

Solution:

(1)

STATEMENT OF INCOME			
Name: Texas Instruments			
Particulars	Amount as per		
	FIFO	LIFO	Average
Net Sales	2,260	2,260	2,260
Gross Purchase of items	1,580	1,580	1,580
Add: Beginning Inventory	400	400	400
Cost of Goods Available for Sale	1,980	1,980	1,980
Less: Ending Inventory	(860)	(720)	(726)
Cost of Goods Sold	1,120	1,260	1,254
Gross Profit	1,140	1,000	1,006
Add: Other Income (Expenses)	(600)	(600)	(600)
Income Before Tax	540	400	406
Income Tax Applicable	(216)	(160)	(162.4)
Net Income	324	240	243.6

(2)

There is a difference of almost \$56 when we used LIFO instead of FIFO. This is a huge savings in income tax caused by LIFO.

(3)

STATEMENT OF INCOME		
Name: Texas Instruments		
Particulars	Amount as per	
	(a)	(b)
Net Sales	2,260	2,260
Gross Purchase of items	1,580	1,580
Add: Beginning Inventory	400	400
Cost of Goods Available for Sale	1,980	1,980
Less: Ending Inventory	(860)	(700)
Cost of Goods Sold	1,120	1,280
Gross Profit	1,140	980
Add: Other Income (Expenses)	(600)	(600)
Income Before Tax	540	380
Income Tax Applicable	(216)	(152)
Net Income	324	228