

**BINDURA UNIVERSITY OF SCIENCE EDUCATION**

**FACULTY OF SCIENCE AND ENGINEERING**

**DEPARTMENT: SPORTS SCIENCE**

**BACHELOR OF SCIENCE HONOURS DEGREE IN SPORTS SCIENCE AND MANAGEMENT**

**SSM122: FINANCIAL MANAGEMENT OF SPORTS**

**DURATION: 3 HOURS**

**TOTAL MARKS: 100**

**MAR 2024**

**INSTRUCTIONS TO CANDIDATES**

**Answer two questions from Section A and two questions from Section B**

**SECTION A**

- 1a). Define the term budgeting. [4 marks]
- b) Outline the four (4) stages in the budgeting cycle justifying the relevance of each stage in sports financial management. [16 marks].
  
2. As a newly elected member of the Board of Directors of Bindura Sports Academy, you were tasked to present in a meeting, the principles guiding the development of a financial policy.
  - a) Explain the significance of a financial procedure manual to any sporting organisation. [10 marks].
  - b) Discuss principles guiding the development of a Financial Policy. [15 marks]
  
3. Discuss the financial management strategies that can be adopted by Zimbabwean sports for financial sustainability. [25 marks]

**SECTION B**

4. The following information was collected from Ceda Sports Investments.

Month	Purchase \$	Sale \$	Salaries \$	Electricity \$	Water \$
January	2 500	5 000	1 000	250	200
February	1 500	3 000	1 000	250	200
March	3 000	6 000	1 000	250	100

**Additional information**

The closing balance for December 2023 was \$1000.

40 % of the sales made are paid for when the sale is made, with the balance being cleared in the next two months in equal instalments.

60 % of the supplies are paid for when the purchase is made, and the balance is cleared in the next two months in equal instalments.

Task: Prepare a cash budget for the first quarter of 2024 and explain its implications on the financial state of Ceda Sports Investments. [30 marks]

5. The following balances were taken from the books of Dadirai Investments on 31 December 2022

ITEM	DEBIT \$
Sales	41 000
Purchase	19 500
Salaries	6 100
Repairs and Maintenance	2 300
Water	1 900
General Expenses	2 200
Electricity	1 800
Cash in Bank	3 200
Cash in Hand	2 300
Trade Receivable	5 100
Trade Payable	4 400
Buildings	31 000
furniture	11 000
vehicles	9 000
drawings	13 000
Capital in January 2019	53 000

The following additional information is available:

Inventory on 31 December 2021 was valued at \$5500.

Task:

- (a) Prepare income statement for the year ended 31 December 2022. [12 marks]
- (b) Prepare a balance sheet as of 31 December 2022. [13 marks]

6. Shalom Sports Investments is considering to purchase a machine. Two machines are available, A and B costing \$ 80 000 each. Earnings after taxation are expected to be as follows:

YEAR	MACHINE A	MACHINE B
1	10 000	60 000
2	30 000	20 000
3	50 000	10 000
4	70 000	5 000
5	80 000	5 000

**Task:** Evaluate the two alternatives using:

- (i) Payback method [10 marks]
- (ii) NPV method (at 10 % discount rate). [15 marks]

END OF PAPER

## DISCOUNT FACTOR TABLE

You can easily enlarge the table by copying rows and columns.

The following formula is used to calculate a discount factor for year  $t$  and imputed rate of interest  $i$ :  $1/(1+i)^t$

	Imputed rate of interest (i)										
Time in years (t)	0%	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
0	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1	1.0000	0.9901	0.9804	0.9709	0.9615	0.9524	0.9434	0.9346	0.9259	0.9174	0.9091
2	1.0000	0.9803	0.9612	0.9426	0.9246	0.9070	0.8900	0.8734	0.8573	0.8417	0.8264
3	1.0000	0.9706	0.9423	0.9151	0.8890	0.8638	0.8396	0.8163	0.7938	0.7722	0.7513
4	1.0000	0.9610	0.9238	0.8885	0.8548	0.8227	0.7921	0.7629	0.7350	0.7084	0.6830
5	1.0000	0.9515	0.9057	0.8626	0.8219	0.7835	0.7473	0.7130	0.6806	0.6499	0.6209
6	1.0000	0.9420	0.8880	0.8375	0.7903	0.7462	0.7050	0.6663	0.6302	0.5963	0.5645
7	1.0000	0.9327	0.8706	0.8131	0.7599	0.7107	0.6651	0.6227	0.5835	0.5470	0.5132
8	1.0000	0.9235	0.8535	0.7894	0.7307	0.6768	0.6274	0.5820	0.5403	0.5019	0.4665
9	1.0000	0.9143	0.8368	0.7664	0.7026	0.6446	0.5919	0.5439	0.5002	0.4604	0.4241
10	1.0000	0.9053	0.8203	0.7441	0.6756	0.6139	0.5584	0.5083	0.4632	0.4224	0.3855