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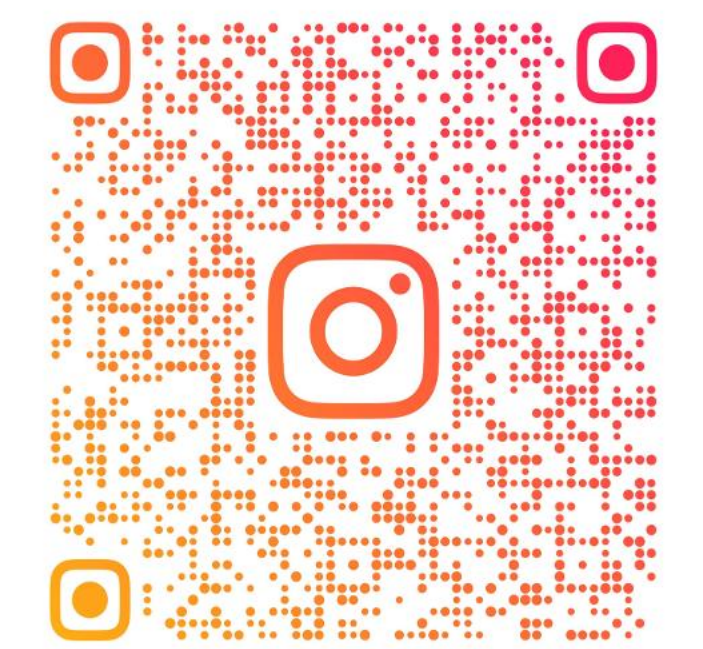


CA ADARSH JOSHI

CA , B.COM

FOUNDER

- 8+ years of teaching experience in CA education
- Subject Expert in:
CA Foundation – Paper 2: Business Laws
CA Intermediate – Paper 2: Corporate and Other Laws
- Has uploaded over 3000+ educational videos for CA Foundation and CA Inter students
- Known for his dynamic, conceptual and “fun-and-learn” teaching style
- Guided thousands of students across India to success in CA exams
- Strong academic background with B.Com (BMCC, Pune) and ACA qualification
- Widely appreciated for his clarity, energy, and practical approach to law subjects
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CA DARSHAN JAIN

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CO FOUNDER

- Chartered Accountant by profession & educator by passion
- Teaching Financial Accounting , Financial Management & Strategic Management to CA Students For 12 Years.
- Practicing Chartered Accountant For Past 13 years in The Field of Audit , Direct & Indirect Taxes & Management Consultancy
- Elected as Convenor of The Jalna CA CPE Chapter of WIRC of ICAI For 2 consecutive years 20-21 & 21-22.
- He Has Successfully Completed & Qualified Following Certificate Course Conducted By ICAI
 1. Forensic Accounting & Fraud Detection
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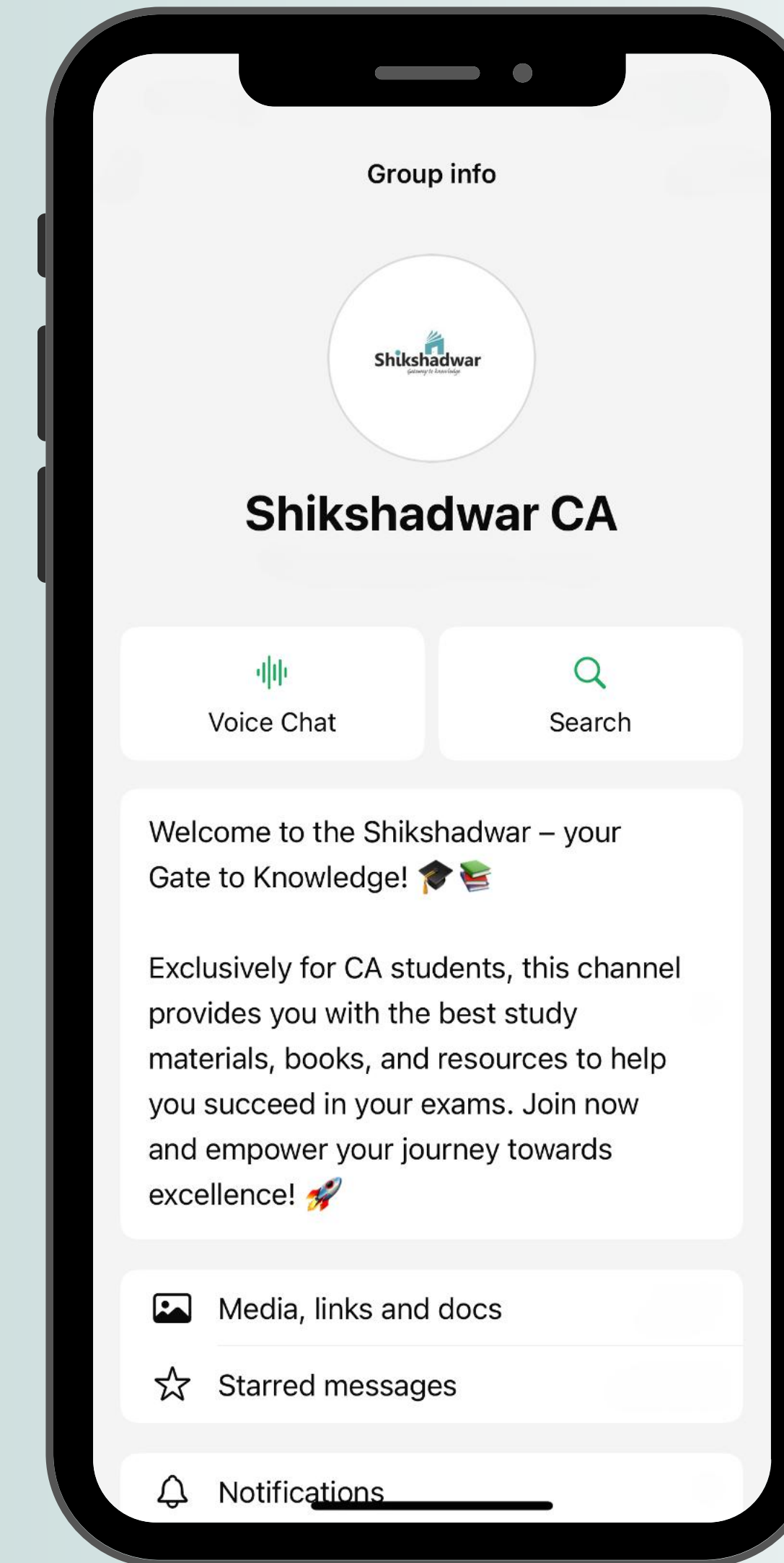
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- Specializes in:
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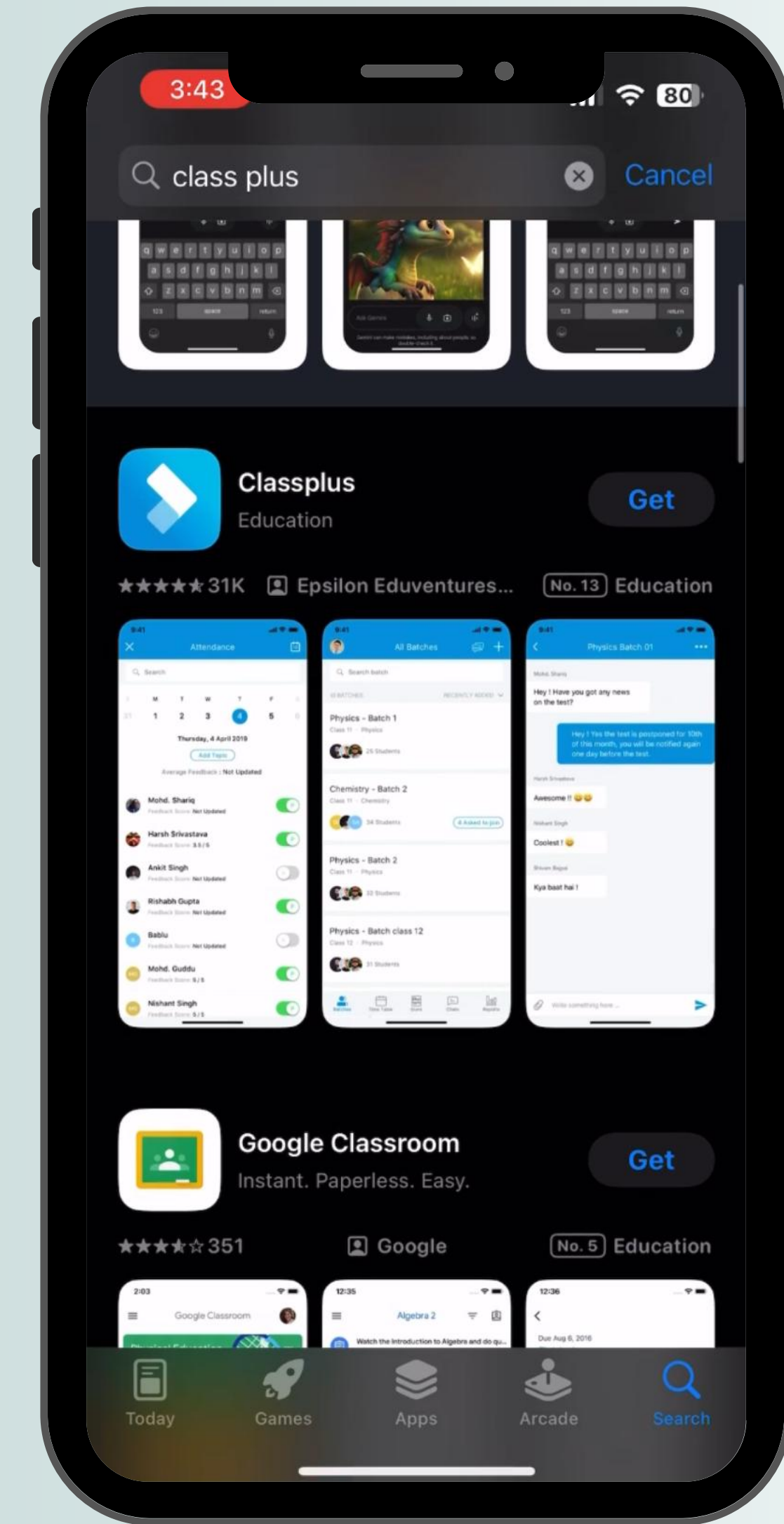
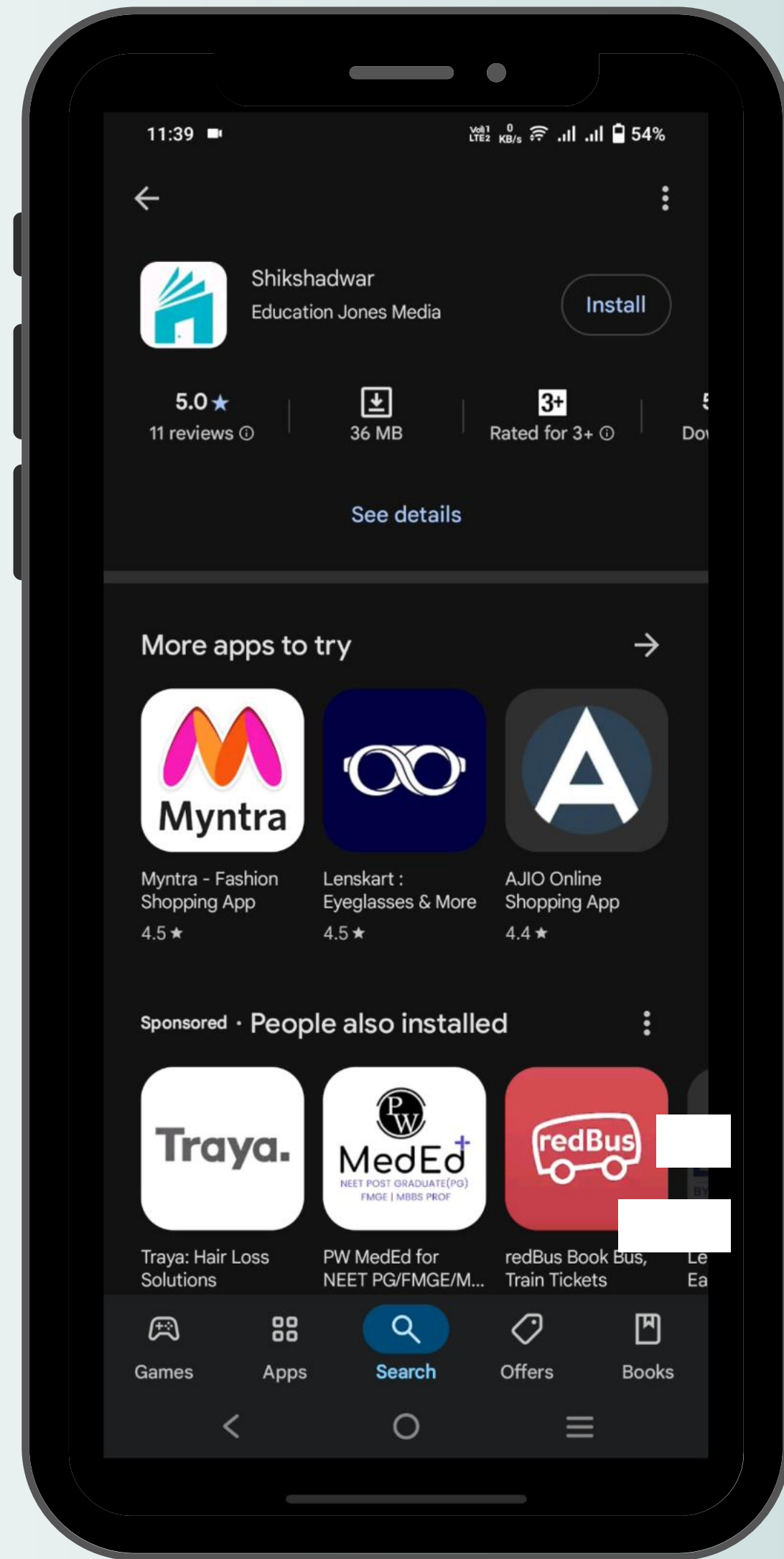
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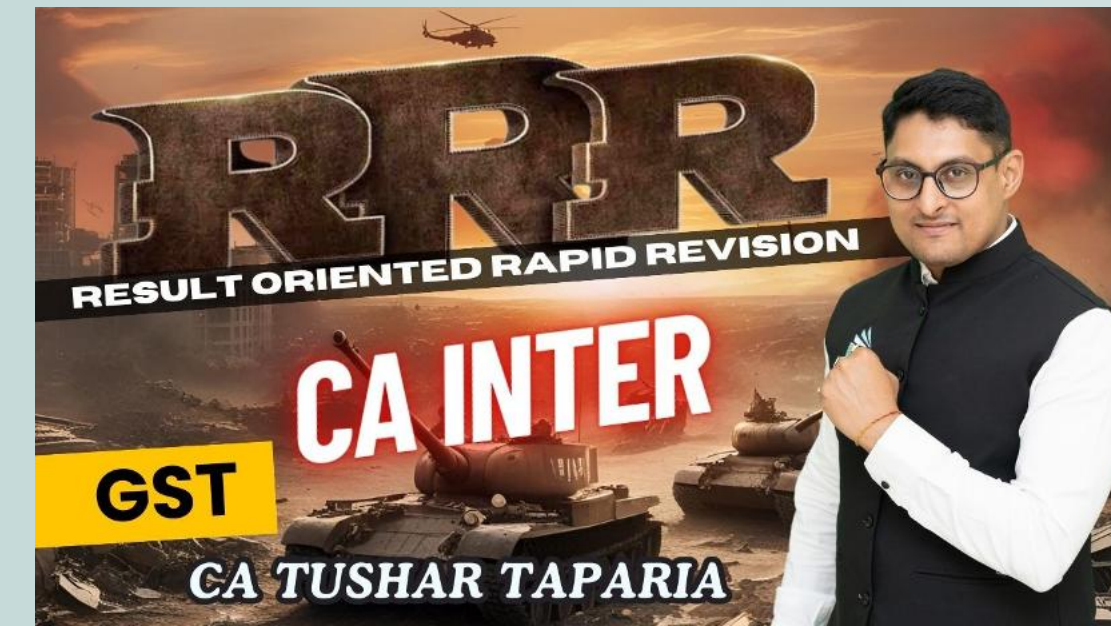
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CA INTERMEDIATE MAY 25

Marathons Live Streams



RRR - Result Oriented Rapid Revision

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Amendments Ki Pathshala

20 -20 Series

CA INTERMEDIATE MAY 25

Marathons Schedule With Links

DATE	TIME	EDUCATOR	SUBJECT	TOPICS	YOUTUBE LINK
17/4/2025	8.00 AM	CA ADARSH JOSHI	LAW	RRR	
18/4/2025	12.00 NOON	CA TUSHAR TAPARIA	GST	RRR	
19/4/2025	8.00 AM	CA CS DARSHAN JAIN	FM	RRR	
20/4/2025	8.00 AM	CA ADARSH JOSHI	LAW	ONE SHOT MCQ MARATHON	
21/4/2025	2.00 PM	CA TUSHAR TAPARIA	GST	GST AMENDMENTS & ITS IMPORTANT QUESTIONS	
23/4/2025	8.00 AM	CA CS DARSHAN JAIN	FM	ONE SHOT MCQ MARATHON	

DATE	TIME	EDUCATOR	SUBJECT	TOPICS	YOUTUBE LINK
24/4/2025	2.00 PM	CA TUSHAR TAPARIA	DT	DT AMENDMENTS & ITS IMPORTANT QUESTIONS	
27/4/2025	8.00 AM	CA CS DARSHAN JAIN	SM	ONE SHOT MCQ MARATHON	
4/5/2025	8.00 AM	CA ADARSH JOSHI	LAW	MOST IMPORTANT QUESTIONS	
6/5/2025	3.00 PM	CA TUSHAR TAPARIA	TAXATION	20-20	
12/5/2025	8.00 AM	CA CS DARSHAN JAIN	FM	20-20	
13/5/2025	8.00 AM	CA CS DARSHAN JAIN	SM	SUPER CHART REVISION	

**QUIZ
ON
WORKING CAPITAL
MANAGEMENT**

MCQ 1

A company wants to use a factor. The following information is relevant. Compute Net Benefit/Loss on Entering into Factoring Agreement.

- a. The current average collection period for the company's debts is 80 days and 0.5% of debtors default. The factor will pay over money due after 60 days, and it will suffer the loss of bad debts.
- b. The annual charge for factoring is 2% of turnover, payable annually in arrears. Administration cost savings will total Rs.1,00,000/- p.a.
- c. Annual sales, all on credit, are Rs.100 Lakhs. Variable costs total 80% of sales price. The company's cost of borrowing is 20% p.a. Investment to be taken on the basis of sales & Assume 360 Days in a year.

- A. 33,333
- B. 61,111
- C. (50,000)
- D. 1,50,000

MCQ 2

The following annual figures relate to Dipti Co.

	Rs.
Sales (at two month's credit)	36,00,000
Material consumed (Suppliers extend two months credit)	9,00,000
Wages paid (monthly in arrear)	7,20,000
Manufacturing expenses outstanding at the end of the year (Cash Expenses are paid one month in arrear)	80,000
Total administrative Expenses, paid as above	2,40,000
Sales promotion expenses, paid quarterly in advances	1,20,000

The company sells its products on a gross profit of 25% counting depreciation as part of the cost of production.
Calculate Amount Invested in Debtors on Cash Cost Basis

- A. 3,43,333
- B. 6,00,000
- C. 4,90,000
- D. 4,30,000

MCQ 3

A group of new customers with 10% risk of non payments desires to establish business connections with you. This group would require one and half month of credit and is likely to increase your sales by Rs.60,000 per annum. Production, administrative, & selling, expenses amount to 80 % of sales. You are required to pay income tax @ 35%. Calculate Net benefit/Loss if the required rate return is 52% (after tax)?

- A. 1020
- B. 4500
- C. 2880
- D. 780

MCQ 4

The following information is provided by MNP Ltd. for the year ending 31st March, 2020:

<i>Raw Material Storage period</i>	<i>45 days</i>
<i>Work-in-Progress conversion period</i>	<i>20 days</i>
<i>Finished Goods storage period</i>	<i>25 days</i>
<i>Debt Collection period</i>	<i>30 days</i>
<i>Creditors payment period</i>	<i>60 days</i>
<i>Annual Operating Cost</i>	<i>₹ 25,00,000</i>
<i>(Including Depreciation of ₹ 2,50,000)</i>	
<i>Assume 360 days in a year.</i>	

Compute The amount of Working capital required on Cash Cost Basis

- A. 416667**
- B. 425000**
- C. 375000**
- D. 401333**

MCQ 5

WIP Conversion Period = 18 days

Raw Material Consumed = ₹8,42,000

Stock of WIP=₹72,000

Cost of Production = ?

- (a) ₹ 14,00,000
- (b) ₹ 22,67,000
- (c) ₹ 5,83,000
- (d) ₹ 14,60,000

MCQ 6

Maximum permissible bank finance as per the first method of Tandon Committee norms was ₹57,41,813 while current liabilities are reported at ₹32,50,000. Current assets =?

- (a) ₹ 1,09,05,750
- (b) ₹ 81,79,313
- (c) ₹ 1,09,07,550
- (d) ₹ 1,05,09,750

MCQ 7

Operating cost is ₹18,90,000.

Current assets are ₹5,20,000

Current liabilities are ₹1,00,000

Operating cycle days =?

(Assume a 360 day year.)

- (a) 80 days
- (b) 99 days
- (c) 19 days
- (d) 70 days

MCQ 8

No. of operating cycle in a year- 4.5

Operating cost =?

Gross profit ratio = 20%

No. of days in year = 360 days

Working capital 8,40,000

- (a) ₹ 35,00,000
- (b) ₹ 37,80,000
- (c) ₹ 36,40,000
- (d) ₹ 38,80,000

MCQ 9

If current assets are ₹1,09,05,750 and current liabilities are ₹32,50,000 then maximum permissible bank finance as per second method of Tandon Committee norms is

- (a) ₹ 57,41,813
- (b) ₹ 49,29,313
- (c) ₹ 52,29,813
- (d) ₹ 49,41,813

MCQ 10

Z Ltd has an estimated cash payment of ₹8,00,000 for a one-month period and the payments are expected to steady over the period. The fixed cost per transaction is ₹250 and the interest rate on marketable securities is 12% pa. Optimal cash balance and No. of transaction =?

- (a) 20,000; 4.8
- (b) 2,00,000; 48
- (c) 20,00,000,48
- (d) 2,00,00,000;4,800

MCQ 11

The budgeted sales for the next four quarters are ₹1,92,000, ₹2,88,000, ₹2,88,000 & ₹3,36,000, respectively. It is estimated that sales will be paid as follows:

75% of the total will be paid in the quarter in which the sales were made. Of the balance, 50% will be paid in the quarter after the sale was made. The remaining 50% will be paid in the quarter Next to next of sales .The amount of cash received in quarter 3 will be-

- (a) ₹ 2,76,000
- (b) ₹ 1,44,000
- (c) ₹ 3,24,000
- (d) ₹ 2,40,000

MCQ 12

The term float is used in:

- (a) Inventory Management*
- (b) Receivable Management*
- (c) Cash Management*
- (d) Marketable securities.*

MCQ 13

William J Baumol's model of Cash Management determines optimum cash level where the carrying cost and transaction cost are:

- (a) Maximum*
- (b) Minimum*
- (c) Medium*
- (d) None of the above.*

MCQ 14

In Miller – ORR Model of Cash Management:

- (a) The lower, upper limit, and return point of Cash Balances are set out*
- (b) Only upper limit and return point are decided*
- (c) Only lower limit and return point are decided*
- (d) None of the above are decided.*

MCQ 15

The concept operating cycle refers to the average time which elapses between the acquisition of raw materials and the final cash realization. This statement is:

- (a) Correct*
- (b) Incorrect*
- (c) Partially True*
- (d) I cannot say.*

MCQ 16

When a firm advises its customers to mail their payments to special Post Office collection centers, the system is known as.

- (a) Concentration banking*
- (b) Lock Box system*
- (c) Playing the float*
- (d) None of the above.*

MCQ 17

Estimated level of activity: 1,04,000 completed units of production plus 4,000 units of work-in-progress. Based on the above activity, estimated cost per unit is:

Raw material	₹ 80 per unit
Direct wages	₹ 30 per unit
Overheads (exclusive of depreciation)	<u>₹ 60 per unit</u>
Total cost	<u>₹ 170 per unit</u>
Selling price	<u>₹ 200 per unit</u>

Compute The Amount Blocked in WIP Assuming Degree of Completion is 75%

- a) 500000
- b) 510000
- c) 680000
- d) 750000

MCQ 18

A firm sells 40,000 units of its products per annum @ 35 per unit. The average cost per unit is Rs. 31 and the variable cost per unit is Rs.28. The credit period Allowed is 50 Days & The average collection period is 60 days. The firm's required rate of return is 15%. Find opportunity Cost of Investing in Debtors . Assume 360 Days in a year

- a) 41333
- b) 35000
- c) 31000
- d) 25833

MCQ 19

Navya Ltd has annual credit sales of Rs. 45 lakhs. Credit terms are 30 days, but its management of receivables has been poor and the average collection period is 50 days, Bad debt is 0.4 per cent of sales. A factor has offered to take over the task of debt administration and credit checking, at an annual fee of 1 per cent of credit sales. Navya Ltd. estimates that it would save Rs. 35,000 per year in administration costs as a result. Due to the efficiency of the factor, the average collection period would reduce to 30 days and bad debts would be zero. The factor would advance 80 per cent of invoiced debts at an annual interest rate of 11 per cent. Navya Ltd. is currently financing receivables from an overdraft costing 10 per cent per year.

Compute Saving in Interest Cost on Entering into Factoring Arrangement

- a) 29699
- b) 21699
- c) 20000
- d) 22699

MCQ 20

K Ltd. has a Quarterly cash outflow of ₹ 9,00,000 arising uniformly during the Quarter. The company has an Investment portfolio of Marketable Securities. It plans to meet the demands for cash by periodically selling marketable securities. The marketable securities are generating a return of 12% p.a. Transaction cost of converting investments to cash is ₹ 60. The company uses Baumol model to find out the optimal transaction size for converting marketable securities into cash.

Consider 360 days in a year.

You are required to calculate

(i) Company's average cash balance,

- a) 60000
- b) 90000
- c) 42426
- d) 30000

MCQ 21

The term 'net 50' implies that the customer will make payment:

- (a) Exactly on 50th day*
- (b) Before 50th day*
- (c) Not later than 50th day*
- (d) None of the above.*

MCQ 22

A conservative Working Capital policy implies-

- (a) Greater liquidity and lower risk
- (b) Greater risk and lower liquidity
- (c) Negligible risk
- (d) No risk at all with low liquidity

MCQ 23

The payment terms 2/10, Net 30 tell us that:

- (a) A 2% discount will be awarded if the payment is made within 10 days of the invoice date; otherwise, the full amount is payable within the next 10 days of the invoice date.
- (b) A 10% discount will be awarded if the payment is made within 20 days of the invoice date; otherwise, the full amount is payable within 30 days of the invoice date.
- (c) 2% discount will be awarded if the payment is made within 30 days of the invoice date; otherwise, the full amount is payable within the next 10 days of the invoice.
- (d) 2% discount will be awarded if the payment is made within 10 days of the invoice date otherwise, the full amount is payable within 30 days of the invoice date.

MCQ 24

In ____ type of factoring the bank/factor takes all the risk and bears all the loss in case of debts becoming bad debts.

- (a) Non-Recourse Factoring
- (b) Invoice Discounting
- (c) Maturity Factoring
- (d) Recourse Factoring

MCQ 25

The following information is available in respect of Sai trading company:

- (i) On an average, debtors are collected after 45 days; inventories have an average holding period of 75 days and creditor's payment period on an average is 30 days.*
- (ii) The firm spends a total of ₹ 120 lakhs annually at a constant rate.*
- (iii) It can earn 10 per cent on investments.*

From the above information, you are required to CALCULATE:

Minimum amounts of cash to be maintained to meet payments as they become due,

- a) 20 lakhs
- b) 120 Lakhs
- c) 60 Lakhs
- d) 30 lakhs

MCQ 26

Estimated wages for January is ₹ 4,000 and for February ₹ 4,400. If the delay in payment of wages is $\frac{1}{2}$ month, the number of wages to be considered In the cash budget for the month of February will be_____

- a) ₹ 4,000
- b) ₹ 4,400
- c) ₹ 4,600
- d) ₹ 4,200

MCQ 27

While preparing the cash budget, which of the following items would not be included

- a) **Interest paid to debenture holders**
- b) **Salaries and wages**
- c) **Bonus shares issued**
- d) **Income-tax paid**

MCQ 28

If the beginning balance of cash is ₹ 5,000 and the desired closing cash balance is ₹ 10,000, with the only other cash-related items being sales/revenue ₹ 15,00,000, direct materials purchases ₹ 10,45,000, and cost of direct labour ₹ 4,68,000, what would be the surplus or deficit of cash at the end of the period?

- a) **Deficit of ₹ 8,000**
- b) **Surplus of ₹ 18,000**
- c) **Deficit of ₹ 18,000**
- d) **Surplus of ₹ 8,000**

MCQ 29

If credit sales for the year are ₹ 5,40,000 and Debtors at the end of the year are ₹ 90,000 the Average Collection Period will be?

Note: 1 year = 365 days

- a) 30 days
- b) 61 days
- c) 90 days
- d) 120 days

MCQ 30

The raw material holding period is 36 days. Raw material consumed and cost of goods sold in the year is ₹ 1,80,000 & ₹ 2,16,000 respectively. How much raw material stock will appear in the working capital statement? Note: 1 Year = 360 days

- a) ₹ 18,000
- b) ₹ 20,000
- c) ₹ 21,600
- d) ₹ 19,800

MCQ 31

Suppose ABC Ltd. has been offered credit terms from its major supplier of 2/10, net 45. Hence the company has the choice of paying Rs.98 per Rs.100 or to invest Rs.98 for an additional 35 days and eventually pay the supplier Rs.100 per Rs.100. Calculate Annual Cost of payables (without Compounding)

- a) 20.12%
- b) 23.44%
- c) 21.28%
- d) 24.48%

MCQ 32

Slide Ltd. is preparing a cash flow forecast for the three-month period from January to the end of March. The following sales volumes have been forecasted:

Months	December	January	February	March	April
Sales (units)	1,800	1,875	1,950	2,100	2,250

Production of goods for sale take place one month before sales. Each unit produced requires two units of raw materials costing Rs. 150 per unit. No raw material inventory is held. Raw material purchases are on one month credit.

Compute Payment to creditors for the month of February

- a) 562500
- b) 585000
- c) 630000
- d) 675000

MCQ 33

A factoring firm has offered a company to buy its accounts receivables. The relevant information is given below.

1. The current average collection period for the company's debt is 80 days and 0.25% of debtors default. The factor has agreed to pay over money due, to the company after 60 days and it will suffer all the losses of bad debts also.
2. Factor will charge commission @2%.
3. The company spends Rs. 1,00,000 p.a. on administration of debtors.
4. Annual credit sales are Rs. 90 lakhs. Total variable cost is 80% of sales. The company's cost of borrowing is 15% per annum. Assume 365 days in a year.

Compute Net benefit on Entering into factoring Arrangement

- a) **24178**
- b) **1678**
- c) **59178**
- d) **180000**

MCQ 34

	Rs
Sales – Domestic at one month's credit	18,00,000
Export at three month's credit (sales price 10% below domestic price)	8,10,000

If The Gross Profit on Domestic Sales is 20% , Compute GP margin on Export Sales

- a) 20%
- b) 11.11%
- c) 12.50%
- d) 10%

MCQ 35

Suppose ABC Ltd. has been offered credit terms from its major supplier of 2/10, net 45. Hence the company has the choice of paying Rs.98 per Rs.100 or to invest Rs.98 for an additional 35 days and eventually pay the supplier Rs.100 per Rs.100. Calculate Annual Cost of payables (with Compounding)

- a) 20.12%
- b) 23.44%
- c) 21.28%
- d) 24.48%

WCM**ANSWER KEY**

SR.NO	ANSWER	SR.NO	ANSWER	SR.NO	ANSWER
1	B	16	B	31	C
2	C	17	B	32	B
3	D	18	C	33	B
4	C	19	B	34	B
5	D	20	D	35	B
6	A	21	C		
7	A	22	A		
8	B	23	D		
9	B	24	A		
10	B	25	D		
11	A	26	D		
12	C	27	C		
13	B	28	C		
14	A	29	B		
15	A	30	A		



thank you!