

**Solution:**

(1)

The total cost of the steel acquired may be computed by tabulating all the values in the form of a table:

**TOTAL COST OF ACQUISITION OF STEEL (IN \$)**

<b>PARTICULARS</b>	<b>Amount</b>
GROSS PURCHASE	195,000
FREIGHT IN EXPENSES	10,000
DEDUCT: PURCHASE RETURNS ALLOWANCE	(9,000)
DISCOUNT ON EARLY PAYMENT	(3,720)
<b>COST OF SHEET STEEL ACQUIRED</b>	<b>192,280</b>

Thus, we see that the net cost of acquisition of steel sheet is \$192,280.

(2)

Assuming a periodic inventory system, the entries for the journal of the transaction is as follows:

<b>JOURNAL ENTRIES (in \$)</b>			
Name: Howarth Company			
<b>Date</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
July 5	Purchases To Accounts Payable	195,000	195,000
July 5	Freight In Expenses To Cash	10,000	10,000
July 5	Accounts Payable To Purchase Return & Allowance	9,000	9,000
August 1	Accounts Payable To Cash To Cash Discount on Purchases	186,000	182,280 3,720