

HOME-ASSIGNMENT #1 (see Syllabus and Moodle for the due date)

Please use Excel and provide answers to both questions. Place the “student statement” (see below) in your Excel workbook.

QUESTION 1.

For many years, your company has been purchasing a certain line of spare parts from UT Ltd. At this time, your General Manager wants to review every aspect of the relationship with this supplier. One of the reports needed for this is an ABC analysis of the UT line of items. The details regarding your sales of UT products over the past 12 months are as follows:

SALES FOR THE PAST 12 MONTHS			
Item #	Units Sold	Price per unit \$	Gross margin per unit \$
UT 300	1,500	250	50.50
UT 305	75	1,500	330.00
UT 307	160	600	90.00
UT 398	5	2,250	877.50
UT 412	2	3,500	1,750.00
UT 433	925	500	125.00
UT 440	70	650	195.00
UT 510	55	700	196.00
UT 534	300	920	303.60
UT 650	10	1,100	440.00

As the new inventory manager, you are charged with this task and must answer the following:

- a. How would you construct your method of analysis?**
- b. What criteria would you use?**
- c. What would the cutoff levels be? Be sure to provide explanations of the reasoning supporting your decisions.**
- d. What is your final ABC report?**

QUESTION 2

You are the purchasing manager of a computer hardware retail outlet. Among others, your company offers customers memory and storage devices. For one specific item (blank DVDs) you purchase all the products from a single vendor.

Habitually, you use EOQ for all the items that you order for resale by your company, but the Vendor of these blank DVDs has just announced special terms consisting of:

- Discount price = \$0.82 per DVD**
- Quantity needed to qualify for the discount = 6,000 units.**

You must decide on the order quantity relating to the next purchases of blank DVDs, under the following set of circumstances:

Annual Demand (D) = 36,000 disks

Ordering Cost (C) = \$25 per order

Holding Cost (H) = \$0.45 per DVD

Purchase price = \$0.85 per DVD.

Are you going to continue to order at EOQ, or you will take the discount? Provide detailed and convincing explanations for your decision.

Obviously, your major concern when making this decision is the annual total amount of the “costs of inventory”. However, if there are any constraints that you should consider when making the decision, please identify them clearly.

UPLOAD TO THE MOODLE DROP-BOX CALLED *Home Assignment ONE* (1) FILE
CONTAINING ALL YOUR ANSWERS

Formats allowed: MS Excel

Make sure ALL your answers are included in the file that you upload (no “hyperlinks” to external materials, no zipped files, and no separate emails).

The Moodle drop box allows the upload of only one (1) file for each student.

The uploaded file must be saved as “HA1-Lastname-Firstname” and file extension.

ONLY THE FILE UPLOADED TO MOODLE WILL BE CONSIDERED FOR GRADING, ANY OTHER MATERIAL SUBMITTED BY OTHER MEANS (HARD COPY, E-MAIL) WILL BE IGNORED.

THERE WILL BE ZERO (0) TOLERANCE FOR ANY DEVIATION FROM THESE INSTRUCTIONS

**PLEASE FILL OUT AND INCLUDE THE STUDENT'S STATEMENT BELOW
IN ONE OF THE SPREADSHEETS OF YOUR EXCEL WORKBOOK.**

HA#1

Instructor: Vasile Zamfirescu

My uploading of the digital version of this assignment to the KPU-Moodle drop box “Home Assignment #1” represents my confirmation (as if I had signed a hard copy of it) that I read and understood the student’s statement below

STUDENT NAME: FIRST..... LAST.....

STUDENT’S “PREFERRED NAME”..... STUDENT ID#

COURSE/SECTION/TERM: XXXX xxxx-xxx - xxxx 20xx

STUDENT’S KPU E-MAIL ADDRESS

STUDENT’S STATEMENT

I declare that the work performed for HA#1 and the contents of this submission represent only my own original work; material from other sources, if any, has been clearly referenced and credited, and the answers are not acquired from third parties, copied from, or developed together with, other students, nor recycled from another project in another course, whether at KPU or elsewhere. More generally, I declare that the work performed for this assignment and the contents of this document comply fully with my signed Statement of Academic Integrity and with the provisions of KPU policy ST2.