



Applaa ACCA Practice Mock 108

Mock Practice Exam Booklet

Applaa: Socratic Practice Engine

Submit and grade your answers online for instant worked solutions:

<https://applaa.com/practice/check?exam=acca&paper=108>

Instructions & Study Method

Welcome to your Applaa offline practice booklet. Please follow these guidelines to maximize your learning outcome:

- 1. Distraction-Free Practice:** Solve the multiple-choice questions in Section 1 under timed conditions. Do not look for shortcuts or answers until you are completely done.
- 2. Check & Submit Online:** We have intentionally excluded the answer key from this printout. To get your score, see worked solutions, and track your progress metrics, open: <https://applaa.com/practice/check?exam=acca&paper;=108> on any browser. Bubble in your answers in our digital check sheet.
- 3. Learn with Appy Buddy (AI Socratic Tutor):** Applaa is a 100% ad-free educational space. Our online AI Tutor guides you step-by-step through questions you get wrong, showing you how to solve them rather than just giving you the answer.

■ SUPERCHARGE YOUR STUDIES WITH APPLAA DESKTOP APP

Tired of printing PDFs and manual grading? Download the **Applaa Desktop Application**. It includes interactive exam mocks, real-time pacing stats, auto-grading, and personalized Socratic AI support. Get a **14-day free trial** of our premium preparation package to track your progress rate.

Download: <https://applaa.com/download>

Section 1: Practice Questions

Question 1 — [Financial Accounting / Asset Valuation and Depreciation]

Crest Hotels Ltd disposed of a delivery vehicle for £3,840. The vehicle had originally cost £6,400 and had accumulated depreciation of £3,200 at the date of disposal. What is the gain or loss on disposal to be recorded in profit or loss?

- A: Gain on disposal of £640
- B: Loss on disposal of £640
- C: Gain on disposal of £-2,560
- D: Loss on disposal of £3,200

Question 2 — [Financial Accounting / VAT Computations]

Aura Goods Ltd purchased a motor car for £48,000 inclusive of VAT, for use by a director. The car is used 60% for business travel and 40% for private travel. What is the input VAT recovery rule regarding this vehicle?

- A: Input VAT can be recovered in full (100%).
- B: Input VAT can be recovered at 60% representing the business use portion.
- C: No input VAT can be recovered because input VAT is generally blocked on passenger motor cars unless used exclusively for business (0% recovery).
- D: Input VAT can be recovered in full if the car is leased rather than purchased.

Question 3 — [Financial Accounting / VAT Computations]

For the last quarter, Nexus Media plc had net credit sales of £48,000 (excluding VAT). Gross purchases inclusive of 20% VAT were £28,800. What is the net VAT amount payable to (or reclaimable from) the tax authority?

- A: £4,800 Payable
- B: £4,800 Reclaimable
- C: £9,600 Payable
- D: £3,840 Payable

Question 4 — [Financial Accounting / VAT Computations]

A grocery distributor, Zephyr Services LLP, recorded net sales of £144,000 for standard-rate products (20% VAT) and £72,000 for zero-rated food products. What is the total output VAT generated on these sales?

- A: £28,800
- B: £43,200
- C: £14,400
- D: £0 (all food products are exempt from output VAT)

Question 5 — [Financial Accounting / Double-Entry Bookkeeping]

At 31 March, the bank statement of Crown Paper Ltd shows a credit balance of £66,000. Unpresented checks total £16,500, and outstanding uncleared lodgements total £8,250. What is the reconciled balance that should appear in Crown Paper Ltd's cash book?

- A: £57,750
- B: £74,250
- C: £90,750
- D: £41,250

Question 6 — [Financial Accounting / VAT Computations]

A grocery distributor, Pinnacle Consulting Ltd, recorded net sales of £43,200 for standard-rate products (20% VAT) and £21,600 for zero-rated food products. What is the total output VAT generated on these sales?

- A: £8,640
- B: £12,960
- C: £4,320
- D: £0 (all food products are exempt from output VAT)

Question 7 — [Financial Accounting / Double-Entry Bookkeeping]

The Receivables Ledger Control Account of Crest Hotels Ltd is shown in the diagram. Credit sales of £22,000 were recorded, and cash of £17,600 was received from credit customers. What is the correct closing balance (balance c/f) of the account?

- A: £15,400 Debit closing balance
- B: £15,400 Credit closing balance
- C: £33,000 Debit closing balance
- D: £17,600 Credit closing balance

Question 8 — [Financial Accounting / Asset Valuation and Depreciation]

Alpha Properties Ltd completed two projects during the year: 1) Purchased and installed a new warehouse conveyor belt system for £84,000, and 2) Had the exterior of the existing office block repainted for £8,400. How should these expenditures be classified?

- A: Both projects are Capital Expenditure.
- B: Warehouse system: Capital Expenditure (£84,000), Repainting: Revenue Expenditure (£8,400)
- C: Warehouse system: Revenue Expenditure (£84,000), Repainting: Capital Expenditure (£8,400)
- D: Both projects are Revenue Expenditure.

Question 9 — [Financial Accounting / VAT Computations]

Titan Steel plc purchased a motor car for £36,000 inclusive of VAT, for use by a director. The car is used 60% for business travel and 40% for private travel. What is the input VAT recovery rule regarding this vehicle?

- A: Input VAT can be recovered in full (100%).
- B: Input VAT can be recovered at 60% representing the business use portion.
- C: No input VAT can be recovered because input VAT is generally blocked on passenger motor cars unless used exclusively for business (0% recovery).
- D: Input VAT can be recovered in full if the car is leased rather than purchased.

Question 10 — [Financial Accounting / Asset Valuation and Depreciation]

An entity purchased a machine on 1 January Year 1 for £27,000. The residual value of the machine is estimated to be £2,700 with an estimated useful life of 15 years. The entity uses the straight-line method of depreciation. What is the carrying value (net book value) of the machine on 31 December Year 2?

- A: £25,380
- B: £23,760
- C: £21,060
- D: £22,680

Question 11 — [Financial Accounting / Asset Valuation and Depreciation]

An entity purchased a machine on 1 January Year 1 for £125,000. The residual value of the machine is estimated to be £12,500 with an estimated useful life of 4 years. The entity uses the straight-line method of depreciation. What is the carrying value (net book value) of the machine on 31 December Year 2?

- A: £96,875
- B: £68,750
- C: £56,250
- D: £84,375

Question 12 — [Financial Accounting / Double-Entry Bookkeeping]

At 31 March, the bank statement of Vanguard Retail Ltd shows a credit balance of £72,000. Unpresented checks total £18,000, and outstanding uncleared lodgements total £9,000. What is the reconciled balance that should appear in Vanguard Retail Ltd's cash book?

- A: £63,000
- B: £81,000
- C: £99,000
- D: £45,000

Question 13 — [Financial Accounting / Double-Entry Bookkeeping]

For the year ended 31 December, Pinnacle Consulting Ltd paid rent of £10,800. At the year-end, the company had an outstanding electricity invoice of £900 which has not yet been paid. What are the adjusting entries required at the year-end to record this accrual?

- A: Debit Accruals £900, Credit Electricity Expense £900
- B: Debit Electricity Expense £900, Credit Accruals (Liabilities) £900
- C: Debit Cash £900, Credit Electricity Expense £900
- D: Debit Electricity Expense £900, Credit Prepayments (Assets) £900

Question 14 — [Financial Accounting / VAT Computations]

For the last quarter, Titan Steel plc had net credit sales of £72,000 (excluding VAT). Gross purchases inclusive of 20% VAT were £43,200. What is the net VAT amount payable to (or reclaimable from) the tax authority?

- A: £7,200 Payable
- B: £7,200 Reclaimable
- C: £14,400 Payable
- D: £5,760 Payable

Question 15 — [Financial Accounting / Trial Balance Reconciliation]

Before correcting the year-end errors, the draft profit of Falcon Engineering Ltd was £120,000. An error was discovered: Closing inventory was overstated by £3,600. What is the revised profit after correcting this error?

- A: £123,600
- B: £116,400
- C: £120,000 (no effect on profit)
- D: £112,800

Question 16 — [Financial Accounting / Double-Entry Bookkeeping]

The Receivables Ledger Control Account of Falcon Engineering Ltd is shown in the diagram. Credit sales of £1,200 were recorded, and cash of £960 was received from credit customers. What is the correct closing balance (balance c/f) of the account?

- A: £840 Debit closing balance
- B: £840 Credit closing balance
- C: £1,800 Debit closing balance
- D: £960 Credit closing balance

Question 17 — [Financial Accounting / VAT Computations]

A retail store, Crown Paper Ltd, purchased inventories for a gross total of £16,500 inclusive of standard-rate VAT at 20%. What are the net purchase cost and the input VAT amount recoverable by Crown Paper Ltd?

- A: Net Cost: £13,750, VAT Recoverable: £2,750
- B: Net Cost: £16,500, VAT Recoverable: £3,300
- C: Net Cost: £13,200, VAT Recoverable: £3,300
- D: Net Cost: £13,750, VAT Recoverable: £0 (VAT is non-recoverable on inventories)

Question 18 — [Financial Accounting / Double-Entry Bookkeeping]

The Receivables Ledger Control Account of Aura Goods Ltd is shown in the diagram. Credit sales of £1,200 were recorded, and cash of £960 was received from credit customers. What is the correct closing balance (balance c/f) of the account?

- A: £840 Debit closing balance
- B: £840 Credit closing balance
- C: £1,800 Debit closing balance
- D: £960 Credit closing balance

Question 19 — [Financial Accounting / Double-Entry Bookkeeping]

The Receivables Ledger Control Account of Summit Manufacturing Ltd is shown in the diagram. Credit sales of £14,000 were recorded, and cash of £11,200 was received from credit customers. What is the correct closing balance (balance c/f) of the account?

- A: £9,800 Debit closing balance
- B: £9,800 Credit closing balance
- C: £21,000 Debit closing balance
- D: £11,200 Credit closing balance

Question 20 — [Financial Accounting / Asset Valuation and Depreciation]

Pinnacle Consulting Ltd completed two projects during the year: 1) Purchased and installed a new warehouse conveyor belt system for £250,000, and 2) Had the exterior of the existing office block repainted for £25,000. How should these expenditures be classified?

- A: Both projects are Capital Expenditure.
- B: Warehouse system: Capital Expenditure (£250,000), Repainting: Revenue Expenditure (£25,000)
- C: Warehouse system: Revenue Expenditure (£250,000), Repainting: Capital Expenditure (£25,000)
- D: Both projects are Revenue Expenditure.

Submit Answers & Check worked Solutions

■ Section Complete!

You have completed this practice exam paper. To check your answers and view step-by-step worked explanations:

■ Go to: <https://applaa.com/practice/check?exam=acca&paper;=108>

Simply bubble in your choices (e.g. A, B, C, D) and get instantly scored! You can then review the explanations or chat with Appy Buddy (AI Socratic tutor) to understand complex concepts.