

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF SCIENCE AND ENGINEERING

DEPARTMENT: SPORTS SCIENCE

 NOV 2022

BACHELOR OF SCIENCE HONOURS DEGREE IN SPORTS SCIENCE AND MANAGEMENT

SSM122: FINANCIAL MANAGEMENT OF SPORTS

DURATION: 3 HOURS

TOTAL MARKS: 100

INSTRUCTIONS TO CANDIDATES

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

SECTION A

- 1a). Define the term accounting. [5 marks]
- b) Discuss the accounting principles which Zimbabwean sports entities should apply in the management of their finances. [15 marks].
2. What categories of financial information must be included in a financial management policy in order to achieve the best management practices? [20 marks]
3. Discuss the extent to which the sources of revenue that are currently used by Zimbabwean sports entities promote self-sustenance. [20 marks]

SECTION B

4. Mambo Sports Investments is considering to invest in project A and B. Both projects have an initial outlay of \$120 000. Earnings after taxation are expected to be as follows:

YEAR	PROJECT A \$	PROJECT B \$
1	20 000	75 000

2	35 000	60 000
3	60 000	30 000
4	80 000	10 000

- i) **Task:** Evaluate the two alternatives using the payback method and make recommendations for the investor.

[15 marks]

- (ii) **Task:** Evaluate the two alternatives using the NPV method (at 10 % discount rate) and make for the investor on which project to go for.

[15 marks]

5. The following information was collected from Chiwaya 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 2022 was \$1000.

50 % of the sales made are paid for when the sale is made, with the balance being cleared in the next two months in equal installments.

50 % of the supplies are paid for when the purchase is made, and the balance is cleared in the next two months in equal installments.

Task: Prepare a cash budget for the first quarter of 2023 and explain its implications on the financial state of Chiwaya Sport Investments. [30 marks]

6. The following balances were taken from the books of BASLAC Sports Academy on 31 December 2015

ITEM	AMOUNT \$
Electricity	10 000

Athlete allowances	250 000
Buildings	1 500 000
Account payable	10 000
Income tax	10 000
subscription fees from members	500 000
Affiliation fees paid	50 000
Vehicles	500 000
Accounts receivable	10 000
Athlete transfer revenue	250 000
Match day hospitality income	90 000
Prize money received	100 000
Cash in hand	15 000
Athlete camping expenses	10 000
Repairs and maintenance	10 000
Broadcasting rights revenue	500 000
Sponsorship received	250 000
Match ticket sales	250 000
Athlete transfer expenditure	150 000

The following additional information is available:

Inventory at 31 December 2014 was valued at \$100 000

Task: Prepare an Income Statement and Balance Sheet for the year ended 31 December 2015.

[30 marks]

END OF PAPER