

BINDURA UNIVERSITY OF SCIENCE EDUCATION
FACULTY OF SCIENCE AND ENGINEERING
DEPARTMENT: SPORTS SCIENCE
BACHELOR OF SCIENCE HONOURS IN SPORTS SCIENCE AND MANAGEMENT
SSM 122: FINANCIAL MANAGEMENT IN SPORT

MAR 2023

DURATION: 3 HOURS

TOTAL MARKS: 100

INSTRUCTIONS TO CANDIDATES

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

Question 4 is compulsory.

SECTION A

Question 1:

- a. What is meant by “financial fair play”? [3 marks]
- b. How far have the UEFA Financial Fair Play regulations helped to contain excessive expenditure by top European football teams? [17 marks]

Question 2:

Illustrate how any Zimbabwean sports entity of your choice has been exposed to the risk of financial failure by its heavy dependence on one revenue stream and make suggestions for improvement.

[20 marks]

Question 3:

Explain how any sport financial self-sustenance model of your choice can be used to enhance the financial performance of sports teams and federations in Zimbabwe

[20 marks]

Section B**Question 4:**

The following balances are taken from the books of Chinos Wemasasi Sports Academy on 31 December 2021.

The following additional information is available:

Inventory at 31 December 2021 was valued at \$40 000.

ITEM	AMOUNT	ITEM	AMOUNT
Merchandise Sales	300 000	Trade payable	15 000
Purchase	80 000	Trade receivable	15 000
Buildings and sport equipment	300 000	Salaries and wages	20 000
Repairs and maintenance	5 000	Drawings	48 000
Electricity and water	3 600	Insurance cover	1 000
Furniture	50 000	Start-up loan balance	120 000
Motor vehicles	50 000	Transport expenses	5 000
Cash in Bank	10 000	Match day expenses	10 000
Athlete transfer expense	30 000	Athlete transfer income	100 000
Tax for 2021	10 000	Tax for 2020	10 000

Task:

(a) Prepare an income statement for the year ended 31 December 2021. **[15 marks]**

(b) Prepare a balance sheet for the academy at 31 December 2021. **[15 marks]**

Question 5:

The following information was collected from Bhinzi Sports Investments for the first half of 2022.

Month	Purchase \$	Sales \$	Electricity \$	Water \$	Salaries \$	Transport \$
January 2022	40 000	40 000	5 000	2 500	10 000	5 000
February 2022	40 000	50 000	5 000	2 500	10 000	5 000
March 2022	40 000	50 000	5 000	2 500	10 000	5 000
April 2022	40 000	55 000	6 000	3 000	15 000	6 000
May 2022	40 000	60 000	6 000	3 000	15 000	6 000
June 2022	40 000	60 000	6 000	3 000	15 000	6 000

Additional information

The closing balance for September 2021 was \$150 000.

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

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

Task: Prepare a cash budget for the first half of 2022 and explain what it implies. [30 marks]

Question 6:

a. A local sports entrepreneur is considering to invest in an equipment manufacturing venture. Two options

X and Y are available at an initial outlay of \$ 120 000 each and their projected earnings are as follows:

Year	Option X \$	Option Y \$
1	55 000	20 000
2	70 000	30 000
3	30 000	35 000
4	50 000	25 000
5	5 000	30 000

Task: Select the best investment option using the Payback method. [15 marks]

b. Tozipigwa Sports Club is considering an investment of \$150 000 in a capital project that will generate \$ 40 000 per year for the next five years. They can forgo the project and invest the money elsewhere at an interest rate of 10%.

Task: Evaluate the proposed investment using the net present value method. [15 marks]

END OF PAPER