



Applaa ACCA Practice Mock 244

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;=244> 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, Crown Paper Ltd paid rent of £49,500. At the year-end, the company had an outstanding electricity invoice of £4,125 which has not yet been paid. What are the adjusting entries required at the year-end to record this accrual?

- A: Debit Accruals £4,125, Credit Electricity Expense £4,125
- B: Debit Electricity Expense £4,125, Credit Accruals (Liabilities) £4,125
- C: Debit Cash £4,125, Credit Electricity Expense £4,125
- D: Debit Electricity Expense £4,125, Credit Prepayments (Assets) £4,125

Question 2 — [Financial Accounting / Trial Balance Reconciliation]

The trial balance of Aura Goods Ltd balanced perfectly. However, it was later discovered that a purchase of equipment costing £12,500 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 / VAT Computations]

Nexus Media plc 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 4 — [Financial Accounting / VAT Computations]

Nexus Media plc purchased a motor car for £165,000 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 5 — [Financial Accounting / Double-Entry Bookkeeping]

For the year ended 31 December, Solar Energy plc paid rent of £14,400. At the year-end, the company had an outstanding electricity invoice of £1,200 which has not yet been paid. What are the adjusting entries required at the year-end to record this accrual?

- A: Debit Accruals £1,200, Credit Electricity Expense £1,200
- B: Debit Electricity Expense £1,200, Credit Accruals (Liabilities) £1,200
- C: Debit Cash £1,200, Credit Electricity Expense £1,200
- D: Debit Electricity Expense £1,200, Credit Prepayments (Assets) £1,200

Question 6 — [Financial Accounting / VAT Computations]

A retail store, Falcon Engineering Ltd, purchased inventories for a gross total of £12,500 inclusive of standard-rate VAT at 20%. What are the net purchase cost and the input VAT amount recoverable by Falcon Engineering Ltd?

- A: Net Cost: £10,416, VAT Recoverable: £2,084
- B: Net Cost: £12,500, VAT Recoverable: £2,500
- C: Net Cost: £10,000, VAT Recoverable: £2,500
- D: Net Cost: £10,416, VAT Recoverable: £0 (VAT is non-recoverable on inventories)

Question 7 — [Financial Accounting / Double-Entry Bookkeeping]

At 31 March, the bank statement of Nova Tech Solutions Ltd 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 Nova Tech Solutions Ltd's cash book?

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

Question 8 — [Financial Accounting / VAT Computations]

Falcon Engineering 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 9 — [Financial Accounting / Trial Balance Reconciliation]

The trial balance of Falcon Engineering Ltd balanced perfectly. However, it was later discovered that a purchase of equipment costing £7,200 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 10 — [Financial Accounting / Asset Valuation and Depreciation]

Summit Manufacturing Ltd completed two projects during the year: 1) Purchased and installed a new warehouse conveyor belt system for £72,000, and 2) Had the exterior of the existing office block repainted for £7,200. How should these expenditures be classified?

- A: Both projects are Capital Expenditure.
- B: Warehouse system: Capital Expenditure (£72,000), Repainting: Revenue Expenditure (£7,200)
- C: Warehouse system: Revenue Expenditure (£72,000), Repainting: Capital Expenditure (£7,200)
- D: Both projects are Revenue Expenditure.

Question 11 — [Financial Accounting / VAT Computations]

Nexus Media plc purchased a motor car for £250,000 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 12 — [Financial Accounting / VAT Computations]

A grocery distributor, Falcon Engineering Ltd, recorded net sales of £100,000 for standard-rate products (20% VAT) and £50,000 for zero-rated food products. What is the total output VAT generated on these sales?

- A: £20,000
- B: £30,000
- C: £10,000
- D: £0 (all food products are exempt from output VAT)

Question 13 — [Financial Accounting / VAT Computations]

A retail store, Solar Energy plc, purchased inventories for a gross total of £22,000 inclusive of standard-rate VAT at 20%. What are the net purchase cost and the input VAT amount recoverable by Solar Energy plc?

- A: Net Cost: £18,333, VAT Recoverable: £3,667
- B: Net Cost: £22,000, VAT Recoverable: £4,400
- C: Net Cost: £17,600, VAT Recoverable: £4,400
- D: Net Cost: £18,333, VAT Recoverable: £0 (VAT is non-recoverable on inventories)

Question 14 — [Financial Accounting / Trial Balance Reconciliation]

Before correcting the year-end errors, the draft profit of Atlas Transport Ltd was £120,000. An error was discovered: Closing inventory was overstated by £9,600. What is the revised profit after correcting this error?

- A: £129,600
- B: £110,400
- C: £120,000 (no effect on profit)
- D: £100,800

Question 15 — [Financial Accounting / Trial Balance Reconciliation]

A bookkeeper at Swift Logistics Ltd prepared a trial balance which failed to agree, with the credit side exceeding the debit side by £240. A suspense account was opened. Which of the following errors, when corrected, could explain this difference?

- A: A purchase invoice for £120 was completely omitted from the books.
- B: A cash payment of £120 to a supplier was debited to the purchases account but not credited to the cash account.
- C: Sales of £120 were recorded by debiting Receivables Control and debiting Sales Account.
- D: A purchase return of £120 was debited to the Purchase Returns account and credited to Receivables Control.

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

The Receivables Ledger Control Account of Pinnacle Consulting Ltd is shown in the diagram. Credit sales of £7,200 were recorded, and cash of £5,760 was received from credit customers. What is the correct closing balance (balance c/f) of the account?

- A: £5,040 Debit closing balance
- B: £5,040 Credit closing balance
- C: £10,800 Debit closing balance
- D: £5,760 Credit closing balance

Question 17 — [Financial Accounting / Trial Balance Reconciliation]

The trial balance of Summit Manufacturing 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 18 — [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 £42,000, and 2) Had the exterior of the existing office block repainted for £4,200. How should these expenditures be classified?

- A: Both projects are Capital Expenditure.
- B: Warehouse system: Capital Expenditure (£42,000), Repainting: Revenue Expenditure (£4,200)
- C: Warehouse system: Revenue Expenditure (£42,000), Repainting: Capital Expenditure (£4,200)
- D: Both projects are Revenue Expenditure.

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

At 31 March, the bank statement of Genesis Enterprises Ltd shows a credit balance of £50,000. Unpresented checks total £12,500, and outstanding uncleared lodgements total £6,250. What is the reconciled balance that should appear in Genesis Enterprises Ltd's cash book?

- A: £43,750
- B: £56,250
- C: £68,750
- D: £31,250

Question 20 — [Financial Accounting / Trial Balance Reconciliation]

Before correcting the year-end errors, the draft profit of Vanguard Retail Ltd was £120,000. An error was discovered: Closing inventory was overstated by £7,200. What is the revised profit after correcting this error?

- A: £127,200
- B: £112,800
- C: £120,000 (no effect on profit)
- D: £105,600

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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;=244>

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.