

Chapter 14 Comprehensive Review Question

A has a one-fourth and B a three-fourths interest in a partnership that operates a toy manufacturing company. The partnership files its partnership return on the calendar-year basis. The partnership books disclose the following information for the current calendar year:

Sales	\$235,000
Returns and allowances	10,000
Opening inventory	50,000
Purchases	50,000
Cost of labor and supplies	105,000
Closing inventory	61,000
Royalties received for use of a patent	1,100
Salaries	26,000
Guaranteed payments to partners (\$8,400 to each)	16,800
Rent paid	17,000
Interest expense on business debt (other than payments to partners)	550
Taxes	8,500
Bad debt written off	1,000
Repairs	3,000
Depreciation	2,470
Light, postage, stationery, etc.	1,680
Net long-term capital gain	600
Dividends	200

Compute the partnership income and the partners' distributive shares of items that are required to be separately stated.