**Solution:**

(1)

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