24.(4) The manager of a furniture manufacturing plant hopes to achieve a better allocation of inventory control efforts by adopting an ABC approach to inventory control. The yearly usages are listed below. Classify the items in A, B, and C categories according to annual dollar usage.

|  |  |  |
| --- | --- | --- |
| **Item** | **Annual Usage** | **Unit Cost** |
| L | 50 | $1,400 |
| M | 100 | $10 |
| N | 30 | $900 |
| P | 150 | $20 |
| R | 9 | $1,000 |
| S | 90 | $100 |
| T | 2,000 | $10 |
| U | 200 | $10 |
| W | 1,000 | $60 |

Item T will be classified as:

A) A item

B) B item

C) C item

D) None of the above

25.(3). Using the data of Question 24, item P will be classified as:

A) A item

B) B item

C) C item

D) None of the above

26.(5) Using the data of Question 24, item R will be classified as:

A) A item

B) B item

C) C item

D) None of the above

27.(4) Given that unit item cost = $25, annual carrying charge = 60%, annual demand = 3600 units and ordering cost = $15 per order, the EOQ is:

A) 60.00

B) 84.85

C) 141.42

D) 293.94

E) 7200

28.(6) The total cost per year for Problem 27, assuming no stockout, is **approximately** equal to

A) The Total Cost cannot be determined from the given information

B) $636

C) $1,273

D) $6,360

E) $12,727