



Addendum: 2013 Preparing Partnership Returns

Revision 1.1:

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Question # 10 Letter C possible answer should read Line 4b of Schedule M-1 not K-1.

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Ending Inventory balance read \$26,000 should read \$115,000

Ending Mortgage loan balance reads \$11,900 should read \$10,500

Ending Partners capital accounts reads \$265,794, should read \$256,794



Analysis of Net Income (Loss)

1	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l						1	342,334
2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other	
a	General partners		342,334					
b	Limited partners							

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		14,100		9,600
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories		26,000		115,000
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach statement)				
7a	Loans to partners (or persons related to partners)				
b	Mortgage and real estate loans		11,900		10,500
8	Other investments (attach statement)				
9a	Buildings and other depreciable assets	253,200		253,200	
b	Less accumulated depreciation	15,000	238,200	29,946	223,254
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)		45,000		45,000
12a	Intangible assets (amortizable only)	3,600		3,600	
b	Less accumulated amortization	1,440	2,160	2,160	1,440
13	Other assets (attach statement)				
14	Total assets		337,360		404,794
Liabilities and Capital					
15	Accounts payable				
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach statement)				
18	All nonrecourse loans				
19a	Loans from partners (or persons related to partners)				
b	Mortgages, notes, bonds payable in 1 year or more		190,000		148,000
20	Other liabilities (attach statement)				
21	Partners' capital accounts		147,360		256,794
22	Total liabilities and capital		337,360		404,794

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return
Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).

1	Net income (loss) per books	125,434	6	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Guaranteed payments (other than health insurance)	208,600	7	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		a	Depreciation \$	
a	Depreciation \$	1,000	8	Add lines 6 and 7	
b	Travel and entertainment \$	7,300	9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	342,334
5	Add lines 1 through 4	342,334			

Schedule M-2 Analysis of Partners' Capital Accounts

1	Balance at beginning of year	147,360	6	Distributions: a Cash	16,000
2	Capital contributed: a Cash		b Property		
	b Property		7	Other decreases (itemize):	
3	Net income (loss) per books	125,434	8	Add lines 6 and 7	16,000
4	Other increases (itemize):		9	Balance at end of year. Subtract line 8 from line 5	256,794
5	Add lines 1 through 4	272,794			



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Part II Information About Partner

L: Partner's capital account

Beginning capital account reads \$37,020 should read \$36,840

Ending capital account reads \$63,779 should read \$64,199



**Schedule K-1
(Form 1065)**

Department of the Treasury
Internal Revenue Service

2012

For calendar year 2012, or tax
year beginning _____, 2012
ending _____, 20____

Final K-1 Amended K-1

**Partner's Share of Income, Deductions,
Credits, etc.** See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
12-3456789

B Partnership's name, address, city, state, and ZIP code
Pet Shop Partnership
123 Friendship Blvd.
Any town, WI 54914

C IRS Center where partnership filed return
Cincinnati, OH

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
777-77-7777

F Partner's name, address, city, state, and ZIP code
Sadie C McCabe
N3465 Farmland Rd.
Any town, WI 54914

G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I1 What type of entity is this partner? (see instructions) Individual

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here (see instructions)

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	25 %	25 %
Loss	25 %	25 %
Capital	25 %	25 %

K Partner's share of liabilities at year end:

Nonrecourse	\$	
Qualified nonrecourse financing	\$	37,000
Recourse	\$	

L Partner's capital account analysis:

Beginning capital account	\$	36,840
Capital contributed during the year	\$	
Current year increase (decrease)	\$	30,759
Withdrawals & distributions	\$	(4,000)
Ending capital account	\$	64,199

Tax basis GAAP Section 704(b) book
 Other (explain)

M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	35,684		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
	53,000		
5	Interest income		
	250		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
		A	455
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)	C	1,825
12	Section 179 deduction	A	4,000
13	Other deductions		
A	2,500	20	Other information
L	850	A	250
14	Self-employment earnings (loss)		
A	88,684		
C	175,225		

*See attached statement for additional information.

For IRS Use Only

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