



# Applaa ACCA Practice Mock 225

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;=225> 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]

For the year ended 31 December, Summit Manufacturing 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 2 — [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 £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 3 — [Financial Accounting / Asset Valuation and Depreciation]

Atlas Transport 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 4 — [Financial Accounting / Trial Balance Reconciliation]

Before correcting the year-end errors, the draft profit of Aura Goods Ltd was £120,000. An error was discovered: Closing inventory was overstated by £1,200. What is the revised profit after correcting this error?

- A: £121,200
- B: £118,800
- C: £120,000 (no effect on profit)
- D: £117,600

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

Genesis Enterprises Ltd disposed of a delivery vehicle for £46,080. The vehicle had originally cost £76,800 and had accumulated depreciation of £38,400 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 £7,680
- B: Loss on disposal of £7,680
- C: Gain on disposal of £-30,720
- D: Loss on disposal of £38,400

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

The Receivables Ledger Control Account of Nova Tech Solutions 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 7 — [Financial Accounting / Double-Entry Bookkeeping]**

At 31 March, the bank statement of Crest Hotels Ltd shows a credit balance of £19,200. Unpresented checks total £4,800, and outstanding uncleared lodgements total £2,400. What is the reconciled balance that should appear in Crest Hotels Ltd's cash book?

- A: £16,800
- B: £21,600
- C: £26,400
- D: £12,000

**Question 8 — [Financial Accounting / Asset Valuation and Depreciation]**

An entity purchased a machine on 1 January Year 1 for £62,500. The residual value of the machine is estimated to be £6,250 with an estimated useful life of 6 years. The entity uses the straight-line method of depreciation. What is the carrying value (net book value) of the machine on 31 December Year 2?

- A: £53,125
- B: £43,750
- C: £37,500
- D: £46,875

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

Summit Manufacturing 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 10 — [Financial Accounting / Asset Valuation and Depreciation]**

Summit Manufacturing Ltd disposed of a delivery vehicle for £3,840. The vehicle had originally cost £6,400 and had accumulated depreciation of £3,200 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 £640
- B: Loss on disposal of £640
- C: Gain on disposal of £-2,560
- D: Loss on disposal of £3,200

**Question 11 — [Financial Accounting / Asset Valuation and Depreciation]**

Beacon Logistics LLP completed two projects during the year: 1) Purchased and installed a new warehouse conveyor belt system for £165,000, and 2) Had the exterior of the existing office block repainted for £16,500. How should these expenditures be classified?

- A: Both projects are Capital Expenditure.
- B: Warehouse system: Capital Expenditure (£165,000), Repainting: Revenue Expenditure (£16,500)
- C: Warehouse system: Revenue Expenditure (£165,000), Repainting: Capital Expenditure (£16,500)
- D: Both projects are Revenue Expenditure.

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

The trial balance of Beacon Logistics LLP balanced perfectly. However, it was later discovered that a purchase of equipment costing £800 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 13 — [Financial Accounting / VAT Computations]**

For the last quarter, Beacon Logistics LLP had net credit sales of £42,000 (excluding VAT). Gross purchases inclusive of 20% VAT were £25,200. What is the net VAT amount payable to (or reclaimable from) the tax authority?

- A: £4,200 Payable
- B: £4,200 Reclaimable
- C: £8,400 Payable
- D: £3,360 Payable

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

For the last quarter, Summit Manufacturing 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 / Double-Entry Bookkeeping]**

At 31 March, the bank statement of Zephyr Services 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 Zephyr Services LLP's cash book?

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

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

At 31 March, the bank statement of Nova Tech Solutions Ltd shows a credit balance of £100,000. Unpresented checks total £25,000, and outstanding uncleared lodgements total £12,500. What is the reconciled balance that should appear in Nova Tech Solutions Ltd's cash book?

- A: £87,500
- B: £112,500
- C: £137,500
- D: £62,500

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

For the year ended 31 December, Zephyr Services LLP 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 18 — [Financial Accounting / VAT Computations]**

For the last quarter, Aura Goods Ltd had net credit sales of £96,000 (excluding VAT). Gross purchases inclusive of 20% VAT were £57,600. What is the net VAT amount payable to (or reclaimable from) the tax authority?

- A: £9,600 Payable
- B: £9,600 Reclaimable
- C: £19,200 Payable
- D: £7,680 Payable

**Question 19 — [Financial Accounting / Trial Balance Reconciliation]**

Before correcting the year-end errors, the draft profit of Nova Tech Solutions Ltd was £120,000. An error was discovered: Closing inventory was overstated by £5,400. What is the revised profit after correcting this error?

- A: £125,400
- B: £114,600
- C: £120,000 (no effect on profit)
- D: £109,200

**Question 20 — [Financial Accounting / Trial Balance Reconciliation]**

The trial balance of Vanguard Retail Ltd balanced perfectly. However, it was later discovered that a purchase of equipment costing £14,000 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

# 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;=225>

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.