

# 1065 DALLAS PARTNERS CASE STUDY FACTS (CASDPM)

Dallas Partners is in the wholesale business and does all of its business in New York. The partnership has ten partners, all residing in New York. Your first step for this Case Study is working with the Trial Balance Bridge. Part of the information needed to prepare the 2019 return comes from bridging the Client Trial Balance. You will also import Partner and Special Allocation Information.

Some data has already been entered for you. Steps are provided for entering the remaining amounts. See [Partner Trial Balance Tables \(page 20\)](#) for Trial Balance information. We have built one error into the exercise to demonstrate how to assign a TRC code. The TRC code for dividend income has been entered incorrectly in the Trial Balance DIF file. You will need to assign the correct code in the Trial Balance after you import the DIF file.

## TARGETED AREAS

- Reviewing Bridge Defaults
- Charitable contributions
- Bridging the client trial balance
- Depreciation overrides
- Journal entries
- Sale of asset
- Importing the partner information
- Foreign taxes
- Transfer of interest
- Partner footnote
- Cash distributions
- Partnership/Partner Letters

- Special allocations
- New York partnership return

## USING TRIAL BALANCE BRIDGE

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## USING 1065

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# USING TRIAL BALANCE BRIDGE

If you have the tax application installed (1120 or 1065), from within the return, select **Access > Trial Balance**.



Bridge is required to complete this case study. If you do not have bridge installed, you will not be able to access the files referenced in this training exercise.

## REVIEWING THE BRIDGE DEFAULTS

From within the tax return, select **Access > Trial Balance**. Once you are in Trial Balance, select **Options > Merge Defaults**. Verify that the option **Suppress Merge of Accounts without Balances** is selected.

Under the separate tabs in **Merge Defaults**, the following boxes should be checked:

TAB	BOX TO CHECK
PAGE 1	Merge Page 1: Income and Deductions
SCH. A	Merge Schedule A: Cost of Goods Sold
SCH. K	Merge Schedule K: Partners' Share of Income, Credits, Deductions
SCH. L	Merge Schedule L: Balance Sheet
8825	Merge Form 8825: Rental Real Estate Income and Expenses
SCH. M-1	Merge Schedule M-1: Reconciliation of Income (Loss)
SCH. M-2	Merge Schedule M-2: Analysis of Partner Capital Accounts



Other tabs, **Sch F, Other Rental, Royalty**, and **Sch M-3** pertain to forms and schedules not covered in this case study.

The files needed for importing data to the bridge are **DALLASTB.DIF** and **DALTCC.DIF**, located in the **C:\Program Files(x86)\RIA\IRS2019** directory.

## Importing the Trial Balance and Tax Combination Code Descriptions into Trial Balance Bridge

1. From within Trial Balance, select **File > Import**.
2. Select **User Defined** and click the **New** button.
3. Select the following:
  - **Source File Import Type:** Choose **Trial Balance**.
  - **Source File Format:** Choose **DIF**.
  - **Template Name:** Enter a name that is meaningful to you. No spaces are permitted in the template name field.
  - **Source File Information:** Click **Browse** and select the file to import (**DallasTB.DIF**).
4. Click **Open**, and then click **OK**.
5. Verify that the descriptions below are assigned to the correct columns.

DESCRIPTION	COLUMN
Account Number	Column A
Account Description	Column B
Prior Year Balance	Column F
Current Year Balance	Column G
Tax Return Code	Column C
Tax Combination Code	Column D

6. Enter **2** as the first line of import.
7. Click **Import Now**. Click **Yes**.
8. Click **Import**. Click **OK**.
9. Click **No** when asked *Do you want to add this file and format to the Auto Import list?*
10. Click **Done**.

6 **Using Trial Balance Bridge**  
Reviewing the Bridge Defaults

To import Tax Combination Codes (TCC), repeat the above steps except for the following:

1. Choose the TCC Descriptions as the source file import type.
2. Verify that the descriptions below are assigned to the correct columns. This template only has three User Defined columns (A, B, C).

DESCRIPTION	COLUMN
Tax Return Code	Column A
TCC Number	Column B
TCC Description	Column C

3. A window appears that says *400 has an invalid TRC<55-555>*, making it blank. This message refers to the TRC code for other dividend income. Close this window.
4. To correct this problem, in the Trial Balance Grid, scroll to **Dividend Income (Acct Num 400)**, and enter the TRC **31-108** in the **TRC** column.
5. In the Trial Balance Grid, scroll to the following accounts and enter the TCC in the **TCC** column:

ACCOUNT	TCC
2859	001
2865	002
2660	001
2780	002

6. Select **Options > Return Defaults**.
7. Enter the number for the equity account that includes either current or accumulated income (loss). This account indicates where you want to close current period income (loss). The default is the account that has a TRC of 22-500, Partner Capital. It may be changed to another account with the same TRC.
8. Select **Options > Calculate Now**.
9. Select **View > Tax Summary**.

10. If Tax Summary is in balance, click the **X** to close. You are now ready to enter the journal entries (book adjustments, tax reclassifications, Schedule M-1, or Schedule M-2 adjustments) into the bridge. Page 1 and Schedule M-3 are out of balance. Ignore this condition in this case study.

## ENTERING JOURNAL ENTRIES

1. From within the Bridge, select **Ledger > Journal Entries**. Journal entries are needed for Tax Reclassification and Schedule M-1 adjustments.
2. Select **Tax Reclassification** as the type of entry you wish to enter, and click **New**. Click **Done** after each journal entry.
3. Enter the Tax Reclassification entries in Table A below.
4. Next, select **Schedule M-1 Adjustments** as the type of entry you wish to enter, and then click **New**.
5. Enter the journal entries in Table B below. Click **Done** after each journal entry.

**TABLE A**

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
TAX41-230	Guaranteed Payments	172,000	
1120	Salaries		172,000
TAX48-450	Advertising - RE Rental Exp.	250,000	
TAX48-474	Taxes - RE Rental Exp.	200,000	
TAX48-477	Utilities - RE Rental Exp.	150,000	
TAX48-480	Salaries - RE Rental Exp.	75,000	
TAX48-486	Depreciation - RE Rental Exp.	800,000	

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
1680	Advertising		250,000
1204	Taxes - Real Property		200,000
902	Utilities		150,000
1120	Salaries		75,000
1500	Depreciation		800,000
TAX44-630	Sch Line 11 Other Simplified Employee Benefits Plan Exp.	364,125	
1720	Benefits Plan Expense		364,125

**TABLE B**

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
<b>PERMANENT DIFFERENCES</b>			
TAX60-216	Travel & entertainment	73,000	
1924	Meals & entertainment		73,000
TAX60-216	Travel & entertainment	20,000	
1908	Outside services		20,000
<b>TEMPORARY DIFFERENCES</b>			

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
TAX60-240	Other book expenses	150,000	
1160	Bad debts		150,000
1760	Emp. benefit programs	1,800,000	
TAX60-540	Other Tax Ded. Not Recorded		1,800,000
TAX60-240	Other book expenses	1,000,000	
1120	Salaries		1,000,000
1500	Depreciation	1,625,566	
TAX60-510	Depreciation		1,625,566

## BRIDGE REVIEW AND MERGE

1. After all journal entries have been entered, verify that the Bridge is in balance by selecting **View > Tax Summary**.
2. If the Bridge is in balance, merge the bridge data into the Tax Application by selecting **Options > Merge Now**.
3. You may print and review the Bridge workpapers by selecting **File > Print** or **File > Print Preview**.

## IMPORTING PARTNER INFORMATION USING THE PARTNER TEMPLATE

The files used to import Partner information into this Case Study return are the **DPARTNERPIO.DIF** and **DPARTNERSAO.DIF** files, located in the **C:\Program Files(x86)\RIA\RS2019** directory.

## Importing the Partner Bridge

1. Select **File > Import > Partner Information**.
2. The **Import DIF** box appears. Select **Partner Information Only**.
3. Click **Browse** and select the **DPARTNERPIO.dif** file, located in the **C:\Program Files (x86)\RIA\RS2019** directory.
4. Click **Open**.
5. The path and file name should appear in the **Import DIF File** box.
6. Click **Import**.
7. When the import process is complete, click **OK**.
8. Click **Done**.
9. Repeat the process again to import the **DPARTNERSAO.DIF** file. Use the same steps, except in Steps 2 and 3.

In Step 2, select the **Special Allocations Only** button.

In Step 3, select the **DPARTNERSAO.DIF** file to import.

10. Continue the remaining steps in order.

# USING 1065 AFTER BRIDGE IMPORT

## VERIFYING THE PARTNER INFORMATION

1. Select **Quick Track > Partner Information**.

OR

Select **Partner Information > Partner by Partner Data**. Click the name of the partner to be viewed.

2. Select a sample of partners and verify that the information imported correctly.



The partners can be reviewed in a columnar format by selecting **Quick Track > Columnar Partner Info** or **Partner Information > Partner by Partner Data > Columnar Partner Entry**.

#	NAME	TYPE OF PARTNER	EIN	ADDRESS	PROFIT/LOSS RATIO	BEGINNING CAPITAL
1	Jeff Scott	General Passive	111-11-1111	426 Oak Street Albany, NY 06111	20%	1,800,000
2	Reynolds Co. S Corp.	General Active	222-22-2222	766 First Street Albany, NY 06111	10%	1,000,000
3	Andrew Hale	Limited Passive	333-33-3333	9 Willis Street Albany, NY 06111	10%	1,000,000
4	Larry Moore	Limited Passive	444-44-4444	2222 South Drive Albany, NY 06111	5%	800,000
5	Kevin Price	Limited Passive	555-55-5555	321 Wayside Albany, NY 06111	10%	900,000
6	Jim Goodwin	Limited Passive	666-66-6666	766 First Street Albany, NY 06111	5%	500,000
7	John Smith	Limited Passive	777-77-7777	100 Main Street Albany, NY 06111	5%	500,000

#	NAME	TYPE OF PARTNER	EIN	ADDRESS	PROFIT/LOSS RATIO	BEGINNING CAPITAL
8	Mary Jones	Limited Passive	888-88-8888	311 South Street Albany, NY 06111	5%	600,000
9	Stewart Co. S Corp.	General Active	999-99-9999	5000 Clark Street Albany, NY 06111	20%	2,000,000
10	Wayne Brown	Limited Passive	101-10-1010	701 Griffith Drive Albany, NY 06111	10%	900,000

## CHANGING PARTNER INFORMATION

Andrew Hale changed from a limited partner to a general partner. Andrew Hale's partner information needs to be updated.

1. Scroll down to **Partner Type** where the system default is set to *Limited*. Andrew is now a general partner.
2. Under **Partner Override**, click the down arrow and select **General**.

## COMMON PARTNER INFORMATION

Along with entering partner information individually, you may select options that apply to all partners in the return.

1. Access **Partner Information > Common Partner Data** to review these options.
2. Select the **Common Partner Information** tab.
3. Scroll down to the section entitled **Federal Form 1065 Sch K-1 Only - Miscellaneous Partner Options**.
4. Check the box **Treat individual general partners as passive for the Analysis of Net Income (Loss)**.
5. Leave the box for **Treat individuals limited partners as active for the Analysis of Net Income (Loss)** checked.
6. Under the **Contributions/Distributions** tab, enter a date for the **Cash Distribution** of **09/01/2019**.

## TRANSFER OF INTEREST

On June 30, 2019, Jeff Scott (partner #1) transferred half of his 20% partnership interest to Reynolds Co. (partner #2). Record the transfer of interest through the Organizer window:

1. Select **Quick Track > Transfer of Interest**.

OR

Select **Partner Information > Transfer of Interest > Transfers > Add New Transfer Date**.

2. Enter **06/30/2019** and press **Enter**.
3. Enter **Partner number 1** in the **Transferring Partner Number** field.
4. Enter **Partner number 2** in the **Receiving Partner Number** field.
5. Enter **.50** in the ratio column, not **.10**.

## PARTNER FOOTNOTE

1. Select **Partner Information > Partner Footnotes > Without Amounts > Add new Footnote Number**.
2. Enter a number for the footnote, up to four digits.
3. Select **Both Federal and State** as the attachment option.
4. Enter the following text in the **Footnote Detail** area:

***PLEASE CONSULT YOUR TAX ADVISOR WHEN FILING YOUR TAX RETURN TO ASSURE PROPER INCLUSION OF THE AMOUNTS LISTED ON YOUR SCHEDULE K-1.***

## SPECIAL ALLOCATIONS

The partner import included Special Allocation amounts for Cash Distribution (WD), SEP Contribution (DC), and Guaranteed Payment (GP). The cash distribution was paid on **09/01/2019**.

PARTNER	WD	DC	GP
Jeff Scott	1,247,000	72,825	
Reynolds Co.			22,000
Andrew Hale	1,247,000	72,825	
Larry Moore			105,000
Kevin Price	936,000	55,000	
Jim Goodwin	936,000	55,000	
John Smith	1,269,000	54,237	
Mary Jones	600,800	54,238	
Stewart Co.			25,000
Wayne Brown			20,000

1. Verify that the special allocation data imported correctly. Select **Partner Information > Allocations > Special Allocations**.
2. Select each two-digit allocation code and review.
3. Apply the special allocation for Cash Distribution. Select **Partner Information > Common Partner Data > Contributions/Distributions**.
4. Verify the distribution date of **09/01/2019** and verify the total amount under the **Cash Distributions** column.
5. Enter the special allocation code **WD** in the **Alloc Code** field to the right of the amount.

6. Apply the special allocation for SEP Contribution. Select **Quick Track > Page 4, Deductions**.

OR

Select **Sch K > Deduction Summary**.

7. Verify the total amount on the line **Payment for partners to a SEP**.

8. Enter special allocation code **DC** in the **Alloc Code** field to the right of the amount.

9. Apply the special allocation for Guaranteed Payment. Select **Quick Track > Page 4, Income**.

10. Enter the special allocation code **GP** in the **Alloc Code** field for the line Guaranteed Payments carrying to Schedule M-1. This amount will come from other input.

## NONRECOURSE LIABILITIES

Special allocation codes need to be created for Nonrecourse Liabilities and Cash Contributions.

Nonrecourse liabilities of \$1,000 are to be specially allocated. Allocate the first **\$100** to **Jeff Scott** with the remaining **\$900** to be allocated prorata among all of the partners.

1. To specially allocate this item, select **Partner Information > Allocations > Special Allocations > Add New Special Allocation Code**.

2. Enter a two-character alphanumeric special allocation code. This code must be two characters and **NOT** begin with a zero. This is a **required** entry.

3. Enter a description for the code, such as **Nonrecourse Liabilities**.

4. Select **Residual** in the **Allocation method** as the method to allocate the residual.

5. Tab to the **Amounts** column for partner 1, and enter **\$100**.

6. The area used to enter information about partnership liabilities may be accessed in two ways. Select **Balance Sheet and Reconciliation > Sch L > Liabilities Allocation**.

OR

Select **Common Partner Data > Liabilities Allocable**.

7. In the **Nonrecourse Liabilities** field, enter **\$1,000** in the **Total Amount (Override)** column.

8. Enter the two-character alphanumeric special allocation code established above for Nonrecourse Liabilities in the **Alloc. Code** field.

## CASH CONTRIBUTION

Dallas Partners contributed **\$1,500** to United Way. The contribution is to be specially allocated, with \$500 going to Reynolds Co. and the remainder allocated to other partners using the residual method.

1. Select **Partner Information > Allocations > Special Allocations > Add New Special Allocation Code**.
2. Enter the two-character special allocation code.
3. Enter **Charitable Contributions** as the description.



The same allocation code may be used for multiple allocations if the percentages, amounts and methods are the same for each allocation. Since we are going to use the residual allocation method for the remainder of charitable contributions, we must create a new special allocation code.

4. To allocate the first \$500 to Reynolds Co and the remainder to the other partners, use the residual method. Enter **\$500** in the amount column on the line for **Reynolds Co**.
5. Select **Sch K > Deductions Summary**.
6. Click the **Charitable Contributions Detail-Cash** tab.
7. Enter **\$1,500** contribution to **United Way** under **50% Contributions**.
8. Enter the special allocation code designated above for contributions in the **Alloc. Code** column under **Contributions for Cash: 50%**.



The \$1,500 contribution was not included in the information imported from the Trial Balance Bridge. A book adjustment would be necessary to reflect this item on the Trial Balance and include it when the trial balance was merged into the return.

## ORDINARY INCOME - DEPRECIATION

Select **Ordinary Income and Deductions > Depreciation and Amortization > Dallas Partners > 4562 Information > 4562 Overrides**.

Enter the following information on the appropriate lines.

	BASIS	RECOV.	CONV.	METHOD	CURRENT YR. DEPR.
<i>5 year</i>	<i>9,000,000</i>	<i>5.00</i>	<i>HY</i>	<i>200DB</i>	<i>1,800,000</i>
<i>7 year</i>	<i>3,000,000</i>	<i>7.00</i>	<i>HY</i>	<i>200DB</i>	<i>428,700</i>

	DATE IN SERVICE	BASIS	
<i>Nonres. rent</i>	<i>09/01/2019</i>	<i>10,000,000</i>	<i>74,900</i>

MACRS deduction for assets prior to 2019: **1,615,300**

## OTHER SCHEDULE K DATA ENTRY ITEMS

1. Select **Schedule K > Income Summary > Income-Miscellaneous** tab.
2. Enter **\$1,500** for **Miscellaneous Income**.
3. Select **Schedule K > Alternative Minimum Tax Items**.
4. Enter **-1,243,101** on Line 17a, **Post-1096 depreciation adjustment**.
5. Select **Schedule K > Foreign Taxes**.
6. Enter **Germany** as the foreign country.
7. Enter on **Line 16f Foreign gross income at the partnership level: General Limitation 535,000**.
8. Enter on **Line 16k Deductions allocated and apportioned at the partnership level: 428,000**.
9. Verify **Line 16l(1) Total Foreign Taxes Paid: 80,000**.

## SALE OF BUSINESS PROPERTY

1. Select **Quick Track > Schedule D/Form 4797 Sales of Business Property**.

OR

Select **Gains and Losses > Sale of Business Property > Property Descriptions > Add new Description of Property**.

2. Enter ***Machinery & Equip.*** as the description and click **OK**.
3. Select as **Type of property: *1245 property***.
4. Enter the **date acquired: *01/01/1999***.
5. Enter the **date sold: *08/01/2019***.
6. Enter the **Gross Sales Price: *50,000***.
7. Enter the **cost or other basis: *2,000,000***.
8. Enter the **accumulated depreciation: *2,000,000***.

## TRANSMITTAL LETTERS

Generate transmittal letters and filing instructions, stating where the partnership's return will be filed. (Cincinnati, Ogden, and Philadelphia are the available options). Partner letters should also be generated.

1. Select **Quick Track > Letters**.

OR

Select **Letters and Filing Instructions > General Options**.

2. Select ***Separate Transmittal Letters and Filing Instructions*** in the **Select Which Letters You Wish to Print** section.
3. Verify that the **Auto Selected Center** is correct.
4. Verify that ***New York*** is indicated in the **State Postal Code** section.

5. Select **Partner Letter Options**.
6. Click the check box to the left of **Print partner letters** to print the letters.

## NEW YORK PARTNERSHIP

1. To add New York to the return, select **States > State and City Activation**.
2. Check the box in the **State Activation** column next to **New York**.
3. Select **Compute > Full Recompute**.

## COMPLETING THE 1065 COMPUTATIONS AND REVIEWING THE RETURN



Although you have been instructed to make additional changes to the tax return after the return has been merged from the Trial Balance Bridge, those entries are for the purpose of teaching tax application navigation. In an actual client's return, you would return to the Trial Balance Bridge, adjust any amounts that were added, changed or deleted, and remerge the data into the tax return. All adjusting entries for the tax return can be accommodated in the Trial Balance Bridge through journal entries or by adjusting incorrect general ledger amounts.

1. Select **Compute > Full Recompute**.
2. When completed, review Form 1065, Schedule K, and all activity amounts.

## ENABLING ALLOCATIONS TO SCHEDULE K-1

1. Once you are satisfied with the results on the federal form screens, select **Options > Partner Allocation**.
2. Select **Compute > Full Recompute**. When complete, review K-1 data by selecting the **Tax Forms** tab to view each partner's K-1.

# PARTNER TRIAL BALANCE TABLES

## TRIAL BALANCE

DALLAS PARTNERSHIP TRIAL BALANCE				
	ACCT#	PY BALANCE	CY BALANCE	TRC
Net Sales	202		-134,000,000	30-100
Interest Expense	900		100,000	41-500
Utilities	902		150,000	41-500
Freight In	907		300,000	41-500
Insurance - General	909		240,000	41-500
Dividend Income	400		-400,000	34-419
Interest Income	454		-80,000	34-310
Gross Rental Income	520		-2,000,000	38-400
Net Gain/Loss sale inc F/A	600		-50,000	31-660
Miscellaneous Income	750		-23,022	31-900
Salaries	1120		101,555,000	41-220
Bad Debts	1160		1,300,000	41-300

## Trial Balance

DALLAS PARTNERSHIP TRIAL BALANCE				
	ACCT#	PY BALANCE	CY BALANCE	TRC
Rent Expense	1180		433,000	41-350
Interest Expense	1320		130,000	41-500
Payroll Taxes	1201		5,370,000	41-420
Sales and Use Taxes	1203		20,000	41-420
Real Property Taxes	1204		350,000	41-420
Personal Property Taxes	1205		10,000	41-420
Franchise Taxes	1206		111,000	41-420
Other Taxes	1208		506,000	41-420
Charitable Contributions	1360		350,000	44-420
Depreciation	1500		2,293,334	41-540
Advertising	1680		800,000	41-900
Benefit Plans Exp.	1720		4,330,000	41-570
Non-Qual. Benefit Plan Exp	1722		2,000,000	41-570
Employee Benefit Programs	1760		4,400,000	41-620

## Trial Balance

DALLAS PARTNERSHIP TRIAL BALANCE				
	ACCT#	PY BALANCE	CY BALANCE	TRC
Outside Services	1908		148,888	41-900
Postage & Freight	1910		200,000	41-900
Professional Fee	1912		2,000,000	41-900
Telephone & Telegraph	1922		90,000	41-900
Meals & Entertainment	1924		150,000	41-900
Travel	1925		900,000	41-900
Foreign Income Taxes	1281		80,000	44-910
Cash	2100	7,620,000	9,000,000	10-100
Trade Notes/Accounts Rec	2120	6,655,000	7,150,000	10-200
Less Bad Debt Allowance	2160	-500,000	-650,000	10-205
Inventories	2180	0	0	10-300
Insurance Prepaid	2240	125,000	490,000	10-900
Rent Prepaid	2242	200,000	400,000	10-900
Other Prepaid	2264	50,000	90,000	10-900

## Trial Balance

DALLAS PARTNERSHIP TRIAL BALANCE				
	ACCT#	PY BALANCE	CY BALANCE	TRC
Deposits	2284	100,000	150,000	10-900
Bldgs./Other Fixed Assets	2380	75,000,000	95,000,000	11-500
Less: Accumulated Depr.	2420	-50,120,000	-50,413,333	11-505
Land	2500	1,000,000	3,000,000	11-700
Accounts Payable	2620	-7,000,000	-9,000,000	20-100
Note Payable - ST	2660	-1,000,000	-1,000,000	20-255
Franchise Tax Accrual	2704	-50,000	-50,000	20-300
Bonus Payable	2705	-3,925,000	-10,225,000	20-300
Salaries and Wages	2707	-2,000,000	-2,500,000	20-300
Payroll Taxes	2709	-140,000	-175,000	20-300
Property Taxes	2710	-500,000	-600,000	20-300
Sales Taxes	2711	-20,000	-40,000	20-300
Interest	2713	-50,000	-75,000	20-300
Utilities	2716	-16,000	-17,000	20-300

DALLAS PARTNERSHIP TRIAL BALANCE				
	ACCT#	PY BALANCE	CY BALANCE	TRC
Professional Fees	2718	-70,000	-450,000	20-300
Advertising	2720	-25,000	-35,000	20-300
Miscellaneous	2721	-80,000	-60,000	20-300
Payroll Withholding	2722	-254,000	-489,667	20-300
Commissions Payable	2723	-250,000	-1,400,000	20-300
Note Payable – LT	2780	-7,150,000	-18,300,000	20-255
Prepaid Income	2859	-4,000,000	-6,000,000	21-300
Workers Comp Accrual	2865	-3,600,000	-1,800,000	21-300
Partners Capital	2920	-10,000,000	-18,235,800	22-500
Distributions	2925	0	6,235,800	62-308

## INCOME STATEMENT

DALLAS PARTNERSHIP INCOME STATEMENT	
Net Sales	(134,000,000)
Salaries	101,555,000

DALLAS PARTNERSHIP INCOME STATEMENT	
Bad Debts	1,300,000
Rent Expense	433,000
Interest Expense	230,000
Payroll Taxes	5,370,000
Sales and Use Taxes	20,000
Real Property	350,000
Personal Property	10,000
Franchise Taxes	111,000
Foreign Income Taxes	80,000
Other Taxes	506,000
Charitable Contributions	350,000
Depreciation	293,334
Advertising	800,000
Benefits Plan Expense	4,330,000
Non-Qual. Benefit Plans Exp.	2,000,000

DALLAS PARTNERSHIP INCOME STATEMENT	
Employee Benefits Programs	4,400,000
Outside Services	148,888
Postage & Freight	200,000
Professional Fees	2,000,000
Telephone	90,000
Meals & Entertainment	150,000
Utilities	150,000
Freight In	300,000
Insurance	240,000
Travel	900,000
Total Expenses	128,317,222
Dividend Income	(400,000)
Interest Income	(80,000)
Gross Rental Income	(2,000,000)
Sale of Assets	(50,000)

DALLAS PARTNERSHIP INCOME STATEMENT	
Miscellaneous Income	(23,022)
Total Other Income	(2,553,022)
Net (Income)/Loss	(8,235,800)

## BALANCE SHEET

DALLAS PARTNERSHIP BALANCE SHEET		
	BEGINNING	ENDING
Cash	7,620,000	9,000,001
Accounts Receivable	6,655,000	7,150,000
Bad Debt Allowance	(500,000)	(650,000)
Insurance Prepaid	125,000	490,000
Rent Prepaid	200,000	400,000
Other Prepaid	50,000	90,000
Deposits	100,000	150,000
Bldg./Fixed Assets	75,000,000	95,000,000
Accum. Depreciation	(50,120,000)	(50,413,334)

<b>DALLAS PARTNERSHIP BALANCE SHEET</b>		
	<b>BEGINNING</b>	<b>ENDING</b>
Land	1,000,000	3,000,000
<b>TOTAL ASSETS</b>	<b>40,130,000</b>	<b>64,216,667</b>
Accounts Payable	(7,000,000)	(9,000,000)
Note Payable - ST	(1,000,000)	(1,000,000)
Franchise Tax Accrual	(50,000)	(50,000)
Bonus Payable	(3,295,000)	(10,225,000)
Salaries and Wages	(2,000,000)	(2,500,000)
Payroll Taxes	(140,000)	(175,000)
Property Taxes	(500,000)	(600,000)
Sales Taxes	(20,000)	(40,000)
Interest	(50,000)	(75,000)
Utilities	(16,000)	(17,000)
Professional Fees	(70,000)	(450,000)
Advertising	(25,000)	(35,000)

<b>DALLAS PARTNERSHIP BALANCE SHEET</b>		
	<b>BEGINNING</b>	<b>ENDING</b>
Miscellaneous	(80,000)	(60,000)
Payroll withholding	(254,000)	(489,667)
Commissions Payable	(250,000)	(1,400,000)
Prepaid Income	(4,000,000)	(6,000,000)
Workers Comp Accrual	(3,600,000)	(1,800,000)
Nonrecourse Loans	(1,000)	(1,000)
Notes Payable - LT	(7,149,000)	(18,299,000)
Partners' Capital	(10,000,000)	(12,000,000)
<b>TOTAL LIABILITIES/EQUITY</b>	<b>(40,130,000)</b>	<b>(64,216,667)</b>

# REVIEWING THE RETURN

## Compute Before Review

1. Before reviewing the return, make sure your return is completely computed.
2. Select **Compute > Full Recompute** from the menu bar.

## Review

The complete return can be viewed on screen and any changes made before printing. Use Tax Forms to review the return. During your review, access supporting workpapers by selecting any field with blue arrows to the right of the field, and then check for diagnostics and overrides.

The review process consists of:

- Reviewing diagnostics and overrides
- Reviewing through Tax Forms
- Reviewing work papers
- Entering corrections and changes
- Reviewing through Print Preview.

## Print Preview

1. Access Print Preview to see the return as it will print.
2. View all statements by selecting **Print** on the menu bar.

## Diagnostics and Overrides

### DIAGNOSTICS

1. To review the diagnostics, select **View > Diagnostics**.
2. A screen displays a list of the diagnostics by type: *Severe*, *Informational*, or *E-file*.
3. To go to the screen where the diagnostic originates, select a diagnostic from the list.

### OVERRIDES

1. Viewing and accessing overrides works like the review of diagnostics explained above. Select the override to go to the screen where you entered the override.
2. Verify your overrides and clear any unnecessary overrides by clicking the overridden amount and selecting **Clear Override** from the right-click menu.



If you have entered data only through the Organizer screens, no overrides should exist.

## Comparison Screens

Once you have completed this case study, you can compare your entries with the master return completed using the same data. To compare the return you prepared to the master, select **Help > Case Study Comparisons** inside the return.

Differences between the amount in your return and the amount in the master return are noted in the **Difference** column. If you entered the data correctly, there should be no amounts in the **Difference** column.

If you have differences, begin by selecting **Compute > Full Recompute**.

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