

Solution:

The report suggested several points. Let's review these points one-by-one and try to get a complete picture:

- Chrysler was facing difficulty in maintaining the profits over the years.
 - The report indicates that around 2 years profits had decreased, which caused its financial position to get tightened as a result.
 - In 1969, in fact, there was a loss of \$20 million reported, which turned into \$10.2 million profit after changing them from LIFO to FIFO.
- This came with a price; the income taxes shot up once they decided to switch.
 - The report has suggested that Chrysler must pay \$53 million that is accrued within 20 years, effectively \$3 million per year.
 - This is a surplus on top of the fact that Chrysler will have to pay taxes as a part of their net earnings each year as well (or may accrue it as per their wishes.)
- The auto analysts, who were wearily looking at Chrysler, are now able to compare the earnings between the different auto makers, since they all now use the same method for inventory valuation (FIFO).
 - This is a direct factor that affects the market value of the share. Analysts often influence the prices of shares.

So, from the perspective of the shareholder, there are benefits as well as problems with the change. However, the benefits do outweigh the problems, as they enhanced the shareholders' confidence in the company (a loss-making company loses trust glibly).

Thus, this move is a good move from shareholders' perspective.