Solution:

(1)

The statement is provided below:

COMPARATIVE STATEMENT OF GROSS PROFIT MARGIN

PARTICULARS	Price: $8 per unit		Price: $12 per unit	
	FIFO	LIFO	FIFO	LIFO
NET SALES	228,000	228,000	228,000	228,000
COST OF GOODS SOLD:				
PURCHASE OF GOODS	104,000	104,000	156,000	156,000
BEGINNING INVENTORY	100,000	100,000	100,000	100,000
GOODS AVAILABLE FOR SALE	204,000	204,000	256,000	256,000
DEDUCT: ENDING INVENTORY	(88,000)	(108,000)	(132,000)	(112,000)
NET COST OF GOODS SOLD	116,000	96,000	124,000	144,000
GROSS MARGIN FOR 2012	112,000	132,000	104,000	84,000

(2)

(a) In the case of $12 per unit, the acquisition cost was more than the initial inventory cost so LIFO reduces the overall margin and FIFO increased it.

(b) In the case of $8 per unit, the acquisition cost was less than the initial inventory cost so FIFO reduces the overall margin and LIFO increased it.

(3)

In the case (a) [$12 per unit], the FIFO method produces higher earnings for Stern Company.

The difference is given by:

$$Difference = 0.6 \times \$(104{,}000 - 84{,}000) = \$12{,}000$$

(4)

In the case (b) [$8 per unit], the LIFO method produces higher earnings for Stern Company.

The difference is given by:

$$Difference = 0.6 \times \$(132{,}000 - 112{,}000) = \$12{,}000$$