

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