



# Applaa ACCA Practice Mock 218

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;=218> 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 disposed of a delivery vehicle for £20,160. The vehicle had originally cost £33,600 and had accumulated depreciation of £16,800 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 £3,360
- B: Loss on disposal of £3,360
- C: Gain on disposal of £13,440
- D: Loss on disposal of £16,800

### Question 2 — [Financial Accounting / VAT Computations]

A grocery distributor, Falcon Engineering Ltd, recorded net sales of £57,600 for standard-rate products (20% VAT) and £28,800 for zero-rated food products. What is the total output VAT generated on these sales?

- A: £11,520
- B: £17,280
- C: £5,760
- D: £0 (all food products are exempt from output VAT)

### Question 3 — [Financial Accounting / VAT Computations]

A retail store, Omega Foodstuffs plc, 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 Omega Foodstuffs plc?

- 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 4 — [Financial Accounting / Trial Balance Reconciliation]

Before correcting the year-end errors, the draft profit of Crown Paper Ltd was £120,000. An error was discovered: Closing inventory was overstated by £11,000. What is the revised profit after correcting this error?

- A: £131,000
- B: £109,000
- C: £120,000 (no effect on profit)
- D: £98,000

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

For the year ended 31 December, Zephyr Services LLP paid rent of £25,200. At the year-end, the company had an outstanding electricity invoice of £2,100 which has not yet been paid. What are the adjusting entries required at the year-end to record this accrual?

- A: Debit Accruals £2,100, Credit Electricity Expense £2,100
- B: Debit Electricity Expense £2,100, Credit Accruals (Liabilities) £2,100
- C: Debit Cash £2,100, Credit Electricity Expense £2,100
- D: Debit Electricity Expense £2,100, Credit Prepayments (Assets) £2,100

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

At 31 March, the bank statement of Omega Foodstuffs plc 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 Omega Foodstuffs plc's cash book?

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

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

Summit Manufacturing 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 8 — [Financial Accounting / Trial Balance Reconciliation]**

A bookkeeper at Omega Foodstuffs plc prepared a trial balance which failed to agree, with the credit side exceeding the debit side by £1,200. A suspense account was opened. Which of the following errors, when corrected, could explain this difference?

- A: A purchase invoice for £600 was completely omitted from the books.
- B: A cash payment of £600 to a supplier was debited to the purchases account but not credited to the cash account.
- C: Sales of £600 were recorded by debiting Receivables Control and debiting Sales Account.
- D: A purchase return of £600 was debited to the Purchase Returns account and credited to Receivables Control.

**Question 9 — [Financial Accounting / VAT Computations]**

A grocery distributor, Crown Paper Ltd, 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 10 — [Financial Accounting / Double-Entry Bookkeeping]**

For the year ended 31 December, Aura Goods Ltd paid rent of £37,500. At the year-end, the company had an outstanding electricity invoice of £3,125 which has not yet been paid. What are the adjusting entries required at the year-end to record this accrual?

- A: Debit Accruals £3,125, Credit Electricity Expense £3,125
- B: Debit Electricity Expense £3,125, Credit Accruals (Liabilities) £3,125
- C: Debit Cash £3,125, Credit Electricity Expense £3,125
- D: Debit Electricity Expense £3,125, Credit Prepayments (Assets) £3,125

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

A grocery distributor, Atlas Transport Ltd, recorded net sales of £6,400 for standard-rate products (20% VAT) and £3,200 for zero-rated food products. What is the total output VAT generated on these sales?

- A: £1,280
- B: £1,920
- C: £640
- D: £0 (all food products are exempt from output VAT)

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

A bookkeeper at Beacon Logistics LLP prepared a trial balance which failed to agree, with the credit side exceeding the debit side by £900. A suspense account was opened. Which of the following errors, when corrected, could explain this difference?

- A: A purchase invoice for £450 was completely omitted from the books.
- B: A cash payment of £450 to a supplier was debited to the purchases account but not credited to the cash account.
- C: Sales of £450 were recorded by debiting Receivables Control and debiting Sales Account.
- D: A purchase return of £450 was debited to the Purchase Returns account and credited to Receivables Control.

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

For the year ended 31 December, Nexus Media plc paid rent of £21,600. At the year-end, the company had an outstanding electricity invoice of £1,800 which has not yet been paid. What are the adjusting entries required at the year-end to record this accrual?

- A: Debit Accruals £1,800, Credit Electricity Expense £1,800
- B: Debit Electricity Expense £1,800, Credit Accruals (Liabilities) £1,800
- C: Debit Cash £1,800, Credit Electricity Expense £1,800
- D: Debit Electricity Expense £1,800, Credit Prepayments (Assets) £1,800

**Question 14 — [Financial Accounting / VAT Computations]**

For the last quarter, Falcon Engineering Ltd had net credit sales of £54,000 (excluding VAT). Gross purchases inclusive of 20% VAT were £32,400. What is the net VAT amount payable to (or reclaimable from) the tax authority?

- A: £5,400 Payable
- B: £5,400 Reclaimable
- C: £10,800 Payable
- D: £4,320 Payable

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

Crown Paper Ltd 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 16 — [Financial Accounting / Double-Entry Bookkeeping]**

At 31 March, the bank statement of Beacon Logistics LLP shows a credit balance of £66,000. Unpresented checks total £16,500, and outstanding uncleared lodgements total £8,250. What is the reconciled balance that should appear in Beacon Logistics LLP's cash book?

- A: £57,750
- B: £74,250
- C: £90,750
- D: £41,250

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

For the last quarter, Crown Paper Ltd had net credit sales of £18,000 (excluding VAT). Gross purchases inclusive of 20% VAT were £10,800. What is the net VAT amount payable to (or reclaimable from) the tax authority?

- A: £1,800 Payable
- B: £1,800 Reclaimable
- C: £3,600 Payable
- D: £1,440 Payable

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

A grocery distributor, Aura Goods Ltd, recorded net sales of £38,400 for standard-rate products (20% VAT) and £19,200 for zero-rated food products. What is the total output VAT generated on these sales?

- A: £7,680
- B: £11,520
- C: £3,840
- D: £0 (all food products are exempt from output VAT)

**Question 19 — [Financial Accounting / Double-Entry Bookkeeping]**

The Receivables Ledger Control Account of Solar Energy plc is shown in the diagram. Credit sales of £1,800 were recorded, and cash of £1,440 was received from credit customers. What is the correct closing balance (balance c/f) of the account?

- A: £1,260 Debit closing balance
- B: £1,260 Credit closing balance
- C: £2,700 Debit closing balance
- D: £1,440 Credit closing balance

**Question 20 — [Financial Accounting / Double-Entry Bookkeeping]**

The Receivables Ledger Control Account of Swift Logistics Ltd is shown in the diagram. Credit sales of £3,600 were recorded, and cash of £2,880 was received from credit customers. What is the correct closing balance (balance c/f) of the account?

- A: £2,520 Debit closing balance
- B: £2,520 Credit closing balance
- C: £5,400 Debit closing balance
- D: £2,880 Credit closing balance

# 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;=218>

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.