



Applaa ACCA Practice Mock 186

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=186>

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;=186> 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 / Double-Entry Bookkeeping]

At 31 March, the bank statement of Nexus Media plc shows a credit balance of £7,200. Unpresented checks total £1,800, and outstanding uncleared lodgements total £900. What is the reconciled balance that should appear in Nexus Media plc's cash book?

- A: £6,300
- B: £8,100
- C: £9,900
- D: £4,500

Question 2 — [Financial Accounting / VAT Computations]

Nova Tech Solutions Ltd purchased a motor car for £18,000 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 / Trial Balance Reconciliation]

Before correcting the year-end errors, the draft profit of Apex Trading Ltd was £120,000. An error was discovered: Closing inventory was overstated by £2,400. What is the revised profit after correcting this error?

- A: £122,400
- B: £117,600
- C: £120,000 (no effect on profit)
- D: £115,200

Question 4 — [Financial Accounting / Double-Entry Bookkeeping]

For the year ended 31 December, Nova Tech Solutions Ltd paid rent of £18,000. At the year-end, the company had an outstanding electricity invoice of £1,500 which has not yet been paid. What are the adjusting entries required at the year-end to record this accrual?

- A: Debit Accruals £1,500, Credit Electricity Expense £1,500
- B: Debit Electricity Expense £1,500, Credit Accruals (Liabilities) £1,500
- C: Debit Cash £1,500, Credit Electricity Expense £1,500
- D: Debit Electricity Expense £1,500, Credit Prepayments (Assets) £1,500

Question 5 — [Financial Accounting / Asset Valuation and Depreciation]

Nexus Media plc completed two projects during the year: 1) Purchased and installed a new warehouse conveyor belt system for £24,000, and 2) Had the exterior of the existing office block repainted for £2,400. How should these expenditures be classified?

- A: Both projects are Capital Expenditure.
- B: Warehouse system: Capital Expenditure (£24,000), Repainting: Revenue Expenditure (£2,400)
- C: Warehouse system: Revenue Expenditure (£24,000), Repainting: Capital Expenditure (£2,400)
- D: Both projects are Revenue Expenditure.

Question 6 — [Financial Accounting / Double-Entry Bookkeeping]

The Receivables Ledger Control Account of Aura Goods 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 7 — [Financial Accounting / Double-Entry Bookkeeping]

The Receivables Ledger Control Account of Crown Paper 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 / Double-Entry Bookkeeping]

At 31 March, the bank statement of Beacon Logistics LLP shows a credit balance of £88,000. Unpresented checks total £22,000, and outstanding uncleared lodgements total £11,000. What is the reconciled balance that should appear in Beacon Logistics LLP's cash book?

- A: £77,000
- B: £99,000
- C: £121,000
- D: £55,000

Question 9 — [Financial Accounting / Trial Balance Reconciliation]

The trial balance of Atlas Transport Ltd balanced perfectly. However, it was later discovered that a purchase of equipment costing £5,400 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 / Asset Valuation and Depreciation]

Omega Foodstuffs plc disposed of a delivery vehicle for £120,000. The vehicle had originally cost £200,000 and had accumulated depreciation of £100,000 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 £20,000
- B: Loss on disposal of £20,000
- C: Gain on disposal of £80,000
- D: Loss on disposal of £100,000

Question 11 — [Financial Accounting / VAT Computations]

A grocery distributor, Nova Tech Solutions Ltd, recorded net sales of £19,200 for standard-rate products (20% VAT) and £9,600 for zero-rated food products. What is the total output VAT generated on these sales?

- A: £3,840
- B: £5,760
- C: £1,920
- D: £0 (all food products are exempt from output VAT)

Question 12 — [Financial Accounting / VAT Computations]

A grocery distributor, Nexus Media plc, recorded net sales of £28,800 for standard-rate products (20% VAT) and £14,400 for zero-rated food products. What is the total output VAT generated on these sales?

- A: £5,760
- B: £8,640
- C: £2,880
- D: £0 (all food products are exempt from output VAT)

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

At 31 March, the bank statement of Beacon Logistics LLP shows a credit balance of £3,200. Unpresented checks total £800, and outstanding uncleared lodgements total £400. What is the reconciled balance that should appear in Beacon Logistics LLP's cash book?

- A: £2,800
- B: £3,600
- C: £4,400
- D: £2,000

Question 14 — [Financial Accounting / Asset Valuation and Depreciation]

Titan Steel plc completed two projects during the year: 1) Purchased and installed a new warehouse conveyor belt system for £110,000, and 2) Had the exterior of the existing office block repainted for £11,000. How should these expenditures be classified?

- A: Both projects are Capital Expenditure.
- B: Warehouse system: Capital Expenditure (£110,000), Repainting: Revenue Expenditure (£11,000)
- C: Warehouse system: Revenue Expenditure (£110,000), Repainting: Capital Expenditure (£11,000)
- D: Both projects are Revenue Expenditure.

Question 15 — [Financial Accounting / VAT Computations]

Alpha Properties Ltd purchased a motor car for £220,000 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 16 — [Financial Accounting / Double-Entry Bookkeeping]

For the year ended 31 December, Nova Tech Solutions 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 17 — [Financial Accounting / Trial Balance Reconciliation]

Before correcting the year-end errors, the draft profit of Genesis Enterprises Ltd was £120,000. An error was discovered: Closing inventory was overstated by £4,200. What is the revised profit after correcting this error?

- A: £124,200
- B: £115,800
- C: £120,000 (no effect on profit)
- D: £111,600

Question 18 — [Financial Accounting / VAT Computations]

Falcon Engineering Ltd purchased a motor car for £42,000 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 19 — [Financial Accounting / Asset Valuation and Depreciation]

Falcon Engineering 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 20 — [Financial Accounting / VAT Computations]

A retail store, Nova Tech Solutions Ltd, purchased inventories for a gross total of £7,200 inclusive of standard-rate VAT at 20%. What are the net purchase cost and the input VAT amount recoverable by Nova Tech Solutions Ltd?

- A: Net Cost: £6,000, VAT Recoverable: £1,200
- B: Net Cost: £7,200, VAT Recoverable: £1,440
- C: Net Cost: £5,760, VAT Recoverable: £1,440
- D: Net Cost: £6,000, VAT Recoverable: £0 (VAT is non-recoverable on inventories)

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;=186>

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.