

# U.S. Corporation Income Tax Return

OMB No. 1545-0123

## 2012

For calendar year 2012 or tax year beginning \_\_\_\_\_, ending \_\_\_\_\_  
 Information about Form 1120 and its separate instructions is at [www.irs.gov/form1120](http://www.irs.gov/form1120).

<b>A Check if:</b> 1a Consolidated return (attach Form 851) <input type="checkbox"/> b Life/nonlife consolidated return <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (see instructions) <input type="checkbox"/> 4 Schedule M-3 attached <input checked="" type="checkbox"/>	<b>TYPE OR PRINT</b>	Name Pet Kingdom, Inc. Number, street, and room or suite no. If a P.O. box, see instructions. 1010 Northwest Parkway City or town State ZIP code Dallas TX 75225	<b>B Employer identification number</b> 11-1111111 <b>C Date incorporated</b> 11/1/2005 <b>D Total assets (see instructions)</b> \$ 12,900,445
<b>E Check if:</b> (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change			

<b>Income</b>	1a	Gross receipts or sales	6,900,000		
	1b	Returns and allowance	240,000		
		c	Balance. Subtract line 1b from line 1a		6,660,000
	2	Cost of goods sold (attach Form 1125-A)		2,760,000	
	3	Gross profit. Subtract line 2 from line 1c		3,900,000	
	4	Dividends (Schedule C, line 19)		52,500	
	5	Interest		24,000	
	6	Gross rents			
	7	Gross royalties			
	8	Capital gain net income (attach Schedule D (Form 1120))			
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)			
10	Other income (see instructions—attach statement)				
11	<b>Total income.</b> Add lines 3 through 10			3,976,500	
<b>Deductions (See instructions for limitations on deductions.)</b>	12	Compensation of officers (see instructions—attach Form 1125-E)		630,000	
	13	Salaries and wages (less employment credits)		870,000	
	14	Repairs and maintenance		168,000	
	15	Bad debts			
	16	Rents		129,000	
	17	Taxes and licenses		285,000	
	18	Interest		261,000	
	19	Charitable contributions		45,000	
	20	Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)		165,000	
	21	Depletion			
	22	Advertising		69,000	
	23	Pension, profit-sharing, etc., plans			
	24	Employee benefit programs		72,000	
	25	Domestic production activities deduction (attach Form 8903)			
	26	Other deductions (attach statement)			
	27	<b>Total deductions.</b> Add lines 12 through 26			2,694,000
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11			1,282,500
<b>29a</b>	29a	Net operating loss deduction (see instructions)			
	29b	Special deductions (Schedule C, line 20)	36,750		
	29c	Add lines 29a and 29b		36,750	
<b>Tax, Refundable Credits, and Payments</b>	30	<b>Taxable income.</b> Subtract line 29c from line 28 (see instructions)		1,245,750	
	31	Total tax (Schedule J, Part I, line 11)		423,555	
	32	Total payments and refundable credits (Schedule J, Part II, line 21)		428,000	
	33	Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>			
	34	<b>Amount owed.</b> If line 32 is smaller than the total of lines 31 and 33, enter amount owed		0	
	35	<b>Overpayment.</b> If line 32 is larger than the total of lines 31 and 33, enter amount overpaid		4,445	
36	Enter amount from line 35 you want credited to 2013 estimated tax	Refunded		4,445	

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.

<b>Sign Here</b>	Signature of officer	Date	Title
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May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name	SELF-PREPARED RETURN			Firm's EIN
	Firm's address				Phone no.
	City	State			ZIP code

<b>Schedule C Dividends and Special Deductions</b> (see instructions)		(a) Dividends received	(b) %	(c) Special deductions (a) × (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)	52,500	70	36,750
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	0
3	Dividends on debt-financed stock of domestic and foreign corporations		see instructions	0
4	Dividends on certain preferred stock of less-than-20%-owned public utilities		42	0
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	0
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	0
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	0
8	Dividends from wholly owned foreign subsidiaries		100	0
9	<b>Total.</b> Add lines 1 through 8. See instructions for limitation			36,750
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	0
11	Dividends from affiliated group members		100	0
12	Dividends from certain FSCs		100	0
13	Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15	Foreign dividend gross-up			
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17	Other dividends			
18	Deduction for dividends paid on certain preferred stock of public utilities			
19	<b>Total dividends.</b> Add lines 1 through 17. Enter here and on page 1, line 4	52,500		
20	<b>Total special deductions.</b> Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b			36,750

**Schedule J Tax Computation and Payment** (see instructions)

**Part I—Tax Computation**

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))	<input type="checkbox"/>		
2	Income tax. Check if a qualified personal service corporation (see instructions)	<input type="checkbox"/>	2	423,555
3	Alternative minimum tax (attach Form 4626)		3	
4	Add lines 2 and 3		4	423,555
5a	Foreign tax credit (attach Form 1118)		5a	
b	Credit from Form 8834, line 30 (attach Form 8834)		5b	
c	General business credit (attach Form 3800)		5c	
d	Credit for prior year minimum tax (attach Form 8827)		5d	
e	Bond credits from Form 8912		5e	
6	<b>Total credits.</b> Add lines 5a through 5e		6	0
7	Subtract line 6 from line 4		7	423,555
8	Personal holding company tax (attach Schedule PH (Form 1120))		8	
9a	Recapture of investment credit (attach Form 4255)		9a	
b	Recapture of low-income housing credit (attach Form 8611)		9b	
c	Interest due under the look-back method—completed long-term contracts (attach Form 8697)		9c	
d	Interest due under the look-back method—income forecast method (attach Form 8866)		9d	
e	Alternative tax on qualifying shipping activities (attach Form 8902)		9e	
f	Other (see instructions—attach statement)		9f	
10	<b>Total.</b> Add lines 9a through 9f		10	0
11	<b>Total tax.</b> Add lines 7, 8, and 10. Enter here and on page 1, line 31		11	423,555

**Part II—Payments and Refundable Credits**

12	2011 overpayment credited to 2012		12	
13	2012 estimated tax payments		13	428,000
14	2012 refund applied for on Form 4466		14	( )
15	Combine lines 12, 13, and 14		15	428,000
16	Tax deposited with Form 7004		16	
17	Withholding (see instructions)		17	
18	<b>Total payments.</b> Add lines 15, 16, and 17		18	428,000
19	Refundable credits from:			
a	Form 2439		19a	
b	Form 4136		19b	
c	Form 8827, line 8c		19c	
d	Other (attach statement—see instructions)		19d	
20	<b>Total credits.</b> Add lines 19a through 19d		20	0
21	<b>Total payments and credits.</b> Add lines 18 and 20. Enter here and on page 1, line 32		21	428,000

**Schedule K Other Information** (see instructions)

1	Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____	Yes	No
2	See the instructions and enter the:		
a	Business activity code no. <input type="checkbox"/> 453910		
b	Business activity <input type="checkbox"/> Pet care sales		
c	Product or service <input type="checkbox"/> Pets and pet supplies		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If "Yes," enter name and EIN of the parent corporation _____		X
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G)		X
b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G)	X	

**Schedule K** Other Information *continued* (see instructions)

	Yes	No
<b>5</b> At the end of the tax year, did the corporation:		
<b>a</b> Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851, Affiliations Schedule? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below		X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

<b>b</b> Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below		X
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(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

<b>6</b> During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file Form 5452, Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.		X
<b>7</b> At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% (a) the total voting power of all classes of the corporation's stock entitled to vote or (b) the total value of all classes of the corporation's stock? For rules of attribution, see section 318. If "Yes," enter: (i) Percentage owned ▶ _____ and (ii) Owner's country ▶ _____ (c) The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ _____		X
<b>8</b> Check this box if the corporation issued publicly offered debt instruments with original issue discount . . . . . <input type="checkbox"/> If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
<b>9</b> Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ 18,000		
<b>10</b> Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ 2		
<b>11</b> If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here . . . . . <input type="checkbox"/> If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached c the election will not be valid.		
<b>12</b> Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a) ▶ \$ _____		
<b>13</b> Are the corporation's total receipts (line 1c plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ \$ _____		X
<b>14</b> Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)? If "Yes," complete and attach Schedule UTP.		X
<b>15a</b> Did the corporation make any payments in 2012 that would require it to file Form(s) 1099? . . . . .	X	
<b>b</b> If "Yes," did or will the corporation file required Forms 1099? . . . . .	X	
<b>16</b> During this tax year, did the corporation have an 80% or more change in ownership, including a change due to redemption of i own stock? . . . . .		X
<b>17</b> During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by val of its assets in a taxable, non-taxable, or tax deferred transaction? . . . . .		X
<b>18</b> Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fa market value of more than \$1 million? . . . . .		X

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
<b>Assets</b>					
1	Cash . . . . .		1,056,000		748,000
2a	Trade notes and accounts receivable . . . . .	1,815,000		2,021,000	
b	Less allowance for bad debts . . . . .	( )	1,815,000	( )	2,021,000
3	Inventories . . . . .		3,300,000		3,636,000
4	U.S. government obligations . . . . .				
5	Tax-exempt securities (see instructions) . . . . .		330,000		330,000
6	Other current assets (attach statement) . . . . .		385,000		389,445
7	Loans to shareholders . . . . .				
8	Mortgage and real estate loans . . . . .				
9	Other investments (attach statement) . . . . .		990,000		990,000
10a	Buildings and other depreciable assets . . . . .	4,805,000		4,805,000	
b	Less accumulated depreciation . . . . .	( 727,000)	4,078,000	( 847,000)	3,958,000
11a	Depletable assets . . . . .				
b	Less accumulated depletion . . . . .	( )	0	( )	0
12	Land (net of any amortization) . . . . .		715,000		715,000
13a	Intangible assets (amortizable only) . . . . .				
b	Less accumulated amortization . . . . .	( )	0	( )	0
14	Other assets (attach statement) . . . . .		123,000		113,000
15	Total assets . . . . .		12,792,000		12,900,445
<b>Liabilities and Shareholders' Equity</b>					
16	Accounts payable . . . . .		2,035,000		1,837,000
17	Mortgages, notes, bonds payable in less than 1 year . . . . .				
18	Other current liabilities (attach statement) . . . . .		213,000		184,000
19	Loans from shareholders . . . . .				
20	Mortgages, notes, bonds payable in 1 year or more . . . . .		4,550,000		4,322,000
21	Other liabilities (attach statement) . . . . .				
22	Capital stock: a Preferred stock . . . . .				
	b Common stock . . . . .	3,000,000	3,000,000	3,000,000	3,000,000
23	Additional paid-in capital . . . . .				
24	Retained earnings—Appropriated (attach statement) . . . . .				
25	Retained earnings—Unappropriated . . . . .		2,994,000		3,557,445
26	Adjustments to shareholders' equity (attach statement) . . . . .				
27	Less cost of treasury stock . . . . .		( )		( )
28	Total liabilities and shareholders' equity . . . . .		12,792,000		12,900,445

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return**

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more—see instructor

1	Net income (loss) per books . . . . .		7	Income recorded on books this year no included on this return (itemize):	
2	Federal income tax per books . . . . .			Tax-exempt interest \$ _____	
3	Excess of capital losses over capital gains . . . . .			-----	
4	Income subject to tax not recorded on books this year (itemize): _____			-----	0
	-----	0	8	Deductions on this return not charged against book income this year (itemize)	
5	Expenses recorded on books this year not deducted on this return (itemize):		a	Depreciation . . . . \$ _____	
a	Depreciation . . . . . \$ _____		b	Charitable contributions \$ _____	
b	Charitable contributions . . . . \$ _____			-----	
c	Travel and entertainment . . . . \$ _____			-----	0
	-----	0	9	Add lines 7 and 8 . . . . .	0
6	Add lines 1 through 5 . . . . .	0	10	Income (page 1, line 28)—line 6 less line 9	0

**Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)**

1	Balance at beginning of year . . . . .	2,994,000	5	Distributions: a Cash . . . . .	300,000
2	Net income (loss) per books . . . . .	863,445		b Stock . . . . .	
3	Other increases (itemize):			c Property . . . . .	
	-----		6	Other decreases (itemize):	
	-----	0		-----	
4	Add lines 1, 2, and 3 . . . . .	3,857,445	7	Add lines 5 and 6 . . . . .	300,000
			8	Balance at end of year (line 4 less line 7)	3,557,445

**Cost of Goods Sold**

▶ **Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.**  
▶ **Information about Form 1125-A and its instructions is at [www.irs.gov/form1125a](http://www.irs.gov/form1125a).**

Name **Pet Kingdom, Inc.** Employer identification number **11-1111111**

<b>1</b>	Inventory at beginning of year . . . . .	<b>1</b>	<b>3,300,000</b>
<b>2</b>	Purchases . . . . .	<b>2</b>	<b>3,096,000</b>
<b>3</b>	Cost of labor . . . . .	<b>3</b>	
<b>4</b>	Additional section 263A costs (attach schedule) . . . . .	<b>4</b>	
<b>5</b>	Other costs (attach schedule) . . . . .	<b>5</b>	
<b>6</b>	<b>Total.</b> Add lines 1 through 5 . . . . .	<b>6</b>	<b>6,396,000</b>
<b>7</b>	Inventory at end of year . . . . .	<b>7</b>	<b>3,636,000</b>
<b>8</b>	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions) . . . . .	<b>8</b>	<b>2,760,000</b>

**9 a** Check all methods used for valuing closing inventory:

- (i)  Cost
- (ii)  Lower of cost or market
- (iii)  Other (Specify method used and attach explanation.) ▶ \_\_\_\_\_

**b** Check if there was a writedown of subnormal goods . . . . . ▶

**c** Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) . . . . . ▶

**d** If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO . . . . . **9d** \_\_\_\_\_

**e** If property is produced or acquired for resale, do the rules of section 263A apply to the entity (see instructions)? . . .  Yes  No

**f** Was there any change in determining quantities, cost, or valuations between opening and closing inventory? "Yes," attach explanation . . . . .  Yes  No



**SCHEDULE M-3  
(Form 1120)**

Department of the Treasury  
Internal Revenue Service

**Net Income (Loss) Reconciliation for Corporations  
With Total Assets of \$10 Million or More**

▶ Attach to Form 1120 or 1120-C. ▶ Information about Schedule M-3 (Form 1120) and its separate instructions is available at [www.irs.gov/form1120](http://www.irs.gov/form1120).

OMB No. 1545-0123

**2012**

Name of corporation (common parent, if consolidated return)

Pet Kingdom, Inc.

Employer identification number

11-1111111

- Check applicable box(es): (1)  Non-consolidated return (2)  Consolidated return (Form 1120 only)  
(3)  Mixed 1120/L/PC group (4)  Dormant subsidiaries schedule attached

**Part I Financial Information and Net Income (Loss) Reconciliation** (see instructions)

- 1a** Did the corporation file SEC Form 10-K for its income statement period ending with or within this tax year?  
 Yes. Skip lines 1b and 1c and complete lines 2a through 11 with respect to that SEC Form 10-K.  
 No. Go to line 1b. See instructions if multiple non-tax-basis income statements are prepared.
- b** Did the corporation prepare a certified audited non-tax-basis income statement for that period?  
 Yes. Skip line 1c and complete lines 2a through 11 with respect to that income statement.  
 No. Go to line 1c.
- c** Did the corporation prepare a non-tax-basis income statement for that period?  
 Yes. Complete lines 2a through 11 with respect to that income statement.  
 No. Skip lines 2a through 3c and enter the corporation's net income (loss) per its books and records on line 4a.
- 2a** Enter the income statement period: Beginning 1/1/2012 Ending 12/31/2012
- b** Has the corporation's income statement been restated for the income statement period on line 2a?  
 Yes. (If "Yes," attach an explanation and the amount of each item restated.)  
 No.
- c** Has the corporation's income statement been restated for any of the five income statement periods preceding the period on line 2a?  
 Yes. (If "Yes," attach an explanation and the amount of each item restated.)  
 No.
- 3a** Is any of the corporation's voting common stock publicly traded?  
 Yes.  
 No. If "No," go to line 4a.
- b** Enter the symbol of the corporation's primary U.S. publicly traded voting common stock . . . . .
- c** Enter the nine-digit CUSIP number of the corporation's primary publicly traded voting common stock . . . . .

<b>4a</b>	Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1 . . . . .	<b>4a</b>	863,445
<b>b</b>	Indicate accounting standard used for line 4a (see instructions): (1) <input type="checkbox"/> GAAP 2) <input type="checkbox"/> IFRS 3) <input type="checkbox"/> Statutory 4) <input type="checkbox"/> Tax-basis 5) <input type="checkbox"/> Other (specify) _____		
<b>5a</b>	Net income from nonincludible foreign entities (attach statement) . . . . .	<b>5a</b>	( )
<b>b</b>	Net loss from nonincludible foreign entities (attach statement and enter as a positive amount) . . . . .	<b>5b</b>	
<b>6a</b>	Net income from nonincludible U.S. entities (attach statement) . . . . .	<b>6a</b>	( )
<b>b</b>	Net loss from nonincludible U.S. entities (attach statement and enter as a positive amount) . . . . .	<b>6b</b>	
<b>7a</b>	Net income (loss) of other includible foreign disregarded entities (attach statement) . . . . .	<b>7a</b>	
<b>b</b>	Net income (loss) of other includible U.S. disregarded entities (attach statement) . . . . .	<b>7b</b>	
<b>c</b>	Net income (loss) of other includible entities (attach statement) . . . . .	<b>7c</b>	
<b>8</b>	Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach statement) . . . . .	<b>8</b>	
<b>9</b>	Adjustment to reconcile income statement period to tax year (attach statement) . . . . .	<b>9</b>	
<b>10a</b>	Intercompany dividend adjustments to reconcile to line 11 (attach statement) . . . . .	<b>10a</b>	
<b>b</b>	Other statutory accounting adjustments to reconcile to line 11 (attach statement) . . . . .	<b>10b</b>	
<b>c</b>	Other adjustments to reconcile to amount on line 11 (attach statement) . . . . .	<b>10c</b>	
<b>11</b>	<b>Net income (loss) per income statement of includible corporations.</b> Combine lines 4 through 10 . . . . . <b>Note.</b> Part I, line 11, must equal the amount on Part II, line 30, column (a), and Schedule M-2, line 2.	<b>11</b>	863,445

**12** Enter the total amount (not just the corporation's share) of the assets and liabilities of all entities included or removed on the following lines.

	Total Assets	Total Liabilities
<b>a</b> Included on Part I, line 4 . . . . . ▶	12,900,445	12,900,445
<b>b</b> Removed on Part I, line 5 . . . . . ▶		
<b>c</b> Removed on Part I, line 6 . . . . . ▶		
<b>d</b> Included on Part I, line 7 . . . . . ▶		

Name of corporation (common parent, if consolidated return) <b>Pet Kingdom, Inc.</b>					Employer identification number <b>11-1111111</b>	
Check applicable box(es):	(1) <input type="checkbox"/> Consolidated group	(2) <input type="checkbox"/> Parent corp	(3) <input type="checkbox"/> Consolidated eliminations	(4) <input type="checkbox"/> Subsidiary corp	(5) <input type="checkbox"/> Mixed 1120/L/PC group	
Check if a sub-consolidated:	(6) <input type="checkbox"/> 1120 group	(7) <input type="checkbox"/> 1120 eliminations				
Name of subsidiary (if consolidated return)					Employer identification number	

**Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return** (see instructions)

Income (Loss) Items (Attach schedules for lines 1 through 11)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations . . . . .				
2 Gross foreign dividends not previously taxed . . . . .				
3 Subpart F, QEF, and similar income inclusions . . . . .				
4 Section 78 gross-up . . . . .				
5 Gross foreign distributions previously taxed . . . . .				
6 Income (loss) from equity method U.S. corporations . . . . .				
7 U.S. dividends not eliminated in tax consolidation . . . . .				
8 Minority interest for includible corporations . . . . .				
9 Income (loss) from U.S. partnerships . . . . .				
10 Income (loss) from foreign partnerships . . . . .				
11 Income (loss) from other pass-through entities . . . . .				
12 Items relating to reportable transactions (attach statement) . . . . .				
13 Interest income (attach Form 8916-A) . . . . .	42,000		18,000	24,000
14 Total accrual to cash adjustment . . . . .				
15 Hedging transactions . . . . .				
16 Mark-to-market income (loss) . . . . .				
17 Cost of goods sold (attach Form 8916-A) . . . . .	( 2,760,000)			( 2,760,000)
18 Sale versus lease (for sellers and/or lessors) . . . . .				
19 Section 481(a) adjustments . . . . .				
20 Unearned/deferred revenue . . . . .				
21 Income recognition from long-term contracts . . . . .				
22 Original issue discount and other imputed interest . . . . .				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities . . . . .				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities . . . . .				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses . . . . .				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses . . . . .				
e Abandonment losses . . . . .				
f Worthless stock losses (attach statement) . . . . .				
g Other gain/loss on disposition of assets other than inventory . . . . .				
24 Capital loss limitation and carryforward used . . . . .				
25 Other income (loss) items with differences (attach statement) . . . . .				
26 <b>Total income (loss) items.</b> Combine lines 1 through 25. . . . .	( 2,718,000)	0	18,000	( 2,736,000)
27 <b>Total expense/deduction items</b> (from Part III, line 38). . . . .	( 908,055)	( 45,000)	( 482,055)	( 471,000)
28 Other items with no differences . . . . .				
29a Mixed groups, see instructions. All others, combine lines 26 through 28 . . . . .	863,445	( 45,000)	( 464,055)	1,282,000
b PC insurance subgroup reconciliation totals . . . . .				
c Life insurance subgroup reconciliation totals . . . . .				
30 <b>Reconciliation totals.</b> Combine lines 29a through 29c . . . . .	863,445	( 45,000)	( 464,055)	1,282,000

**Note.** Line 30, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Name of corporation (common parent, if consolidated return) <b>Pet Kingdom, Inc.</b>		Employer identification number <b>11-1111111</b>
Check applicable box(es): (1) <input type="checkbox"/> Consolidated group (2) <input type="checkbox"/> Parent corp (3) <input type="checkbox"/> Consolidated eliminations (4) <input type="checkbox"/> Subsidiary corp (5) <input type="checkbox"/> Mixed 1120/L/PC group		
Check if a sub-consolidated: (6) <input type="checkbox"/> 1120 group (7) <input type="checkbox"/> 1120 eliminations		
Name of subsidiary (if consolidated return)		Employer identification number

**Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return—Expense/Deduction Items** (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense . . . . .	423,555		423,555	
2 U.S. deferred income tax expense . . . . .				
3 State and local current income tax expense . . . . .				
4 State and local deferred income tax expense . . . . .				
5 Foreign current income tax expense (other than foreign withholding taxes) . . . . .				
6 Foreign deferred income tax expense . . . . .				
7 Foreign withholding taxes . . . . .				
8 Interest expense (attach Form 8916-A) . . . . .	271,500		10,500	261,000
9 Stock option expense . . . . .				
10 Other equity-based compensation . . . . .				
11 Meals and entertainment . . . . .				
12 Fines and penalties . . . . .				
13 Judgments, damages, awards, and similar costs . . . . .				
14 Parachute payments . . . . .				
15 Compensation with section 162(m) limitation . . . . .				
16 Pension and profit-sharing . . . . .				
17 Other post-retirement benefits . . . . .				
18 Deferred compensation . . . . .				
19 Charitable contribution of cash and tangible property . . . . .	45,000			45,000
20 Charitable contribution of intangible property . . . . .				
21 Charitable contribution limitation/carryforward . . . . .				
22 Domestic production activities deduction . . . . .				
23 Current year acquisition or reorganization investment banking fees . . . . .				
24 Current year acquisition or reorganization legal and accounting fees . . . . .				
25 Current year acquisition/reorganization other costs . . . . .				
26 Amortization/impairment of goodwill . . . . .				
27 Amortization of acquisition, reorganization, and start-up costs . . . . .				
28 Other amortization or impairment write-offs . . . . .				
29 Section 198 environmental remediation costs . . . . .				
30 Depletion . . . . .				
31 Depreciation . . . . .	120,000	45,000		165,000
32 Bad debt expense . . . . .				
33 Corporate owned life insurance premiums . . . . .	48,000		48,000	
34 Purchase versus lease (for purchasers and/or lessees) . . . . .				
35 Research and development costs . . . . .				
36 Section 118 exclusion (attach statement) . . . . .				
37 Other expense/deduction items with differences (attach statement) . . . . .				
<b>38 Total expense/deduction items.</b> Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive . . . . .	<b>908,055</b>	<b>45,000</b>	<b>482,055</b>	<b>471,000</b>



Department of the Treasury  
Internal Revenue Service

▶ Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.

**2012**

▶ Information about Form 8916-A and its instructions is at [www.irs.gov/form1120](http://www.irs.gov/form1120).

Name of common parent Pet Kingdom, Inc.	Employer identification number 11-1111111
Name of subsidiary	Employer identification number

**Part I Cost of Goods Sold**

Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 Amounts attributable to cost flow assumptions . . .				
2 Amounts attributable to:				
a Stock option expense . . . . .				
b Other equity based compensation . . . . .				
c Meals and entertainment . . . . .				
d Parachute payments . . . . .				
e Compensation with section 162(m) limitation . . . . .				
f Pension and profit sharing . . . . .				
g Other post-retirement benefits . . . . .				
h Deferred compensation . . . . .				
i Section 198 environmental remediation costs . . . . .				
j Amortization . . . . .				
k Depletion . . . . .				
l Depreciation . . . . .				
m Corporate owned life insurance premiums . . . . .				
n Other section 263A costs . . . . .				
3 Inventory shrinkage accruals . . . . .				
4 Excess inventory and obsolescence reserves . . . . .				
5 Lower of cost or market write-downs . . . . .				
6 Other items with differences (attach schedule) . . . . .				
7 Other items with no differences . . . . .	2,760,000			2,760,000
8 <b>Total cost of goods sold.</b> Add lines 1 through 7, in columns a, b, c, and d . . . . .	2,760,000	0	0	2,760,000

**Part II Interest Income**

	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax-exempt interest income	18,000		18,000	
2	Interest income from hybrid securities				
3	Sale/lease interest income				
4a	Intercompany interest income — From outside tax affiliated group				
4b	Intercompany interest income — From tax affiliated group				
5	Other interest income	24,000			24,000
6	Total interest income. Add lines 1 through 5. Enter total on Schedule M-3 (Forms 1120, 1120-PC, and 1120-L), Part II, line 13 or Schedule M-3 (Forms 1065 and 1120S) Part II, line 11.	42,000	0	18,000	24,000

**Part III Interest Expense**

	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities				
2	Lease/purchase interest expense				
3a	Intercompany interest expense — Paid to outside tax affiliated group				
3b	Intercompany interest expense — Paid to tax affiliated group				
4	Other interest expense	271,500		10,500	261,000
5	Total interest expense. Add lines 1 through 4. Enter total on Schedule M-3 (Form 1120) Part III, line 8; Schedule M-3 (Forms 1120-PC and 1120-L), Part III, line 36; Schedule M-3 (Form 1065) Part III, line 27; or Schedule M-3 (Form 1120S) Part III, line 26.	271,500	0	10,500	261,000