



# Applaa ACCA Practice Mock 207

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;=207> 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]

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 £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 2 — [Financial Accounting / Trial Balance Reconciliation]

The trial balance of Titan Steel plc balanced perfectly. However, it was later discovered that a purchase of equipment costing £22,000 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 3 — [Financial Accounting / Double-Entry Bookkeeping]

The sole trader of Crown Paper Ltd took goods costing £400 from the business for personal use. These goods had a selling price of £600. What is the correct double entry to record this transaction?

- A: Debit Drawings £400, Credit Purchases £400
- B: Debit Drawings £600, Credit Revenue £600
- C: Debit Purchases £400, Credit Drawings £400
- D: Debit Inventory £400, Credit Drawings £400

### Question 4 — [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 £140,000, and 2) Had the exterior of the existing office block repainted for £14,000. How should these expenditures be classified?

- A: Both projects are Capital Expenditure.
- B: Warehouse system: Capital Expenditure (£140,000), Repainting: Revenue Expenditure (£14,000)
- C: Warehouse system: Revenue Expenditure (£140,000), Repainting: Capital Expenditure (£14,000)
- D: Both projects are Revenue Expenditure.

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

For the year ended 31 December, Vanguard Retail Ltd paid rent of £54,000. At the year-end, the company had an outstanding electricity invoice of £4,500 which has not yet been paid. What are the adjusting entries required at the year-end to record this accrual?

- A: Debit Accruals £4,500, Credit Electricity Expense £4,500
- B: Debit Electricity Expense £4,500, Credit Accruals (Liabilities) £4,500
- C: Debit Cash £4,500, Credit Electricity Expense £4,500
- D: Debit Electricity Expense £4,500, Credit Prepayments (Assets) £4,500

**Question 6 — [Financial Accounting / Trial Balance Reconciliation]**

The trial balance of Crest Hotels Ltd balanced perfectly. However, it was later discovered that a purchase of equipment costing £11,000 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 7 — [Financial Accounting / VAT Computations]**

Genesis Enterprises Ltd purchased a motor car for £140,000 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 8 — [Financial Accounting / Double-Entry Bookkeeping]**

The Receivables Ledger Control Account of Beacon Logistics LLP is shown in the diagram. Credit sales of £18,000 were recorded, and cash of £14,400 was received from credit customers. What is the correct closing balance (balance c/f) of the account?

- A: £12,600 Debit closing balance
- B: £12,600 Credit closing balance
- C: £27,000 Debit closing balance
- D: £14,400 Credit closing balance

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

For the year ended 31 December, Solar Energy plc paid rent of £42,000. At the year-end, the company had an outstanding electricity invoice of £3,500 which has not yet been paid. What are the adjusting entries required at the year-end to record this accrual?

- A: Debit Accruals £3,500, Credit Electricity Expense £3,500
- B: Debit Electricity Expense £3,500, Credit Accruals (Liabilities) £3,500
- C: Debit Cash £3,500, Credit Electricity Expense £3,500
- D: Debit Electricity Expense £3,500, Credit Prepayments (Assets) £3,500

**Question 10 — [Financial Accounting / VAT Computations]**

A grocery distributor, Aura Goods Ltd, recorded net sales of £120,000 for standard-rate products (20% VAT) and £60,000 for zero-rated food products. What is the total output VAT generated on these sales?

- A: £24,000
- B: £36,000
- C: £12,000
- D: £0 (all food products are exempt from output VAT)

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

A retail store, Crest Hotels Ltd, purchased inventories for a gross total of £1,200 inclusive of standard-rate VAT at 20%. What are the net purchase cost and the input VAT amount recoverable by Crest Hotels Ltd?

- A: Net Cost: £1,000, VAT Recoverable: £200
- B: Net Cost: £1,200, VAT Recoverable: £240
- C: Net Cost: £960, VAT Recoverable: £240
- D: Net Cost: £1,000, VAT Recoverable: £0 (VAT is non-recoverable on inventories)

**Question 12 — [Financial Accounting / Trial Balance Reconciliation]**

Before correcting the year-end errors, the draft profit of Alpha Properties Ltd was £120,000. An error was discovered: Closing inventory was overstated by £25,000. What is the revised profit after correcting this error?

- A: £145,000
- B: £95,000
- C: £120,000 (no effect on profit)
- D: £70,000

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

For the year ended 31 December, Pinnacle Consulting 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 14 — [Financial Accounting / Trial Balance Reconciliation]**

The trial balance of Alpha Properties Ltd balanced perfectly. However, it was later discovered that a purchase of equipment costing £9,600 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 15 — [Financial Accounting / Double-Entry Bookkeeping]**

For the year ended 31 December, Falcon Engineering Ltd paid rent of £75,000. At the year-end, the company had an outstanding electricity invoice of £6,250 which has not yet been paid. What are the adjusting entries required at the year-end to record this accrual?

- A: Debit Accruals £6,250, Credit Electricity Expense £6,250
- B: Debit Electricity Expense £6,250, Credit Accruals (Liabilities) £6,250
- C: Debit Cash £6,250, Credit Electricity Expense £6,250
- D: Debit Electricity Expense £6,250, Credit Prepayments (Assets) £6,250

**Question 16 — [Financial Accounting / VAT Computations]**

Crown Paper Ltd 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 17 — [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 £125,000, and 2) Had the exterior of the existing office block repainted for £12,500. How should these expenditures be classified?

- A: Both projects are Capital Expenditure.
- B: Warehouse system: Capital Expenditure (£125,000), Repainting: Revenue Expenditure (£12,500)
- C: Warehouse system: Revenue Expenditure (£125,000), Repainting: Capital Expenditure (£12,500)
- D: Both projects are Revenue Expenditure.

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

Solar Energy plc purchased a motor car for £60,000 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 / Double-Entry Bookkeeping]**

At 31 March, the bank statement of Vanguard Retail Ltd shows a credit balance of £33,600. Unpresented checks total £8,400, and outstanding uncleared lodgements total £4,200. What is the reconciled balance that should appear in Vanguard Retail Ltd's cash book?

- A: £29,400
- B: £37,800
- C: £46,200
- D: £21,000

**Question 20 — [Financial Accounting / VAT Computations]**

A retail store, Zephyr Services LLP, 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 Zephyr Services LLP?

- 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)

# 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;=207>

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.