**Solution:**

(1)

The comparative table is as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| COST OF GOODS SOLD (COMPARATIVE TABLE) | | | | |
| Particulars | Amount Using | | LIFO Reserves | Changes in LIFO Reserves |
| FIFO | LIFO |
| Beginning Inventory  Purchases | 40  156 | 24  156 | 16 | 0 |
| Available for Sale | 196 | 180 |  |  |
| Final Inventory | 56 | 24 | 32 | +16 |
| Cost of Goods Sold | 140 | 156 |  | +16 |

The last column shows that the changes in the LIFO reserves are directly equal to the increase in the cost of goods sold.

(2)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| COST OF GOODS SOLD (COMPARATIVE TABLE) | | | | |
| Particulars | Amount Using | | LIFO Reserves | Changes in LIFO Reserves |
| FIFO | LIFO |
| Beginning Inventory  Purchases | 40  156 | 24  156 | 16 | 0 |
| Available for Sale | 196 | 180 |  |  |
| Final Inventory | 0 | 0 | 0 | -16 |
| Cost of Goods Sold | 196 | 180 |  | -16 |

(3)

The increase in LIFO reserves is directly related to the cost of goods sold. This is because the increase/decrease in the LIFO reserves corresponds to the difference between the inventory of the FIFO and LIFO at any epoch. Thus, we can see that the difference in the cost of goods sold is directly related to the difference of the LIFO reserves.