BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF SCIENCE AND ENGINEERING

DEPARTMENT: SPORTS SCIENCE

MASTER OF SCIENCE DEGREE IN SPORTS SCIENCE

SM509: SPORT FINANCE

DURATION: 3 HOURS   **TOTAL MARKS: 100**
(Plus 15 Minutes for Practical Preparation/Case Reading)

INSTRUCTIONS TO CANDIDATES   JUN 2025

Answer **two** questions from each section.

Section A

QUESTION 1:

A sports investor must choose between investing in a football club and a sportswear company. The cost of capital for both investments is 10 percent. The life for each project is 5 years. The football club investment will cost $100 000, whereas that of the sportswear company will require an initial outlay of $150 000. The cost of capital that applies to both investments is 10 percent. During the five-year lifespan, the net cash flows for the football club y will be $40 000 per year and those for the sportswear company will be $60 000 per year.

a. Calculate the Net Present Value and payback for each project, and decide on which investment to choose.   **(30 marks)**

Question 2:

The following financial information was collected from two different sports organisations in December 2022. As a sports finance consultant, you have been tasked to compare the financial sustainability of the two sports organizations and recommend the strategic initiatives they can adopt for improved financial sustainability in each case.

Organisation A:

Item	Amount $
Income	
Owner's Capital and Operational Support Injections	100 000.00
Expenditure	
Travel and subsistence	50 000.00
Sports equipment	10 000.00
League Registration Fees	10 000.00
Athlete Allowances	20 000.00
Net Income	0.00

Organisation B:

Item	Amount $
Income	
Owner's Capital and Operational Support Injections	1 000 000.00
Gate Revenue	2 500 000. 00
Government Grant	500 000.00
Expenditure	
Travel and subsistence	2 000 000.00
Sports equipment	450 000.00
League Registration Fees	50 000.00
Athlete Allowances	2 500 000.00
Net Income	(500 000.00)

Task:
Prepare a summary of your comparisons and recommendations.   (30 marks)

Question 2:

a. The following information was collected from Bhishu Sports Enterprise for the last quarter of 2023.

Month	Purchase $	Sales $	Rentals $	Utility Bills $	Salaries $	Income Tax $
October 2023	120 000	160 000	10 000	5 000	15 000	5 000
November 2023	100 000	120 000	10 000	5 000	15 000	5 000
December 2023	110 000	150 000	10 000	5 000	15 000	5 000

Additional information
The closing balance for September 2023 was $120 000.
50 % of the sales made are paid for when the sale is made, with the balance being cleared in the following months.
50 % 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 final quarter of 2023.   **(15 Marks)**

Question 3:

a. The following figures were extracted from the Balance Sheet for Guka Sports Supplies on 31 December 2022.

Guka Sports Supplies Balance Sheet (in US$)

Current Assets

Cash	100 000
Accounts Receivable	150 000
Inventory	450 000
Total Current Assets	**700 000**

Current Liabilities

Accounts Payable	350 000
Notes Payable	200 000
Total Current Liabilities	**550 000**
Long-Term Debt	400 000
Total Liabilities	**950 000**
Owner's Equity	500 000
Total Liabilities and Equity	**1 450 000**

Task:

Calculate the current ratio and quick ratio and comment on the company's liquidity position.   **[15 marks]**

Section B.
Question 4:

Assume you have been tasked by the Ministry of Sport in your country to draft final sustainability regulations for elite sport in your country.

Task:

Prepare a draft of the required regulations and advisory report.   **(20 marks)**

Question 5:
As a Sports Finance Professor, you have been tasked to write an article crowd funding can be used to enhance financial viability in any sports organization of your choice.

Task:

Prepare a draft of the assigned review article.   **(20 Marks)**

Question 6:

As a financial advisor, you have been tasked to develop interventions to rehabilitate Zimbabwean retired athletes affected by athlete bankruptcy after retirement.

Task:

Prepare a draft of your interventions. **(20 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: $1/(1+i)^t$

Time in years (t)	Imputed rate of interest (i)										
	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