(a) (1) Interest on investment indebtedness incurred prior to December 17, 1969			
	(2) Interest on investment indebtedness incurred prior to September 11, 1975, but after December 16, 1969			
	(3) Interest on investment indebtedness incurred after September 10, 1975			
	(b) Net investment income or (loss)			
	(c) Excess expenses from "net lease property"			
	(d) Net capital gain attributable to investment property			
	12 Item of tax preference (see instructions):			
	(a) Accelerated depreciation on—			
	(1) Low income rental housing			
	(2) Other real property			
	(3) Personal property subjected to a lease			
	(b) Amortization: (1), (2), (3), (4)			
	(c) Reserve for losses on bad debts of financial institutions			
	(d) Depletion			
	(e) Intangible drilling costs			
	(f) Net capital gain (after tax)			
	13 New jobs credit or combined new jobs credit and targeted jobs credit			

Schedule L Balance Sheets

	Beginning of tax year		End of tax year	
	(A) Amount	(B) Total	(C) Amount	(D) Total
Assets				
1 Cash				
2 Trade notes and accounts receivable				
(a) Less allowances for bad debts				
3 Inventories				
4 Gov't obligations: (a) U.S. and instrumentalities				
(b) State, subdivisions thereof, etc.				
5 Other current assets (attach schedule)				
6 Loans to shareholders				
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9 Buildings and other fixed 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				
Liabilities and Shareholders' Equity				
15 Accounts payable				
16 Mtges., notes, bonds payable in less than 1 year				
17 Other current liabilities (attach schedule)				
18 Loans from shareholders				
19 Mtges., notes, bonds payable in 1 year or more				
20 Other liabilities (attach schedule)				
21 Capital stock				
22 Paid-in or capital surplus				
23 Retained earnings—appropriated (attach schedule)				
24 Retained earnings—unappropriated				
25 Shareholders' undistributed taxable income previously taxed				
26 Less cost of treasury stock		()		()
27 Total liabilities and shareholders' equity				

Schedule M-1 Reconciliation of Income Per Books With Income Per Return

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		8 Deductions in this tax return not charged against book income this year (itemize)	
4 Income subject to tax not recorded on books this year (itemize)		(a) Depreciation . . . \$	
5 Expenses recorded on books this year not deducted in this return (itemize)		9 Total of lines 7 and 8	
(a) Depreciation . . . \$		10 Income (line 28, page 1)—line 6 less line 9	
6 Total of lines 1 through 5			

Schedule M-2 Analysis of Unappropriated Retained Earnings Per Books (line 24 above)

1 Balance at beginning of year		5 Distributions out of current or accumulated earnings and profits: (a) Cash	
2 Net income per books		(b) Stock	
3 Other increases (itemize)		(c) Property	
		6 Current year's undistributed taxable income or net operating loss (total of lines 8 and 9(a), Schedule K)	
		7 Other decreases (itemize)	
		8 Total of lines 5, 6, and 7	
4 Total of lines 1, 2, and 3		9 Balance at end of year (line 4 less line 8)	