

3. a) Explain the following budgets **(8 Marks)**
- i. Labour budget
 - ii. Master budget
 - iii. Human resource budget
 - iv. Capital budgeting
- b) A project requires on Investment of K 12,00,000 has 4 years life cash inflows are 4,50,000, 5,40,000, 3,60,000 & 2,82,000. The cost of capital is 11 % calculate IRR. **(12 Marks)**
4. a) Explain the key benefits of budgetary control in project management? **(10 Marks)**
- b) Describe the key criteria for project appraisal? **(10 Marks)**
5. a) Describe three common areas for production decisions and explain their significance. **(10 Marks)**
- b) Enumerate the steps involved in budgetary control. **(10 Marks)**
6. a) Enumerate the meaning and importance of cash budgeting. **(8 Marks)**
- b) Prepare a cash budget from the following information. **(12 Marks)**

Month	Sales	purchases	wages
February	90000	62400	6000
March	96000	72000	7000
April	54000	121500	5500
May	87000	123000	5000
June	83000	134000	7500

Additional Information:

- i) 50% of credit sales are realised in the month following the sales and remaining 50% in the second month following creditors are paid in the month following the month of purchase
 - ii) Cash at bank on 1.4.2006 K12500
7. a) Describe the difference between economic feasibility and financial feasibility. **(10 Marks)**
- b) Distinguish between standard costing and budgetary control. **(10 Marks)**