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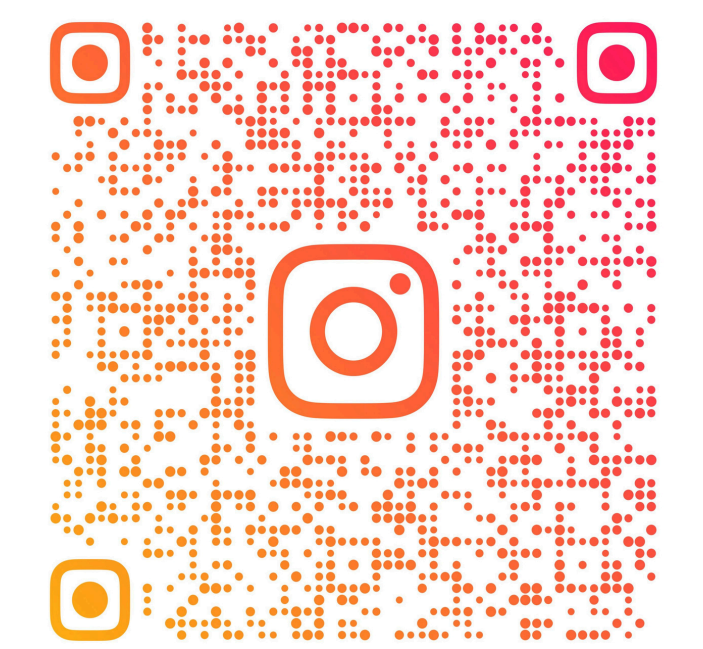


CA ADARSH JOSHI

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
- Through Shikshadwar, offers comprehensive classes, books, tests, and mentorship to CA students



CAADARSHJOSHI



CA DARSHAN JAIN

CA , CS , LLB , DISA , DIRM , B.COM

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
 2. Concurrent Audit of Banks
 3. Goods & Service Tax (GST)
 4. Public Finance & Accounting
 5. Drafting & Pleading Before Authorities
 6. Wealth management & Financial Planning
 7. Artificial Intelligence



@CA_DARSHAN_JAIN

CA TUSHAR TAPARIA

CA , LLB

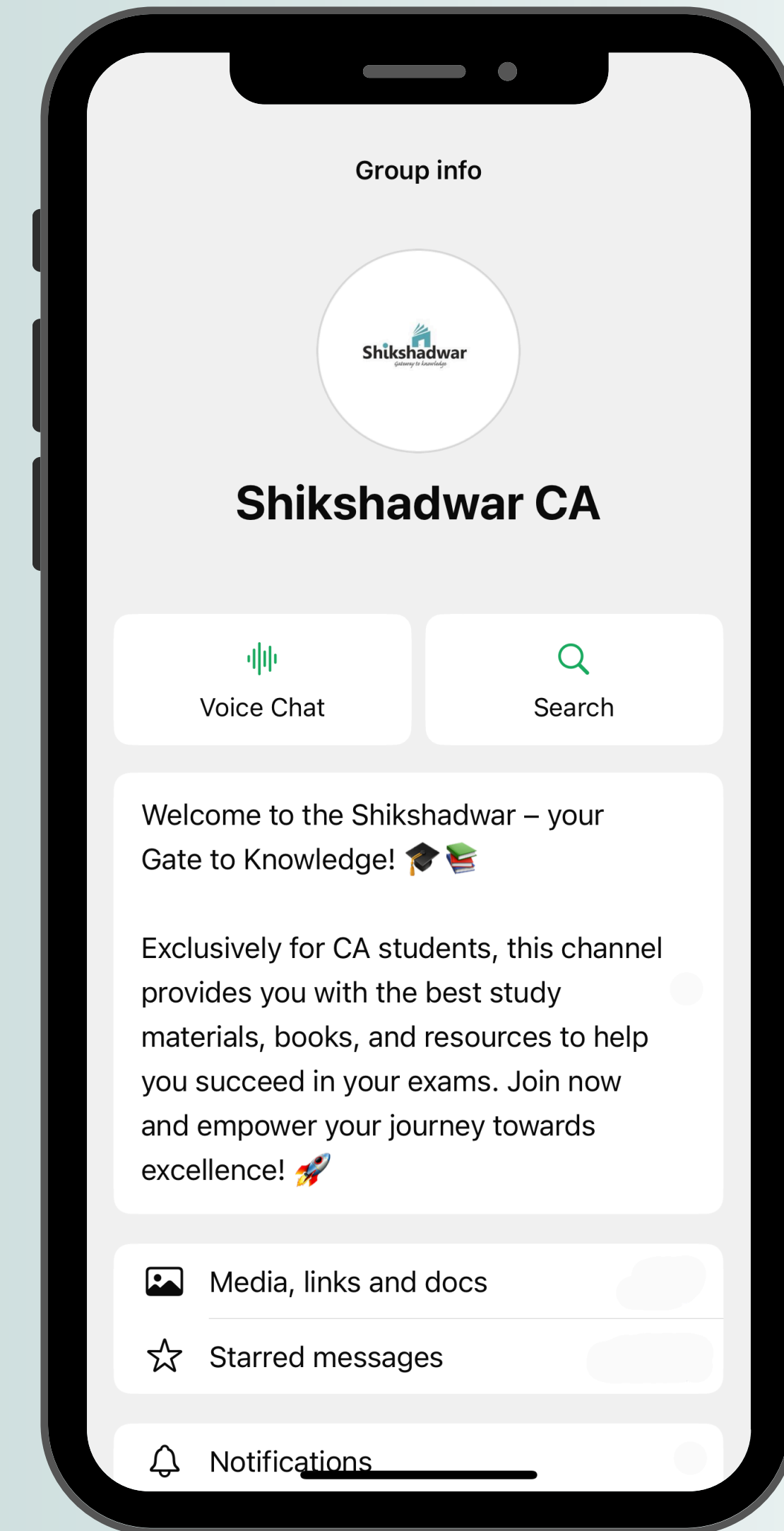
- A multi-faceted professional with a Chartered Accountancy qualification and a Bachelor's degree in Law.
- Brings 7+ years of teaching experience across CA and CS professional courses.
- Specializes in:
 - Taxation at CA Intermediate and CS Executive levels
 - Economics at CA Foundation level
- Known for simplifying complex concepts with crystal-clear explanations and practical insights.
- Expert in delivering Fasttrack batches with proven accelerated learning techniques.
- Frequently invited as a visiting faculty for Taxation at reputed coaching institutes.
- Loved by students for his interactive teaching style, real-life examples, and exam-oriented approach.



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01



Book Series

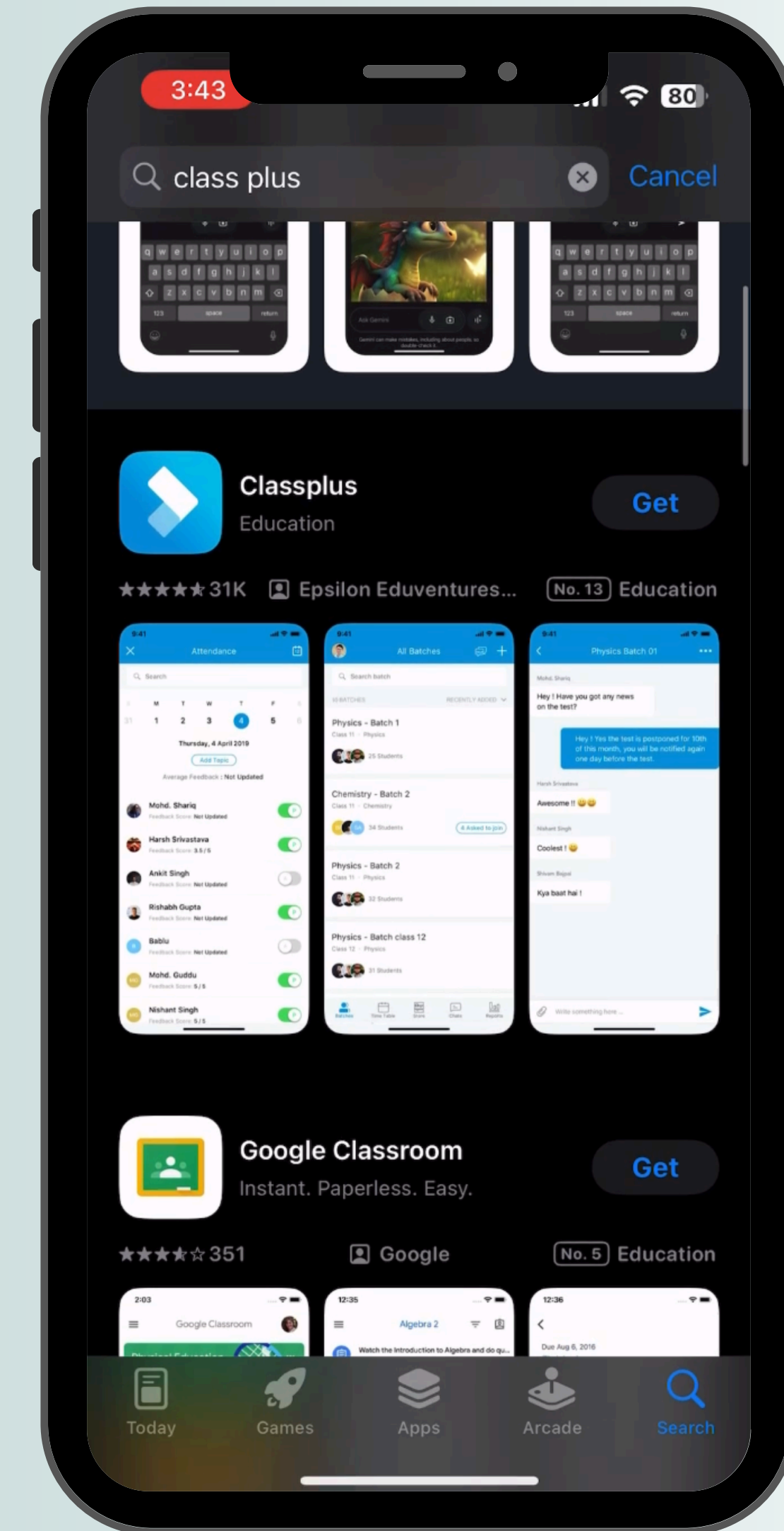
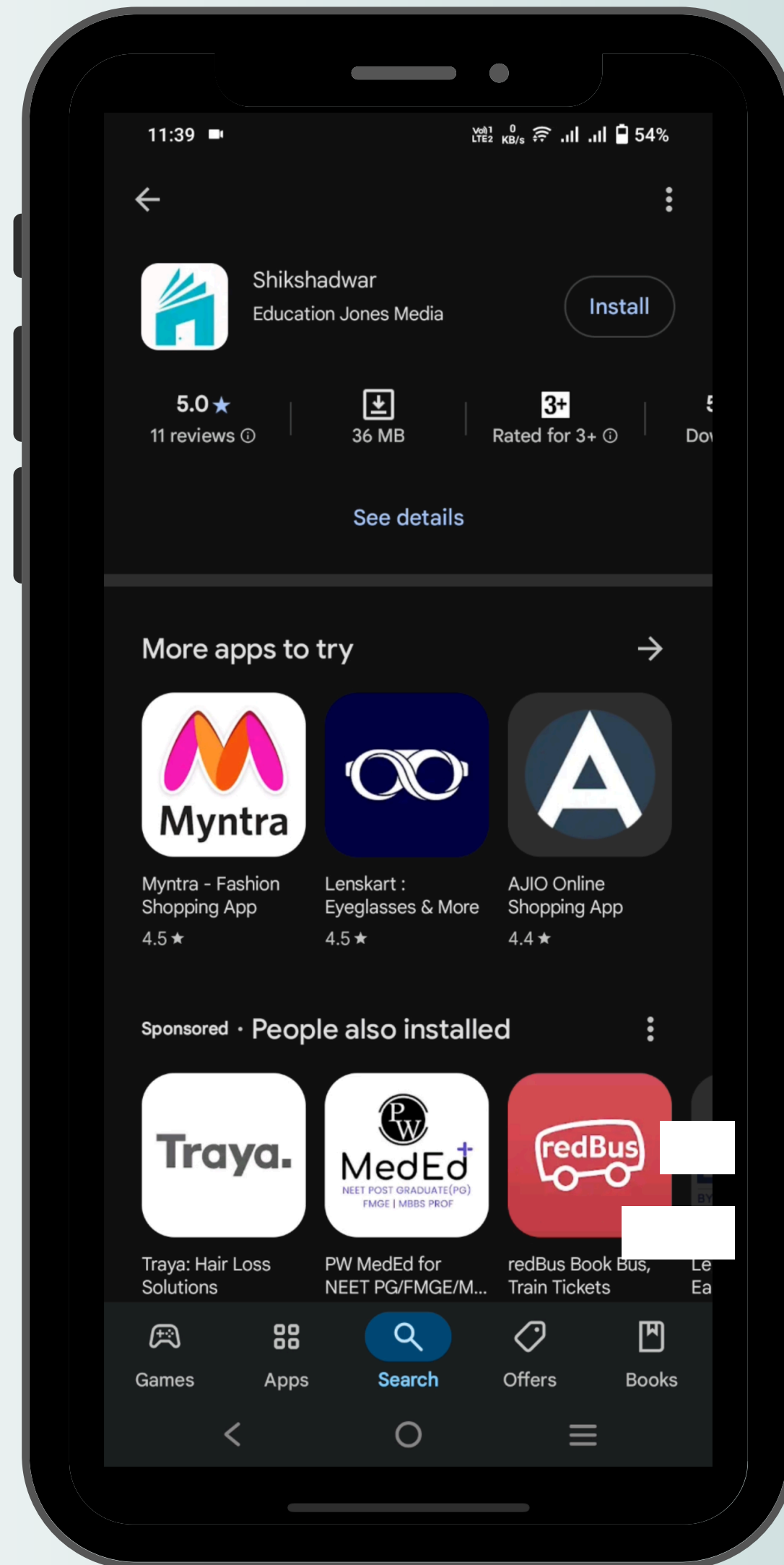
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02

Website



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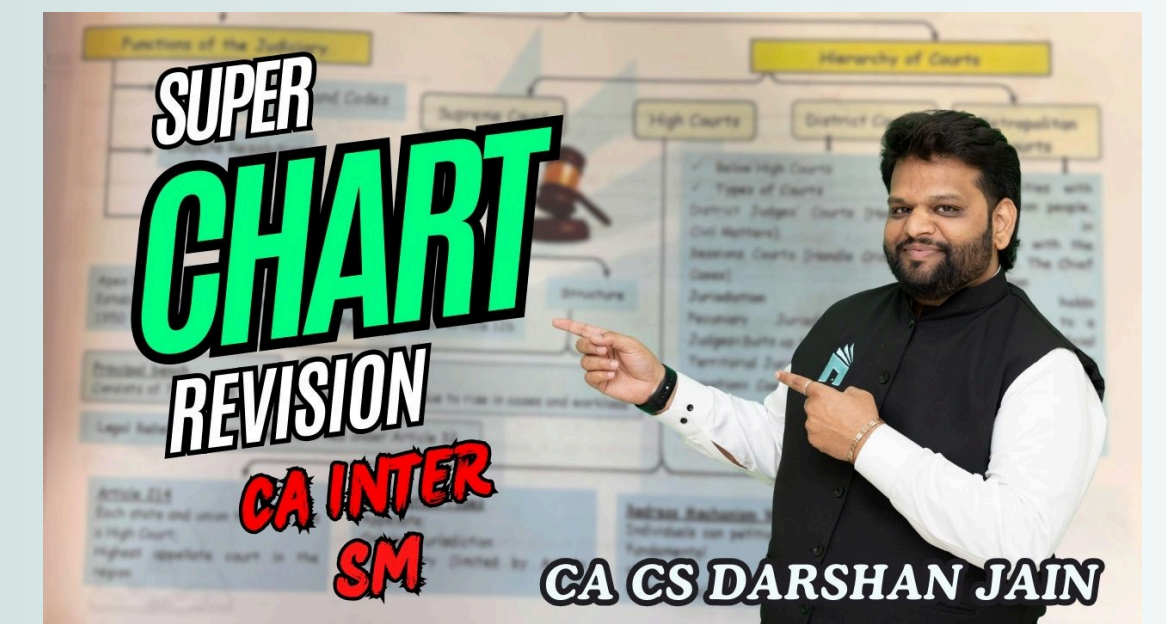
CA INTERMEDIATE MAY 25

Marathons Live Streams



RRR - Result Oriented Rapid Revision

Most Imp Questions



One Shot MCQ's Marathon

Super Chart Revision









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	

**TEST PAPER
ON
WORKING CAPITAL
MANAGEMENT**

Date of Test

14th August

QUESTION 1 (10 MARKS)

The following annual figures relate to manufacturing entity:

- | | |
|--------------------------------------------------------------------------------|--------------------|
| A. Sales at <u>one month credit</u> | 84,00,000 |
| B. Material consumption | 60% of sales value |
| C. Wages (paid in a lag of <u>15 days</u>) | 12,00,000 |
| D. Cash Manufacturing Expenses | 3,00,000 |
| E. Administrative Expenses | 2,40,000 |
| F. Creditors extend 3 months credit for payment. | |
| G. Cash manufacturing and administrative expenses are paid 1 months in arrear. | |

The company maintains stock of raw material equal to economic order quantity. The company incurs ₹ 100 as per ordering cost per order and opportunity cost of capital is 15% p.a. The optimum cash balance is determined using Baumol's model. The bank charges ₹ 10 for each cash withdrawal. Finished goods are held in stock for 1 month. The company maintains a bank balance of ₹12,00,000 on an average. Creditors are paid through net banking and all other expenses are incurred in cash which is withdrawn from bank.

Assuming a 20% safety margin, you are required to ESTIMATE the amount of working capital that needs to be invested by the Company.

Statement Showing Computation of WC

Sr.No	Particulars	Calculation	Amount
A	Current Assets		
I	Raw Material	WN 2 2	81975 ✓
II	Finished Goods	$6540000/12*1$ 0.50	545000 ✓
III	Debtors	$6780000/12*1$ 0.50	565000 ✓
IV	Bank Balance	Given	1200000 ✓
V	Cash	WN 3 2	15232 ✓
	Total (A)		2407207
B	Current Liabilities		
I	Creditors	$5040000/12*3$ 0.50	1260000 ✓
II	Wages	$1200000/12*0.50$ 0.50	50000 ✓

III	Cash Manufacturing Exp	$300000/12*1$	0.50	25000	✓
IV	Administration Expenses	$240000/12*1$	0.50	20000	✓
	Total (B)			1355000	
C	Working Capital Required (A-B)			1052207	
D	Add – Safety Margin 20%			210441	
E	Net WC Required (C+D)		3	1262648	

WN 1 – Ascertainment of Cash Cost of production & Cash Cost of Sales

Sr.No	Particulars	Amount
A	Raw Material Consumed (8400000*60%)	5040000
B	Wages	1200000
C	Manufacturing Overheads	300000
D	Cash Cost of Production (A+B+C)	6540000
E	Administration Expenses	240000
F	Cash Cost of Sales (D+E)	6780000

WN 2 – Computation of Raw Material Stock in Hand

$$A = 50,40,000$$

$$B = 100$$

$$C = 0.15$$

$$\therefore \text{EOQ} = \sqrt{\frac{2AB}{C}} = \sqrt{\frac{2 \times 50,40,000 \times 100}{0.15}} = ₹ 81,975$$

WN 3 – Calculation of Cash Balance

$$A = 12,00,000 + 3,00,000 + 2,40,000$$

$$A = 17,40,000$$

$$B = 10$$

$$C = 0.15$$

$$\text{Optimal Cash Balance} = \sqrt{\frac{2AB}{C}} = \sqrt{\frac{2 \times 17,40,000 \times 10}{0.15}} = ₹ 15,232$$

QUESTION 2 (5 MARKS)

MN Ltd. has a current turnover of ₹ 30,00,000 p.a. Cost of Sale is 80% of turnover and Bad Debts are 2% of turnover, Cost of Sales includes 70% variable cost and 30% Fixed Cost, while company's required rate of return is 15%. MN Ltd. currently allows 15 days credit to its customer, but it is considering increase this to 45 days credit in order to increase turnover.

It has been estimated that this change in policy will increase turnover by 20%, while Bad Debts will increase by 1%. It is not expected that the policy change will result in an increase in fixed cost and creditors and stock will be unchanged.

Should MN Ltd. introduce the proposed policy? (Assume 360 days year)

Statement Showing Evaluation of Present & Proposed Policy

Sr.No	Particulars	Present Policy	Proposed Policy
A	Credit period	15 Days	45 Days
B	Sales	3000000	3600000
C	Cost of Sales (80% of B)	2400000	2880000
D	Variable Cost (70% of C)	1680000	2016000
E	Fixed Cost	720000	720000
F	Total Cost (D+E)	2400000	2736000
G	Profit (B-F)	600000	864000
H	Opportunity Cost (F/360*A) *15%	15000	51300
I	Bad Debts	60000	108000
J	Net Benefit (G-H-I)	525000	704700

Note

Investment in Debtors is considered on total cost

Conclusion:- As the Net Benefit is higher in Proposed Policy by Rs. 179700, it is advised to adopt proposed credit Policy of allowing 45 Days credit.

QUESTION 3 (5 MARKS)

River limited currently uses the credit terms of 1.5/15 net 45 days and average collection period was 30 days. The company presently having sales of ₹ 50,00,000 and 30% customers availing the discount. The chances of default are currently 5%. Variable cost constitutes 65% and total cost constitute 85% of sales. The company is planning liberalization of credit terms to 2/20 net 50 days. It is expected that sales are likely to increase by ₹ 5,00,000, the default chances are 10% and average collection period will decline to 25 days. There won't be any change in the fixed cost and 50% customers are expected to avail the discount. Tax rate is 35%.

EVALUATE this policy in comparison with the current policy and recommend whether the new policy should be implemented. Assume cost of capital to be 10% (post tax) and 360 days in a year.

Statement Showing Evaluation of Present & Proposed credit Policy (Total Approach)

Sr.No	Particulars	Present Policy	Proposed Policy
A	Average Collection Period	30 Days	25 Days
B	Sales	5000000	5500000
C	Variable Cost (B*65%)	3250000	3575000
D	Fixed Cost (B*20%) (Present policy)	1000000	1000000
E	Total Cost (C+D)	4250000	4575000
F	Profit Before Bad Debts & Discount (B-E)	750000	925000
G	Bad Debts	250000	550000
H	Cash Discount (WN 1)	22500	55000
I	Profit Before Tax (F-G-H)	477500	320000
J	Less – Tax @ 35%	167125	112000
K	Profit After Tax (I-J)	310375	208000

L	Opportunity Cost After Tax $(E/360 \cdot A) \cdot 10.00\%$	35417	31771
M	Net Benefit (K-L)	274958	176229

Note! - Investment is recoverable is based on total cost.

Conclusion - As The net benefit is Lower in proposed Policy as Compared to Present Policy , The proposed Policy Should Not Be Implemented.

WN 1 – Computation of Cash Discount under Present & Proposed Policy

$$\text{Present Policy} = 5000000 * 30\% * 1.5\% = 22500$$

$$\text{Proposed Policy} = 5500000 * 50\% * 2\% = 55000$$

QUESTION 4 (5 MARKS)

Balance sheet of X Ltd for the year ended 31st March, 2022 is given below:

Liabilities	Amount	Assets	Amount
Equity Shares ₹ 10 each	200	Fixed Assets	500
Retained earnings	200	Raw materials	150
11% Debentures	300	W.I.P	100
Public deposits (Short-Term)	100	Finished goods	50
Trade Creditors	80	Debtors	125
Bills Payable	100	Cash/Bank	55
	980		980

480

Calculate the amount of maximum permissible bank finance under three methods as per Tandon Committee lending norms.

The total core current assets are assumed to be ₹ 30 lakhs.

Method I

$$\begin{aligned}\text{Maximum Permissible Bank Finance} &= 75\% \text{ of (Current Assets - Current Liabilities)} \\ &= 75\% \text{ of } (480 - 280) \\ &= \text{₹ 150 Lakhs} \quad \checkmark\end{aligned}$$

1.50

Method II

$$\begin{aligned}\text{Maximum Permissible Bank Finance} &= 75\% \text{ of Current Assets - Current Liabilities} \\ &= 75\% \text{ of } 480 - 280 \\ &= \text{₹ 80 Lakhs} \quad \checkmark\end{aligned}$$

1.50

Method III

$$\begin{aligned}\text{Maximum Permissible Bank Finance} &= 75\% \text{ of (Current Assets - Core Current} \\ &\quad \text{Assets) - Current Liabilities} \\ &= 75\% \text{ of } (480 - 30) - 280 \\ &= \text{₹ 57.5 Lakhs} \quad \checkmark\end{aligned}$$

1.50

QUESTION 5 (5 MARKS)

A garment trader is preparing cash forecast for first three months of calendar year 2021. His estimated sales for the forecasted periods are as below:

	January (₹'000)	February (₹'000)	March (₹'000)
Total sales	600	600	800

- (i) The trader sells directly to public against cash payments and to other entities on credit. Credit sales are expected to be four times the value of direct sales to public. He expects 15% customers to pay in the month in which credit sales are made, 25% to pay in the next month and 58% to pay in the next to next month. The outstanding balance is expected to be written off.
- (ii) Purchases of goods are made in the month prior to sales and it amounts to 90% of sales and are made on credit. Payments of these occur in the month after the purchase. No inventories of goods are held.
- (iii) Cash balance as on 1st January, 2021 is ₹ 50,000.
- (iv) Actual sales for the last two months of calendar year 2020 are as below:

	November (₹'000)	December (₹'000)
Total sales	640	880

You are required to prepare a monthly cash, budget for the three months from January to March, 2021.

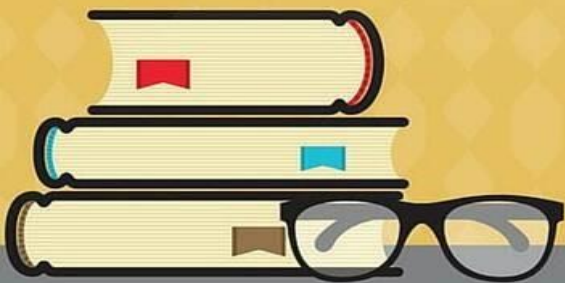
Cash Budget For Jan To March 21

SR.NO	PARTICULARS		JAN	FEB	MAR
A	RECIEPTS				
1	Collection From Cash Sales	0.50	120000	120000	160000
2	Collection From Credit Sales (WN 1)	1.50	544960	600320	494400
	Total (A)		664960	720320	654400
B	PAYMENTS				
1	Payment For Purchases	1.00	540000	540000	720000
	Total (B)		540000	540000	720000
C	OPENING BALANCE		50000	174960	355280
D	SURPLUS/DEFICIT		124960	180320	(65600)
E	CLOSING BALANCE		174960	355280	289680

WN - 1 Collection of Amount From Debtors						
SR.NO	PARTICULARS	NOV	DEC	JAN	FEB	MARCH
A	Total Sales	640000	880000	600000	600000	800000
B	Credit Sales (80% of A)	512000	704000	480000	480000	640000
C	Same Month credit Sales Collection (15% of Current Month Sales)			72000	72000	96000
D	Previous Month credit Sales Collection (25% of Previous month's cr Sales)			176000	120000	120000
E	Previous to previous Month credit Sales Collection (58% of Previous to previous month's cr Sales)			296960	408320	278400
F	Total			544960	600320	494400



**ALL THE
BEST!**





thank you!