

Economic order quantity: practice exercise

[Economics](#)



**ASSIGN
BUSTER**

Also, separately identify the annual holding cost (ACH) and annual ordering cost (COCA). ACH = \$ 12, 490 COCA \$ 12, 490 -RCA = \$ 2624980 If they could order the EX. instead of 1100, how much would this one store stand to save annually? \$12, 747. 28 Orders can only be taken in increments of 250 units. What would be the appropriate order size?

- A. 250 units
- B. 500 units
- C. 750 units
- D. 1000 units

The answer not provided. According to the appropriate order size recommendation, what would be the Total

Annual Inventory cost? Also, separately identify the annual cost of purchasing the inventory, the annual holding cost (ACH), and the annual ordering cost (COCA). DC = \$ ACH = \$ 15, 000 COCA = \$ 10, 400. Therefore, the total annual savings for this store using our recommendation versus the present lot size of 1100, would be \$ 12, 327. 27 Suppose this data was tort one single store. Using simple extrapolation, now much would this company stand save if they had 14 other stores of equal size? \$184, 909. 10.