***BE5-14** Prepare the journal entries to record these transactions on Kimble Company's books using a periodic inventory system.

(a) On March 2, Kimble Company purchased $800,000 of merchandise from Poe Company, terms 2/10, n/30.

(b) On March 6, Kimble Company returned $95,000 of the merchandise purchased on March 2.

(c) On March 12, Kimble Company paid the balance due to Poe Company.

E5-8 In its income statement for the year ended December 31, 2017, Darren Company reported the following condensed data.

Salaries and wages expense	$465,000	Loss on disposal of plant assets	$ 83,500
Cost of goods sold	987,000	Sales revenue	2,210,000
Interest expense	71,000	Income tax expense	25,000
Interest revenue	65,000	Sales discounts	160,000
Depreciation expense	310,000	Utilities expense	110,000

Instructions

(a) Prepare a multiple-step income statement.

(b) Calculate the profit margin and gross profit rate.

(c) In 2016, Darren had a profit margin of 5%. Is the decline in 2017 a cause for concern? (Ignore income tax effects.)

P5-1A Winters Hardware Store completed the following merchandising transactions in the month of May. At the beginning of May, Winters' ledger showed Cash of $8,000 and Common Stock of $8,000.

May	1	Purchased merchandise on account from Black Wholesale Supply for $8,000, terms 1/10, n/30.
	2	Sold merchandise on account for $4,400, terms 2/10, n/30. The cost of the merchandise sold was $3,300.
	5	Received credit from Black Wholesale Supply for merchandise returned $200.
	9	Received collections in full, less discounts, from customers billed on May 2.
	10	Paid Black Wholesale Supply in full, less discount.
	11	Purchased supplies for cash $900.
	12	Purchased merchandise for cash $3,100.
	15	Received $230 refund for return of poor-quality merchandise from supplier on cash purchase.
	17	Purchased merchandise from Wilhelm Distributors for $2,500, terms 2/10, n/30.
	19	Paid freight on May 17 purchase $250.
	24	Sold merchandise for cash $5,500. The cost of the merchandise sold was $4,100.
	25	Purchased merchandise from Clasps Inc. for $800, terms 3/10, n/30.
	27	Paid Wilhelm Distributors in full, less discount.
	29	Made refunds to cash customers for returned merchandise $124. The returned merchandise had cost $90.
	31	Sold merchandise on account for $1,280, terms n/30. The cost of the merchandise sold was $830.

Winters Hardware's chart of accounts includes Cash, Accounts Receivable, Inventory, Supplies, Accounts Payable, Common Stock, Sales Revenue, Sales Returns and Allowances, Sales Discounts, and Cost of Goods Sold.

Instructions

(a) Journalize the transactions using a perpetual inventory system.

(b) Post the transactions to T-accounts. Be sure to enter the beginning cash and common stock balances.

(c) Prepare an income statement through gross profit for the month of May 2017.

(d) Calculate the profit margin and the gross profit rate. (Assume operating expenses were $1,400.)