ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF BUSINESS INTELLIGENCE, ENTREPRENEURSHIP, ARTEFACTUAL DESIGNS, AND FUTURES

DEPARTMENT OF ECONOMICS, MARKETING AND ENTREPRENEURSHIP

EXAMINATION PAPER

MODULE CODE	:	MSTM 523
MODULE TITLE	:	STRATEGIC FINANCIAL MANAGEMENT AND COSTING
DURATION	:	3 Hours
LEVEL	:	1.2
DATE	:	JUNE 2026

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue
2. Answer **QUESTION ONE (1)** and any other **THREE (3)** questions.
3. Begin each question on a new page.
4. The number of marks for each question or part question is shown in brackets [ ]

Question 1

Critically evaluate the reasons why the actions of the managers are in conflict with the interest of shareholders. (12 marks)

b) You are aware that there could be a possibility of conflict arising in your bid to help relationships from various stakeholders, discuss what could cause such conflict between shareholders and creditors, shareholders and the government and show these could be resolved.

(13 marks)

[Total: 25 marks]

Question 2

Tsoko ltd has three projects under consideration. The cash flows for each project are shown in the following table. The firm has a 10% cost of capital.

	Project Anna	Project Beta	Project Cee
Initial investment			
Year 0	$400 000	$400 000	$400 000
	Cash in flows		
1	$130 000	$7 0 000	$190 000
2	$130 000	$100 000	$160 000
3	$130 000	$130 000	$130 000
4	$ 130 000	$ 160 000	$100 000
5	$ 130 000	$190 000	$ 70 000

1.a) Calculate each project's payback period. Which project is preferred according to this method? (6 marks)

b) Calculate each project's net present value (NPV). Which project is preferred according to this method? (9 marks)

c) Comment on your findings in parts (a) and (b), and recommend the best project. Explain your recommendation.
(3marks)

1. d. Discuss the investment process undertaken by an organisation intending to invest into the long term.
(7 marks)

[Total 25marks]

Question 3

An Airline company has operated short haul passenger and cargo flights to various destinations from busy airport for several years. Its competitive advantage has been the fact that it offers low ticket prices to passengers. It now faces increased competition on a number of its routes. The company currently monitors its performance using financial measures. These financial measures have served it well in the past, but a new director has suggested that non-financial measures may also be used to provide a better indication of overall performance. She has suggested that the company should consider using the balanced scorecard

Required:

a) Design a framework for performance measurement using the concept of the balanced scorecard and show how it could be used by the airline company. (15 marks)
b) Explain two non-financial measures that the airline company could use to monitor its performance. (4 marks)
c) Explain the benefits of using the balanced scorecard. (6 marks)

[Total 25 marks]

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Question 4

a) Critically evaluate following **three** costs incurred under agency theory:
    1) Contracting cost
    2) Monitoring cost
    3) Opportunity or residual cost

(15 marks)

b) Discuss fully with the aid of practical examples any three dividend theories that you are familiar with . (10 marks)

[Total 25 marks]