



Applaa ACCA Practice Mock 32

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;=32> 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]

Beacon Logistics LLP completed two projects during the year: 1) Purchased and installed a new warehouse conveyor belt system for £250,000, and 2) Had the exterior of the existing office block repainted for £25,000. How should these expenditures be classified?

- A: Both projects are Capital Expenditure.
- B: Warehouse system: Capital Expenditure (£250,000), Repainting: Revenue Expenditure (£25,000)
- C: Warehouse system: Revenue Expenditure (£250,000), Repainting: Capital Expenditure (£25,000)
- D: Both projects are Revenue Expenditure.

Question 2 — [Financial Accounting / Double-Entry Bookkeeping]

At 31 March, the bank statement of Genesis Enterprises Ltd 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 Genesis Enterprises Ltd's cash book?

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

Question 3 — [Financial Accounting / Double-Entry Bookkeeping]

For the year ended 31 December, Meridian Distributors 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 4 — [Financial Accounting / Trial Balance Reconciliation]

A bookkeeper at Zephyr Services LLP prepared a trial balance which failed to agree, with the credit side exceeding the debit side by £250. A suspense account was opened. Which of the following errors, when corrected, could explain this difference?

- A: A purchase invoice for £125 was completely omitted from the books.
- B: A cash payment of £125 to a supplier was debited to the purchases account but not credited to the cash account.
- C: Sales of £125 were recorded by debiting Receivables Control and debiting Sales Account.
- D: A purchase return of £125 was debited to the Purchase Returns account and credited to Receivables Control.

Question 5 — [Financial Accounting / Trial Balance Reconciliation]

Before correcting the year-end errors, the draft profit of Pinnacle Consulting Ltd was £120,000. An error was discovered: Closing inventory was overstated by £800. What is the revised profit after correcting this error?

- A: £120,800
- B: £119,200
- C: £120,000 (no effect on profit)
- D: £118,400

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

The Receivables Ledger Control Account of Solar Energy plc is shown in the diagram. Credit sales of £4,800 were recorded, and cash of £3,840 was received from credit customers. What is the correct closing balance (balance c/f) of the account?

- A: £3,360 Debit closing balance
- B: £3,360 Credit closing balance
- C: £7,200 Debit closing balance
- D: £3,840 Credit closing balance

Question 7 — [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 £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 8 — [Financial Accounting / Double-Entry Bookkeeping]

For the year ended 31 December, Titan Steel plc paid rent of £16,200. At the year-end, the company had an outstanding electricity invoice of £1,350 which has not yet been paid. What are the adjusting entries required at the year-end to record this accrual?

- A: Debit Accruals £1,350, Credit Electricity Expense £1,350
- B: Debit Electricity Expense £1,350, Credit Accruals (Liabilities) £1,350
- C: Debit Cash £1,350, Credit Electricity Expense £1,350
- D: Debit Electricity Expense £1,350, Credit Prepayments (Assets) £1,350

Question 9 — [Financial Accounting / VAT Computations]

A retail store, Genesis Enterprises Ltd, purchased inventories for a gross total of £18,000 inclusive of standard-rate VAT at 20%. What are the net purchase cost and the input VAT amount recoverable by Genesis Enterprises Ltd?

- A: Net Cost: £15,000, VAT Recoverable: £3,000
- B: Net Cost: £18,000, VAT Recoverable: £3,600
- C: Net Cost: £14,400, VAT Recoverable: £3,600
- D: Net Cost: £15,000, VAT Recoverable: £0 (VAT is non-recoverable on inventories)

Question 10 — [Financial Accounting / Trial Balance Reconciliation]

A suspense account was opened with a debit balance of £1,800. It was discovered that a cash receipt of £1,800 from a credit customer was credited to the cash account and credited to Receivables Control. What is the correcting journal entry to clear the suspense account?

- A: Debit Cash £3,600, Credit Suspense Account £3,600
- B: Debit Receivables Control £1,800, Credit Suspense £1,800
- C: Debit Suspense £3,600, Credit Cash £3,600
- D: Debit Cash £1,800, Credit Receivables Control £1,800

Question 11 — [Financial Accounting / Double-Entry Bookkeeping]

The sole trader of Apex Trading 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 12 — [Financial Accounting / VAT Computations]

For the last quarter, Genesis Enterprises Ltd had net credit sales of £140,000 (excluding VAT). Gross purchases inclusive of 20% VAT were £84,000. What is the net VAT amount payable to (or reclaimable from) the tax authority?

- A: £14,000 Payable
- B: £14,000 Reclaimable
- C: £28,000 Payable
- D: £11,200 Payable

Question 13 — [Financial Accounting / Asset Valuation and Depreciation]

An entity purchased a machine on 1 January Year 1 for £125,000. The residual value of the machine is estimated to be £12,500 with an estimated useful life of 5 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: £102,500
- B: £80,000
- C: £67,500
- D: £90,000

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

An entity purchased a machine on 1 January Year 1 for £70,000. The residual value of the machine is estimated to be £7,000 with an estimated useful life of 8 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: £62,125
- B: £54,250
- C: £47,250
- D: £55,125

Question 15 — [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 £18,000. What is the revised profit after correcting this error?

- A: £138,000
- B: £102,000
- C: £120,000 (no effect on profit)
- D: £84,000

Question 16 — [Financial Accounting / VAT Computations]

A retail store, Apex Trading Ltd, 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 Apex Trading Ltd?

- 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)

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 £1,800. What is the revised profit after correcting this error?

- A: £121,800
- B: £118,200
- C: £120,000 (no effect on profit)
- D: £116,400

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 £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 19 — [Financial Accounting / Asset Valuation and Depreciation]

Vanguard Retail Ltd disposed of a delivery vehicle for £79,200. The vehicle had originally cost £132,000 and had accumulated depreciation of £66,000 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 £13,200
- B: Loss on disposal of £13,200
- C: Gain on disposal of £-52,800
- D: Loss on disposal of £66,000

Question 20 — [Financial Accounting / Asset Valuation and Depreciation]

Apex Trading Ltd 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.

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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;=32>

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.