



Applaa ACCA Practice Mock 161

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;=161> 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 / Trial Balance Reconciliation]

The trial balance of Crown Paper Ltd balanced perfectly. However, it was later discovered that a purchase of equipment costing £4,200 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 2 — [Financial Accounting / VAT Computations]

A retail store, Swift Logistics Ltd, purchased inventories for a gross total of £6,000 inclusive of standard-rate VAT at 20%. What are the net purchase cost and the input VAT amount recoverable by Swift Logistics Ltd?

- A: Net Cost: £5,000, VAT Recoverable: £1,000
- B: Net Cost: £6,000, VAT Recoverable: £1,200
- C: Net Cost: £4,800, VAT Recoverable: £1,200
- D: Net Cost: £5,000, VAT Recoverable: £0 (VAT is non-recoverable on inventories)

Question 3 — [Financial Accounting / Double-Entry Bookkeeping]

The Receivables Ledger Control Account of Crown Paper 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 4 — [Financial Accounting / VAT Computations]

A grocery distributor, Alpha Properties Ltd, recorded net sales of £112,000 for standard-rate products (20% VAT) and £56,000 for zero-rated food products. What is the total output VAT generated on these sales?

- A: £22,400
- B: £33,600
- C: £11,200
- D: £0 (all food products are exempt from output VAT)

Question 5 — [Financial Accounting / VAT Computations]

For the last quarter, Atlas Transport Ltd 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 6 — [Financial Accounting / VAT Computations]

A retail store, Swift Logistics Ltd, purchased inventories for a gross total of £3,600 inclusive of standard-rate VAT at 20%. What are the net purchase cost and the input VAT amount recoverable by Swift Logistics Ltd?

- A: Net Cost: £3,000, VAT Recoverable: £600
- B: Net Cost: £3,600, VAT Recoverable: £720
- C: Net Cost: £2,880, VAT Recoverable: £720
- D: Net Cost: £3,000, VAT Recoverable: £0 (VAT is non-recoverable on inventories)

Question 7 — [Financial Accounting / Trial Balance Reconciliation]

Before correcting the year-end errors, the draft profit of Swift Logistics Ltd was £120,000. An error was discovered: Closing inventory was overstated by £800. What is the revised profit after correcting this error?

- A: £120,800
- B: £119,200
- C: £120,000 (no effect on profit)
- D: £118,400

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

The sole trader of Zephyr Services LLP took goods costing £9,000 from the business for personal use. These goods had a selling price of £13,500. What is the correct double entry to record this transaction?

- A: Debit Drawings £9,000, Credit Purchases £9,000
- B: Debit Drawings £13,500, Credit Revenue £13,500
- C: Debit Purchases £9,000, Credit Drawings £9,000
- D: Debit Inventory £9,000, Credit Drawings £9,000

Question 9 — [Financial Accounting / Asset Valuation and Depreciation]

Nova Tech Solutions 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 10 — [Financial Accounting / Asset Valuation and Depreciation]

Nova Tech Solutions 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 11 — [Financial Accounting / Asset Valuation and Depreciation]

Swift Logistics Ltd disposed of a delivery vehicle for £23,040. The vehicle had originally cost £38,400 and had accumulated depreciation of £19,200 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 £3,840
- B: Loss on disposal of £3,840
- C: Gain on disposal of £-15,360
- D: Loss on disposal of £19,200

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

For the year ended 31 December, Atlas Transport Ltd paid rent of £28,800. At the year-end, the company had an outstanding electricity invoice of £2,400 which has not yet been paid. What are the adjusting entries required at the year-end to record this accrual?

- A: Debit Accruals £2,400, Credit Electricity Expense £2,400
- B: Debit Electricity Expense £2,400, Credit Accruals (Liabilities) £2,400
- C: Debit Cash £2,400, Credit Electricity Expense £2,400
- D: Debit Electricity Expense £2,400, Credit Prepayments (Assets) £2,400

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

The sole trader of Atlas Transport Ltd took goods costing £3,000 from the business for personal use. These goods had a selling price of £4,500. What is the correct double entry to record this transaction?

- A: Debit Drawings £3,000, Credit Purchases £3,000
- B: Debit Drawings £4,500, Credit Revenue £4,500
- C: Debit Purchases £3,000, Credit Drawings £3,000
- D: Debit Inventory £3,000, Credit Drawings £3,000

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

At 31 March, the bank statement of Crown Paper Ltd shows a credit balance of £14,400. Unpresented checks total £3,600, and outstanding uncleared lodgements total £1,800. What is the reconciled balance that should appear in Crown Paper Ltd's cash book?

- A: £12,600
- B: £16,200
- C: £19,800
- D: £9,000

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

Alpha Properties Ltd disposed of a delivery vehicle for £52,800. The vehicle had originally cost £88,000 and had accumulated depreciation of £44,000 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 £8,800
- B: Loss on disposal of £8,800
- C: Gain on disposal of £-35,200
- D: Loss on disposal of £44,000

Question 16 — [Financial Accounting / VAT Computations]

For the last quarter, Nova Tech Solutions Ltd had net credit sales of £84,000 (excluding VAT). Gross purchases inclusive of 20% VAT were £50,400. What is the net VAT amount payable to (or reclaimable from) the tax authority?

- A: £8,400 Payable
- B: £8,400 Reclaimable
- C: £16,800 Payable
- D: £6,720 Payable

Question 17 — [Financial Accounting / Trial Balance Reconciliation]

The trial balance of Pinnacle Consulting 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 18 — [Financial Accounting / VAT Computations]

A retail store, Swift Logistics Ltd, purchased inventories for a gross total of £2,400 inclusive of standard-rate VAT at 20%. What are the net purchase cost and the input VAT amount recoverable by Swift Logistics Ltd?

- A: Net Cost: £2,000, VAT Recoverable: £400
- B: Net Cost: £2,400, VAT Recoverable: £480
- C: Net Cost: £1,920, VAT Recoverable: £480
- D: Net Cost: £2,000, VAT Recoverable: £0 (VAT is non-recoverable on inventories)

Question 19 — [Financial Accounting / VAT Computations]

Solar Energy plc purchased a motor car for £54,000 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 Meridian Distributors Ltd prepared a trial balance which failed to agree, with the credit side exceeding the debit side by £1,800. A suspense account was opened. Which of the following errors, when corrected, could explain this difference?

- A: A purchase invoice for £900 was completely omitted from the books.
- B: A cash payment of £900 to a supplier was debited to the purchases account but not credited to the cash account.
- C: Sales of £900 were recorded by debiting Receivables Control and debiting Sales Account.
- D: A purchase return of £900 was debited to the Purchase Returns account and credited to Receivables Control.

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■ 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;=161>

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.