

A company has annual credit sales of \$27 million and related cost of sales of \$15 million. The company has the following targets for the next year:

Trade receivables days    50 days

Inventory days                60 days

Trade payables                45 days

Assume there are 360 days in the year.

**What is the net investment in working capital required for the next year?**

A    \$8,125,000

B    \$4,375,000

C    \$2,875,000

D    \$6,375,000