

Solution:

(1)

STATEMENT OF INCOME (in thousands of \$)		
Particulars	Amount for	
	First in	Last in
Net Sales	4,600	4,600
Cost of Goods Sold:		
Net Purchases	3,200	3,200
Beginning Inventory	550	550
Cost of Goods Available for Sale	3,750	3,750
Deduct: End Inventory	(1,050)	(790)
Net Cost of Goods Sold	2,700	2,960
Gross Margin	1,900	1,640
Deduct: other Expenses	(600)	(600)
Income Before Tax	1,300	1,040
Deduct: Income Tax	(520)	(416)
Net Income	780	624

(2)

As a manager, I would have preferred the LIFO for the report because almost all the cash flow is identical, except for the taxes, which is less in the case of LIFO compared to FIFO due to the higher estimate of the cost of goods sold.

Less taxes means there is a lower expense for taxes, which is beneficial from the viewpoint of the company.