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.

PAPER NO: 310/22/M08 – ASSET MANAGEMENT

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 January2001 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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