



# Applaa ACCA Practice Mock 120

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;=120> 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 / Double-Entry Bookkeeping]

The Receivables Ledger Control Account of Swift Logistics Ltd is shown in the diagram. Credit sales of £4,800 were recorded, and cash of £3,840 was received from credit customers. What is the correct closing balance (balance c/f) of the account?

- A: £3,360 Debit closing balance
- B: £3,360 Credit closing balance
- C: £7,200 Debit closing balance
- D: £3,840 Credit closing balance

### Question 2 — [Financial Accounting / Trial Balance Reconciliation]

A bookkeeper at Summit Manufacturing Ltd prepared a trial balance which failed to agree, with the credit side exceeding the debit side by £800. A suspense account was opened. Which of the following errors, when corrected, could explain this difference?

- A: A purchase invoice for £400 was completely omitted from the books.
- B: A cash payment of £400 to a supplier was debited to the purchases account but not credited to the cash account.
- C: Sales of £400 were recorded by debiting Receivables Control and debiting Sales Account.
- D: A purchase return of £400 was debited to the Purchase Returns account and credited to Receivables Control.

### Question 3 — [Financial Accounting / Asset Valuation and Depreciation]

Apex Trading Ltd disposed of a delivery vehicle for £8,640. The vehicle had originally cost £14,400 and had accumulated depreciation of £7,200 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 £1,440
- B: Loss on disposal of £1,440
- C: Gain on disposal of £-5,760
- D: Loss on disposal of £7,200

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

Aura Goods Ltd completed two projects during the year: 1) Purchased and installed a new warehouse conveyor belt system for £60,000, and 2) Had the exterior of the existing office block repainted for £6,000. How should these expenditures be classified?

- A: Both projects are Capital Expenditure.
- B: Warehouse system: Capital Expenditure (£60,000), Repainting: Revenue Expenditure (£6,000)
- C: Warehouse system: Revenue Expenditure (£60,000), Repainting: Capital Expenditure (£6,000)
- D: Both projects are Revenue Expenditure.

**Question 5 — [Financial Accounting / VAT Computations]**

A grocery distributor, Titan Steel plc, 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 6 — [Financial Accounting / Trial Balance Reconciliation]**

The trial balance of Solar Energy plc balanced perfectly. However, it was later discovered that a purchase of equipment costing £7,200 was entered into the repairs and maintenance account. What type of error has occurred?

- A: Error of Omission
- B: Error of Commission
- C: Error of Principle
- D: Error of Reversal

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

Alpha Properties Ltd disposed of a delivery vehicle for £60,000. The vehicle had originally cost £100,000 and had accumulated depreciation of £50,000 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 £10,000
- B: Loss on disposal of £10,000
- C: Gain on disposal of £-40,000
- D: Loss on disposal of £50,000

**Question 8 — [Financial Accounting / VAT Computations]**

For the last quarter, Beacon Logistics LLP had net credit sales of £180,000 (excluding VAT). Gross purchases inclusive of 20% VAT were £108,000. What is the net VAT amount payable to (or reclaimable from) the tax authority?

- A: £18,000 Payable
- B: £18,000 Reclaimable
- C: £36,000 Payable
- D: £14,400 Payable

**Question 9 — [Financial Accounting / Trial Balance Reconciliation]**

The trial balance of Swift Logistics Ltd balanced perfectly. However, it was later discovered that a purchase of equipment costing £18,000 was entered into the repairs and maintenance account. What type of error has occurred?

- A: Error of Omission
- B: Error of Commission
- C: Error of Principle
- D: Error of Reversal

**Question 10 — [Financial Accounting / Double-Entry Bookkeeping]**

At 31 March, the bank statement of Titan Steel plc shows a credit balance of £38,400. Unpresented checks total £9,600, and outstanding uncleared lodgements total £4,800. What is the reconciled balance that should appear in Titan Steel plc's cash book?

- A: £33,600
- B: £43,200
- C: £52,800
- D: £24,000

**Question 11 — [Financial Accounting / Trial Balance Reconciliation]**

Before correcting the year-end errors, the draft profit of Omega Foodstuffs plc was £120,000. An error was discovered: Closing inventory was overstated by £8,400. What is the revised profit after correcting this error?

- A: £128,400
- B: £111,600
- C: £120,000 (no effect on profit)
- D: £103,200

**Question 12 — [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 £96,000, and 2) Had the exterior of the existing office block repainted for £9,600. How should these expenditures be classified?

- A: Both projects are Capital Expenditure.
- B: Warehouse system: Capital Expenditure (£96,000), Repainting: Revenue Expenditure (£9,600)
- C: Warehouse system: Revenue Expenditure (£96,000), Repainting: Capital Expenditure (£9,600)
- D: Both projects are Revenue Expenditure.

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

The sole trader of Pinnacle Consulting Ltd took goods costing £4,800 from the business for personal use. These goods had a selling price of £7,200. What is the correct double entry to record this transaction?

- A: Debit Drawings £4,800, Credit Purchases £4,800
- B: Debit Drawings £7,200, Credit Revenue £7,200
- C: Debit Purchases £4,800, Credit Drawings £4,800
- D: Debit Inventory £4,800, Credit Drawings £4,800

**Question 14 — [Financial Accounting / Double-Entry Bookkeeping]**

The sole trader of Omega Foodstuffs plc took goods costing £11,000 from the business for personal use. These goods had a selling price of £16,500. What is the correct double entry to record this transaction?

- A: Debit Drawings £11,000, Credit Purchases £11,000
- B: Debit Drawings £16,500, Credit Revenue £16,500
- C: Debit Purchases £11,000, Credit Drawings £11,000
- D: Debit Inventory £11,000, Credit Drawings £11,000

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

Falcon Engineering Ltd disposed of a delivery vehicle for £79,200. The vehicle had originally cost £132,000 and had accumulated depreciation of £66,000 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 £13,200
- B: Loss on disposal of £13,200
- C: Gain on disposal of £-52,800
- D: Loss on disposal of £66,000

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

The Receivables Ledger Control Account of Meridian Distributors Ltd is shown in the diagram. Credit sales of £800 were recorded, and cash of £640 was received from credit customers. What is the correct closing balance (balance c/f) of the account?

- A: £560 Debit closing balance
- B: £560 Credit closing balance
- C: £1,200 Debit closing balance
- D: £640 Credit closing balance

**Question 17 — [Financial Accounting / Double-Entry Bookkeeping]**

The sole trader of Swift Logistics Ltd took goods costing £7,500 from the business for personal use. These goods had a selling price of £11,250. What is the correct double entry to record this transaction?

- A: Debit Drawings £7,500, Credit Purchases £7,500
- B: Debit Drawings £11,250, Credit Revenue £11,250
- C: Debit Purchases £7,500, Credit Drawings £7,500
- D: Debit Inventory £7,500, Credit Drawings £7,500

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

A retail store, Atlas Transport Ltd, purchased inventories for a gross total of £4,200 inclusive of standard-rate VAT at 20%. What are the net purchase cost and the input VAT amount recoverable by Atlas Transport Ltd?

- A: Net Cost: £3,500, VAT Recoverable: £700
- B: Net Cost: £4,200, VAT Recoverable: £840
- C: Net Cost: £3,360, VAT Recoverable: £840
- D: Net Cost: £3,500, VAT Recoverable: £0 (VAT is non-recoverable on inventories)

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

Beacon Logistics LLP purchased a motor car for £24,000 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 / Trial Balance Reconciliation]**

A bookkeeper at Swift Logistics Ltd prepared a trial balance which failed to agree, with the credit side exceeding the debit side by £150. A suspense account was opened. Which of the following errors, when corrected, could explain this difference?

- A: A purchase invoice for £75 was completely omitted from the books.
- B: A cash payment of £75 to a supplier was debited to the purchases account but not credited to the cash account.
- C: Sales of £75 were recorded by debiting Receivables Control and debiting Sales Account.
- D: A purchase return of £75 was debited to the Purchase Returns account and credited to Receivables Control.

# 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;=120>

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.