



(University of Choice)

**MASINDE MULIRO UNIVERSITY OF
SCIENCE AND TECHNOLOGY
(MMUST)**

MAIN CAMPUS

UNIVERSITY EXAMINATIONS

MAIN EXAM

2022/2023 ACADEMIC YEAR

THIRD YEAR SECOND SEMESTER

**EXAMINATIONS FOR THE DEGREE IN HEALTH
PROMOTION AND SPORTS SCIENCE**

COURSE CODE: HSS 311

**COURSE TITLE: FINANCIAL MANAGEMENT AND
ACCOUNTING IN SPORTS**

DATE: WEDNESDAY, 12TH .APRIL, 2023 TIME: 12.00-2.00 P.M

**INSTRUCTIONS TO CANDIDATES:
ANSWER QUESTION ONE ANY OTHER TWO QUESTIONS.**

TIME: 2 HOURS

MMUST observes ZERO tolerance to examination cheating

This Paper Consists of 2 Printed Pages. Please Turn Over

1. a) Explain the following concepts;

- i. Management (2mks)
- ii. Accounting (2mks)
- iii. Insolvency (2mks)
- iv. Accrued expenses (2mks)
- v. Prudence (2mks)

b) A sports club has kshs. 14000000 in long term debt capital and kshs. 23000000 in equity capital. The club can borrow until its debt ratio is 50% of total capital. What is the clubs' unutilized borrowing capacity? (6mks)

c) Creative leisure limited has 1200000 ordinary shares of kshs. 5 per value, a share premium reserve of kshs. 3500000, and a retained earnings reserve of kshs. 8500000. The company declares a dividend of 20% per share payable from retained earning reserves at a time when market value of the share is kshs. 42 per share. Prepare the equity section of a balance sheet after the payment of dividends. (14mks)

2. Malaika investments had the following four years cash flows with the preferred rate of return of 12% for the year ending December 2022. Calculate;

- a) Net present value (4mks)
- b) Present value (4mks)
- c) Internal rate of return (6mks)
- d) Profitability index (2mks)
- e) Discounted payback period (4mks)

INVESTMENT A	INVESTMENT B
(1000000)	(1000000)
400000	200000
300000	400000
500000	600000
400000	400000

3. Evaluate on FIVE assertions auditors are concerned when obtaining audit evidence from substantive procedures. **(20mks)**
4. a) Expound on FIVE different types of budgets in sports. **(10mks)**
b) Expound on FIVE components of a budget in sports and recreation activities. **(10mks)**
5. a) Kakamega sports club has the cash outlay of kshs. 400,000/= at the start of the business with net cash inflow of kshs. 200,000/= at the end of year 1 and kshs. 100,000/= at the end of year 2 and kshs. 300,000/= at the end of year 3 with interest at 15%. Calculate;
- i. payback period **(2mks)**
 - ii. internal rate of return **(4mks)**
 - iii. present value **(2mks)**
 - iv. net present value **(2mks)**
- (b) Explain FIVE types of financial ratios used in sports **(10mks)**.

