



ZIMBABWE

**MINISTRY OF HIGHER AND TERTIARY EDUCATION,
INNOVATION, SCIENCE AND TECHNOLOGY DEVELOPMENT**

**HIGHER EDUCATION EXAMINATIONS COUNCIL
(HEXCO)**

NATIONAL CERTIFICATE

IN

ACCOUNTANCY

MODULE: Asset Management

PAPER NO: 310/22/M08

DURATION: 3 hours

JUNE 2026 EXAMINATION

REQUIREMENTS

INSTRUCTIONS TO CANDIDATE

- 1. Answer all questions.**
- 2. Show all relevant workings.**
- 3. A silent non-programmable calculator may be used.**
- 4. Begin each answer to a new question on a fresh page.**

This paper consists of 4 printed pages.

QUESTION 1

- a) Define the term asset management policy. (3 marks)
- b) Explain any four (4) benefits of having an asset management policy. (8 marks)
- c) Explain the following documents used when receiving purchased goods:
- i) Goods received note (3 marks)
 - ii) Purchase order (3 marks)
 - iii) Delivery note (3 marks)

QUESTION 2

- a) Describe the nine (9) steps which are taken when assets are received. (9 marks)
- b) From the following figures calculate the closing inventory using FIFO and LIFO.

Bought:

January 10 units at \$30 each.
March 10 units at \$24 each.
September 20 units at \$40 each.

Sold:

April 8 units for \$46 each.
December 12 units for \$56 each.

(11 marks)

QUESTION 3

Two components of products A and B are used as follows:

Normal usage 50 units per week
Maximum usage 75 units per week
Minimum usage 25 units per week

Re-order quantity A – 300 units, B – 500 units

Re-order period A 4 – 6 weeks
B 2 – 4 weeks

Required:

Calculate for each component:

- a) Re-order level (6 marks)
- b) Minimum level (6 marks)
- c) Maximum level (4 marks)
- d) Average level (4 marks)

QUESTION 4

A business has a financial year which ends on 31 December. A machine was bought for \$20 000 by cheque on 1 January 2021. Another machine was bought for \$40 000 on 1 July 2022. The business depreciates its machinery at the rate of 20% per annum using the reducing balance method on a month by month basis.

Required:

- a) Calculate the provisions for depreciation for the three (3) years to 31 December 2023. (6 marks)
- b) Prepare for each of the three (3) years.
 - i) Machinery account (6 marks)
 - ii) Provision for depreciation account (8 marks)

QUESTION 5

- a) Explain the term depreciation. (2 marks)
- b) State one (1) advantage and one (1) disadvantage for the straight line and reducing balance methods. (4 marks)
- c) The following balances were taken from the books of HE and SHE Manufacturers Ltd on 1 December 2000.

Motor Vehicles at cost	\$50 000
Provision for depreciation	\$ 15 000

On 1 July 2000 a motor vehicle was bought for \$10 000.

Two additional Motor Vehicles were bought on 1 January 2001 from City Wholesalers one for \$5 000 and the other for \$11 000.

Required:

Calculate for the year 2 000 and 2001 the provision for depreciation to be charged to the Income Statement under:

- a) The straight line
- b) The reducing balance method

Depreciation for both methods is charged at the rate of 10% per annum on a month by month basis. (14 marks)

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