

Corporation Franchise or Income Tax Return

For calendar year 1985 or Fiscal year beginning \_\_\_\_\_, 1985, ending \_\_\_\_\_, 1986.

Form with fields for Affix Preaddressed Label, California Corporation Number, Federal Employer Identification No., Corporation, Address, City, State, Zip Code, and various checkboxes for remittance and filing status.

Attach Remittance Here

- A Date incorporated \_\_\_\_\_ Where? \_\_\_\_\_
B Accounting Period: [ ] Calendar year [ ] Fiscal year (shown above)
C Date began business in California or date income was first derived from California sources \_\_\_\_\_
D Business group code no. (Federal instructions) \_\_\_\_\_
E Principal business activity \_\_\_\_\_
F Accounting method used \_\_\_\_\_
G First Return? [ ] New business [ ] Successor to previously existing business (attach: name, address, and FEIN of previous business)
H Final Return? [ ] Dissolved [ ] Withdrawn [ ] Merged/Reorganized [ ] IRC 338 Sale If a box is checked, enter date \_\_\_\_\_
I Location of principal accounting records: \_\_\_\_\_
J Is income included in a combined report of a unitary group? [ ] Yes [ ] No (if yes, check) [ ] Within/without California [ ] Wholly within California.
K Has the federal government redetermined your income tax liability for any prior year(s) which has not previously been reported? [ ] Yes [ ] No Furnish copy of agent's report under separate cover.

- L Did this corporation or its subsidiary(ies) have a change in control or ownership this year; or acquire ownership or control of any other legal entity since 1/1/78? [ ] Yes [ ] No
M Did the corporation or combined group pay more than \$100,000 in local personal property taxes and/or business license taxes in California during this income year? [ ] Yes [ ] No
N Will net operating loss be carried over to subsequent years under R&TC Section 24417? [ ] Yes [ ] No If so, show the amount: \$ \_\_\_\_\_. For detailed information, see specific line instructions for lines 35 and 41 on page 4.
O At any time during the income year, was more than 50% of voting stock:
a of the corporation owned by any single interest? [ ] Yes [ ] No
b of another corporation owned by this corporation? [ ] Yes [ ] No
c of this and one or more other corporations owned or controlled, directly or indirectly, by the same interests? [ ] Yes [ ] No
If a, b, or c is "yes" furnish statement of ownership.
P Have all required information returns (Forms 599) been filed? [ ] Yes [ ] No

Table with columns for State Income, Income Tax, Financial Offset, Credits, Taxes, Payments, and Balance Due or Refund. Rows include items 44 through 60 with descriptions and numerical values.

Make remittance payable to Franchise Tax Board — Mail to: Franchise Tax Board, Sacramento, California 95857—0021

**Calculation of Net Income (See Instruction I)**

<b>Gross Income</b>	1	Gross receipts or gross sales _____ Less: Returns and allowances .....	
	2	Less: Cost of goods sold (Schedule A) and/or operations (attach schedule) .....	
	3	Gross profit .....	
	4	Dividends (attach schedule identify the corporations and amounts paid by each) .....	
	5	Interest on obligations of the United States and U.S. instrumentalities .....	
	6	Other interest (attach schedule) .....	
	7	Gross rents .....	
	8	Gross royalties .....	
	9	a Net capital gains (attach Federal Schedule D (Form 1120)) .....	
		b Ordinary gain (loss) (attach Federal Form 4797) .....	
	10	Other income (attach schedule) .....	
11	<b>Total income</b> (add lines 3 to 10, inclusive) .....		
Capital loss carryover deducted on line 9a must be restored to income on line 32. Any net capital loss not reported on line 9a may be deducted on line 39.			
<b>Deductions</b>	12	Compensation of officers (Schedule D) .....	
	13	Salaries and wages (not deducted elsewhere) .....	
	14	Repairs .....	
	15	Bad debts (Schedule E if reserve method is used) .....	
	16	Rents .....	
	17	Taxes (Schedule B) .....	
	18	Interest .....	
	19	Contributions (attach schedule) .....	
	20	Amortization (Schedule F and FTB 3885) .....	
	21	Depreciation (Schedule F and FTB 3885) .....	
	22	Depletion (attach schedule) .....	
23	Advertising .....		
24	Pension, profit-sharing, etc., plans .....		
25	Employee benefit plans .....		
26	Other deductions (attach schedule) .....		
27	<b>Total deductions</b> (add lines 12 to 26, inclusive) .....		
28	<b>Net income before State adjustments</b> (subtract line 27 from line 11) .....		
<b>State Adjustments</b>	29	Amount deducted for foreign or domestic tax on or according to or measured by income or profits .....	
	30	Amount deducted for tax under the provisions of the Bank and Corporation Tax Law .....	
	31	Interest on government obligations .....	
	32	Net capital loss carryover deducted on line 9a .....	
	33	Depreciation in excess of amount allowed under State law (Schedule F) .....	
	34	Amortization in excess of amount allowed under State law (Schedule F) .....	
	35	Other additions (attach schedule) .....	
	36	Total of lines 28 to 35, inclusive .....	
	37	Intercompany dividends to extent paid from business income included in a combined report .....	
	38	Other dividends received .....	
	39	Capital losses not deducted on line 9a (attach schedule) .....	
40	Contributions in excess of allowable federal deduction on line 19 .....		
41	Other deductions (attach schedule) .....		
42	Total of lines 37 to 41, inclusive .....		
43	<b>Net income after state adjustments</b> (subtract line 42 from line 36) .....		

**If all income is derived from sources within this State enter amount of line 43 on line 44, side 1. If income is derived from sources both within and without this State, complete Schedule R (Form 100) and enter amount of line 24 from Schedule R (Form 100) on line 44, side 1.**

<b>Sign Here</b>	Under penalties of perjury, the undersigned declares: I have examined this return, and to my knowledge and belief, it is true, correct and complete.			
	Signature of officer ▶ _____	Title _____	Date _____	Telephone (____) _____
<b>Paid Preparer</b>	Preparer's signature ▶ _____	Date _____	Check if self-employed <input type="checkbox"/>	Preparer's social security number _____
	Firm's name (or yours, if self-employed) and address ▶ _____	E.I. No. ▶ _____	Telephone ▶ (____) _____	

**Schedule A Cost of Goods Sold**

1 Inventory at beginning of year	1
2 Merchandise bought for manufacture or sale	2
3 Salaries and wages	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 — Subtract line 6 from line 5. Enter here and on line 2, side 2	7

Method of inventory valuation ▶

Was there any substantial change in the manner of determining quantities, costs, or valuations between opening and closing inventory?  Yes  No.

If "Yes," attach an explanation. Enter California sales permit number (if any) ▶

**Schedule B Taxes Deducted**

Nature of Tax	Taxing Authority	Amount
<b>Total Taxes Deducted</b>		

**Schedule C Tax Credits**

1 Agricultural Irrigation Equipment	
2 Jobs Tax Credit(s)	
3 Energy Conservation	
4 Ridesharing	
5 Alcohol fuel device	
6 Solar Energy	
7 Computer Donation (institution)	
8 Other (attach schedules)	
<b>Total (Enter on side 1, line 52)</b>	

**Schedule D Compensation of Officers**

1 Name of officer	2 Social security number	3 Percent of time devoted to business	Percent of corporation stock owned		6 Amount of compensation
			4 Common	5 Preferred	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	

Total compensation of officers — Enter here and on line 12, side 2

**Schedule E Bad Debts — Reserve Method**

1 Income 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		
1980						
1981						
1982						
1983						
1984						
1985						

**Schedule F Depreciation and Amortization (attach a detailed schedule in support of each of the lines in this schedule)**

Part A. Depreciation Claimed	1 Under Federal Rev. Proc. 77-10 (ADR)	2 Other	Part B. Amortization Claimed
	1 Straight line method		
2 Declining balance method			2 Cogeneration equipment
3 Sum of years-digits method			3 Alternative Energy Equipment
4 Based on units of production			4 Research or experimental
5 Other (specify)			5 Exploration and development
6 Claimed under ACRS (See note below)			6 Other (specify)
7 Total depreciation claimed			7 Total amortization claimed
8 Allowable for State purposes			8 Allowable for State purposes
9* Depreciation adjustment			9* Amortization adjustment
<b>Total of line 9, columns 1 and 2</b>			

\* If line 7 is greater than line 8, enter difference at line 9 and also on lines 33 or 34, side 2. If line 8 is greater than line 7, enter difference at line 9 and also on line 41, side 2. **Note:** California has not adopted the Federal Accelerated Cost Recovery System (ACRS). See exceptions on Form FTB 3885, Depreciation and Amortization.

**Note:** If the Asset Guideline Class method (Fed. Rev. Proc. 77-10) is used for computing depreciation for State purposes, do not use the Lower Limit or Upper Limit (ADR) Ranges.

**Schedule L Balance Sheets**

Assets	Beginning of income year		End of income year	
	A Amount	B Total	C Amount	D Total
1 Cash				
2 Trade notes and accounts receivable				
a Less allowance 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 stockholders/officers (attach schedule)				
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				
<b>Liabilities and Stockholder's Equity</b>				
15 Accounts payable				
16 Mtges., notes, bonds payable in less than 1 yr.				
17 Other current liabilities (attach schedule)				
18 Loans from stockholders				
19 Mtges., notes, bonds payable in 1 yr. or more				
20 Other liabilities (attach schedule)				
21 Capital stock: a Preferred stock				
b Common stock				
22 Paid-in or capital surplus (attach reconciliation)				
23 Retained earnings—Appropriated (attach sch.)				
24 Retained earnings—Unappropriated				
25 Less cost of treasury stock				
26 Total liabilities and capital				

**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			
4 Taxable income not recorded on books this year (itemize)		8 Deduction 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 Depletion \$	
b Depletion \$			
6 Total of lines 1 through 5		9 Total of lines 7 and 8	
		10 Income (line 28, Side 2)-line 6 less line 9	

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

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)	