**Please show your calculations and always round answers to FOUR decimal place.**

 An appliance store carries a certain brand of TV which has he following characteristics:

|  |  |
| --- | --- |
| ***Average daily demand*** | 2 units |
| ***Ordering cost***  | $25 per order |
| ***Carrying Cost*** | 35% of unit cost per year |
| ***Unit cost*** | $400 per unit |
| ***Average Lead time***  | 4 days |
| ***Standard deviation of daily demand*** | 0.8 unit |
| ***Standard deviation of lead time*** | 0.6 days |

The firm currently orders the product 85 units at a time and operates 250 days a year.

**A.** With the current lot-size policy, what is the annual holding and ordering costs?

**B.** With the current lot size, what is the average time (in days) between orders?

**C.** Calculate EOQ for the TVS.