



# Applaa ACCA Practice Mock 12

Mock Practice Exam Booklet

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# 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;=12> 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.

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# Section 1: Practice Questions

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

Summit Manufacturing Ltd completed two projects during the year: 1) Purchased and installed a new warehouse conveyor belt system for £180,000, and 2) Had the exterior of the existing office block repainted for £18,000. How should these expenditures be classified?

- A: Both projects are Capital Expenditure.
- B: Warehouse system: Capital Expenditure (£180,000), Repainting: Revenue Expenditure (£18,000)
- C: Warehouse system: Revenue Expenditure (£180,000), Repainting: Capital Expenditure (£18,000)
- D: Both projects are Revenue Expenditure.

## Question 2 — [Financial Accounting / Double-Entry Bookkeeping]

The Receivables Ledger Control Account of Atlas Transport 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 3 — [Financial Accounting / Double-Entry Bookkeeping]

The sole trader of Meridian Distributors Ltd took goods costing £2,700 from the business for personal use. These goods had a selling price of £4,050. What is the correct double entry to record this transaction?

- A: Debit Drawings £2,700, Credit Purchases £2,700
- B: Debit Drawings £4,050, Credit Revenue £4,050
- C: Debit Purchases £2,700, Credit Drawings £2,700
- D: Debit Inventory £2,700, Credit Drawings £2,700

## Question 4 — [Financial Accounting / Asset Valuation and Depreciation]

Crown Paper Ltd disposed of a delivery vehicle for £5,760. The vehicle had originally cost £9,600 and had accumulated depreciation of £4,800 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 £960
- B: Loss on disposal of £960
- C: Gain on disposal of £-3,840
- D: Loss on disposal of £4,800

**Question 5 — [Financial Accounting / Trial Balance Reconciliation]**

A suspense account was opened with a debit balance of £1,200. It was discovered that a cash receipt of £1,200 from a credit customer was credited to the cash account and credited to Receivables Control. What is the correcting journal entry to clear the suspense account?

- A: Debit Cash £2,400, Credit Suspense Account £2,400
- B: Debit Receivables Control £1,200, Credit Suspense £1,200
- C: Debit Suspense £2,400, Credit Cash £2,400
- D: Debit Cash £1,200, Credit Receivables Control £1,200

**Question 6 — [Financial Accounting / Asset Valuation and Depreciation]**

Swift Logistics Ltd disposed of a delivery vehicle for £11,520. The vehicle had originally cost £19,200 and had accumulated depreciation of £9,600 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 £1,920
- B: Loss on disposal of £1,920
- C: Gain on disposal of £-7,680
- D: Loss on disposal of £9,600

**Question 7 — [Financial Accounting / Asset Valuation and Depreciation]**

Solar Energy plc completed two projects during the year: 1) Purchased and installed a new warehouse conveyor belt system for £12,000, and 2) Had the exterior of the existing office block repainted for £1,200. How should these expenditures be classified?

- A: Both projects are Capital Expenditure.
- B: Warehouse system: Capital Expenditure (£12,000), Repainting: Revenue Expenditure (£1,200)
- C: Warehouse system: Revenue Expenditure (£12,000), Repainting: Capital Expenditure (£1,200)
- D: Both projects are Revenue Expenditure.

**Question 8 — [Financial Accounting / Double-Entry Bookkeeping]**

At 31 March, the bank statement of Alpha Properties Ltd shows a credit balance of £44,000. Unpresented checks total £11,000, and outstanding uncleared lodgements total £5,500. What is the reconciled balance that should appear in Alpha Properties Ltd's cash book?

- A: £38,500
- B: £49,500
- C: £60,500
- D: £27,500

**Question 9 — [Financial Accounting / Double-Entry Bookkeeping]**

The Receivables Ledger Control Account of Crest Hotels Ltd is shown in the diagram. Credit sales of £25,000 were recorded, and cash of £20,000 was received from credit customers. What is the correct closing balance (balance c/f) of the account?

- A: £17,500 Debit closing balance
- B: £17,500 Credit closing balance
- C: £37,500 Debit closing balance
- D: £20,000 Credit closing balance

**Question 10 — [Financial Accounting / Trial Balance Reconciliation]**

Before correcting the year-end errors, the draft profit of Titan Steel plc was £120,000. An error was discovered: Closing inventory was overstated by £9,600. What is the revised profit after correcting this error?

- A: £129,600
- B: £110,400
- C: £120,000 (no effect on profit)
- D: £100,800

**Question 11 — [Financial Accounting / VAT Computations]**

Titan Steel plc purchased a motor car for £8,000 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 12 — [Financial Accounting / Asset Valuation and Depreciation]**

A company purchased a manufacturing plant for £96,000 on 1 January Year 1. The company uses the reducing balance method of depreciation at 20% per annum. What is the depreciation charge for Year 2, and what is the carrying value at 31 December Year 2?

- A: Depreciation: £19,200, Carrying Value: £76,800
- B: Depreciation: £15,360, Carrying Value: £61,440
- C: Depreciation: £15,360, Carrying Value: £80,640
- D: Depreciation: £19,200, Carrying Value: £57,600

**Question 13 — [Financial Accounting / Trial Balance Reconciliation]**

A suspense account was opened with a debit balance of £11,000. It was discovered that a cash receipt of £11,000 from a credit customer was credited to the cash account and credited to Receivables Control. What is the correcting journal entry to clear the suspense account?

- A: Debit Cash £22,000, Credit Suspense Account £22,000
- B: Debit Receivables Control £11,000, Credit Suspense £11,000
- C: Debit Suspense £22,000, Credit Cash £22,000
- D: Debit Cash £11,000, Credit Receivables Control £11,000

**Question 14 — [Financial Accounting / Trial Balance Reconciliation]**

A suspense account was opened with a debit balance of £12,500. It was discovered that a cash receipt of £12,500 from a credit customer was credited to the cash account and credited to Receivables Control. What is the correcting journal entry to clear the suspense account?

- A: Debit Cash £25,000, Credit Suspense Account £25,000
- B: Debit Receivables Control £12,500, Credit Suspense £12,500
- C: Debit Suspense £25,000, Credit Cash £25,000
- D: Debit Cash £12,500, Credit Receivables Control £12,500

**Question 15 — [Financial Accounting / Asset Valuation and Depreciation]**

An entity purchased a machine on 1 January Year 1 for £90,000. The residual value of the machine is estimated to be £9,000 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: £69,750
- B: £49,500
- C: £40,500
- D: £60,750

**Question 16 — [Financial Accounting / Trial Balance Reconciliation]**

A suspense account was opened with a debit balance of £15,000. It was discovered that a cash receipt of £15,000 from a credit customer was credited to the cash account and credited to Receivables Control. What is the correcting journal entry to clear the suspense account?

- A: Debit Cash £30,000, Credit Suspense Account £30,000
- B: Debit Receivables Control £15,000, Credit Suspense £15,000
- C: Debit Suspense £30,000, Credit Cash £30,000
- D: Debit Cash £15,000, Credit Receivables Control £15,000

**Question 17 — [Financial Accounting / VAT Computations]**

A retail store, Falcon Engineering Ltd, purchased inventories for a gross total of £800 inclusive of standard-rate VAT at 20%. What are the net purchase cost and the input VAT amount recoverable by Falcon Engineering Ltd?

- A: Net Cost: £666, VAT Recoverable: £134
- B: Net Cost: £800, VAT Recoverable: £160
- C: Net Cost: £640, VAT Recoverable: £160
- D: Net Cost: £666, VAT Recoverable: £0 (VAT is non-recoverable on inventories)

**Question 18 — [Financial Accounting / VAT Computations]**

A retail store, Solar Energy plc, purchased inventories for a gross total of £12,500 inclusive of standard-rate VAT at 20%. What are the net purchase cost and the input VAT amount recoverable by Solar Energy plc?

- A: Net Cost: £10,416, VAT Recoverable: £2,084
- B: Net Cost: £12,500, VAT Recoverable: £2,500
- C: Net Cost: £10,000, VAT Recoverable: £2,500
- D: Net Cost: £10,416, VAT Recoverable: £0 (VAT is non-recoverable on inventories)

**Question 19 — [Financial Accounting / VAT Computations]**

Titan Steel plc purchased a motor car for £72,000 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 20 — [Financial Accounting / Double-Entry Bookkeeping]**

For the year ended 31 December, Solar Energy plc paid rent of £33,000. At the year-end, the company had an outstanding electricity invoice of £2,750 which has not yet been paid. What are the adjusting entries required at the year-end to record this accrual?

- A: Debit Accruals £2,750, Credit Electricity Expense £2,750
- B: Debit Electricity Expense £2,750, Credit Accruals (Liabilities) £2,750
- C: Debit Cash £2,750, Credit Electricity Expense £2,750
- D: Debit Electricity Expense £2,750, Credit Prepayments (Assets) £2,750

# 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;=12>

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.