Solution:

(1)

STATEMENT OF INCOME (in $)		
Particulars	Amount (Firstin)	Amount (Lastin)
Net Sales	4,600,000	4,600,000
Gross Purchase		
March 17	1,800,000	1,800,000
October 5	1,400,000	1,400,000
Total gross purchase	3,200,000	3,200,000
Add: Beginning Inventory	550,000	550,000
Less: Ending Inventory	(1,050,000)	(670,000)
Cost of Goods Sold	2,700,000	3,080,000
Gross Margin	1,900,000	1,520,000
Other Income (Expenses)	(600,000)	(600,000)
Net Income Before Tax	1,300,000	920,000
Income Tax Applied	(520,000)	(368,000)
Net Income	780,000	552,000

(2)

I would prefer the Lastin company strategy. The LIFO helps to reduce the income taxes, which are payable via cash to the government. The other payments could be done either on cash or using credit. Thus, income tax Is the difference and Lastin succeeds in saving a lot of tax.