



Applaa ACCA Practice Mock 37

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;=37> 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 / VAT Computations]

For the last quarter, Summit Manufacturing Ltd had net credit sales of £12,000 (excluding VAT). Gross purchases inclusive of 20% VAT were £7,200. What is the net VAT amount payable to (or reclaimable from) the tax authority?

- A: £1,200 Payable
- B: £1,200 Reclaimable
- C: £2,400 Payable
- D: £960 Payable

Question 2 — [Financial Accounting / VAT Computations]

A retail store, Pinnacle Consulting Ltd, purchased inventories for a gross total of £8,400 inclusive of standard-rate VAT at 20%. What are the net purchase cost and the input VAT amount recoverable by Pinnacle Consulting Ltd?

- A: Net Cost: £7,000, VAT Recoverable: £1,400
- B: Net Cost: £8,400, VAT Recoverable: £1,680
- C: Net Cost: £6,720, VAT Recoverable: £1,680
- D: Net Cost: £7,000, VAT Recoverable: £0 (VAT is non-recoverable on inventories)

Question 3 — [Financial Accounting / VAT Computations]

A retail store, Alpha Properties Ltd, purchased inventories for a gross total of £9,600 inclusive of standard-rate VAT at 20%. What are the net purchase cost and the input VAT amount recoverable by Alpha Properties Ltd?

- A: Net Cost: £8,000, VAT Recoverable: £1,600
- B: Net Cost: £9,600, VAT Recoverable: £1,920
- C: Net Cost: £7,680, VAT Recoverable: £1,920
- D: Net Cost: £8,000, VAT Recoverable: £0 (VAT is non-recoverable on inventories)

Question 4 — [Financial Accounting / VAT Computations]

A retail store, Zephyr Services LLP, purchased inventories for a gross total of £16,500 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: £13,750, VAT Recoverable: £2,750
- B: Net Cost: £16,500, VAT Recoverable: £3,300
- C: Net Cost: £13,200, VAT Recoverable: £3,300
- D: Net Cost: £13,750, VAT Recoverable: £0 (VAT is non-recoverable on inventories)

Question 5 — [Financial Accounting / VAT Computations]

For the last quarter, Solar Energy plc had net credit sales of £150,000 (excluding VAT). Gross purchases inclusive of 20% VAT were £90,000. What is the net VAT amount payable to (or reclaimable from) the tax authority?

- A: £15,000 Payable
- B: £15,000 Reclaimable
- C: £30,000 Payable
- D: £12,000 Payable

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

For the year ended 31 December, Crown Paper 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 7 — [Financial Accounting / Asset Valuation and Depreciation]

Aura Goods 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.

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

For the year ended 31 December, Pinnacle Consulting Ltd 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 9 — [Financial Accounting / VAT Computations]

For the last quarter, Meridian Distributors Ltd had net credit sales of £60,000 (excluding VAT). Gross purchases inclusive of 20% VAT were £36,000. What is the net VAT amount payable to (or reclaimable from) the tax authority?

- A: £6,000 Payable
- B: £6,000 Reclaimable
- C: £12,000 Payable
- D: £4,800 Payable

Question 10 — [Financial Accounting / Double-Entry Bookkeeping]

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

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

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

For the year ended 31 December, Nexus Media 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 12 — [Financial Accounting / VAT Computations]

A grocery distributor, Crown Paper Ltd, recorded net sales of £14,400 for standard-rate products (20% VAT) and £7,200 for zero-rated food products. What is the total output VAT generated on these sales?

- A: £2,880
- B: £4,320
- C: £1,440
- D: £0 (all food products are exempt from output VAT)

Question 13 — [Financial Accounting / Trial Balance Reconciliation]

A bookkeeper at Atlas Transport Ltd prepared a trial balance which failed to agree, with the credit side exceeding the debit side by £1,800. A suspense account was opened. Which of the following errors, when corrected, could explain this difference?

- A: A purchase invoice for £900 was completely omitted from the books.
- B: A cash payment of £900 to a supplier was debited to the purchases account but not credited to the cash account.
- C: Sales of £900 were recorded by debiting Receivables Control and debiting Sales Account.
- D: A purchase return of £900 was debited to the Purchase Returns account and credited to Receivables Control.

Question 14 — [Financial Accounting / VAT Computations]

A retail store, Aura Goods Ltd, purchased inventories for a gross total of £800 inclusive of standard-rate VAT at 20%. What are the net purchase cost and the input VAT amount recoverable by Aura Goods Ltd?

- A: Net Cost: £666, VAT Recoverable: £134
- B: Net Cost: £800, VAT Recoverable: £160
- C: Net Cost: £640, VAT Recoverable: £160
- D: Net Cost: £666, VAT Recoverable: £0 (VAT is non-recoverable on inventories)

Question 15 — [Financial Accounting / Double-Entry Bookkeeping]

The Receivables Ledger Control Account of Nova Tech Solutions Ltd is shown in the diagram. Credit sales of £2,400 were recorded, and cash of £1,920 was received from credit customers. What is the correct closing balance (balance c/f) of the account?

- A: £1,680 Debit closing balance
- B: £1,680 Credit closing balance
- C: £3,600 Debit closing balance
- D: £1,920 Credit closing balance

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

For the year ended 31 December, Falcon Engineering Ltd paid rent of £66,000. At the year-end, the company had an outstanding electricity invoice of £5,500 which has not yet been paid. What are the adjusting entries required at the year-end to record this accrual?

- A: Debit Accruals £5,500, Credit Electricity Expense £5,500
- B: Debit Electricity Expense £5,500, Credit Accruals (Liabilities) £5,500
- C: Debit Cash £5,500, Credit Electricity Expense £5,500
- D: Debit Electricity Expense £5,500, Credit Prepayments (Assets) £5,500

Question 17 — [Financial Accounting / Trial Balance Reconciliation]

A bookkeeper at Apex Trading Ltd prepared a trial balance which failed to agree, with the credit side exceeding the debit side by £800. A suspense account was opened. Which of the following errors, when corrected, could explain this difference?

- A: A purchase invoice for £400 was completely omitted from the books.
- B: A cash payment of £400 to a supplier was debited to the purchases account but not credited to the cash account.
- C: Sales of £400 were recorded by debiting Receivables Control and debiting Sales Account.
- D: A purchase return of £400 was debited to the Purchase Returns account and credited to Receivables Control.

Question 18 — [Financial Accounting / Trial Balance Reconciliation]

Before correcting the year-end errors, the draft profit of Beacon Logistics LLP 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 19 — [Financial Accounting / Trial Balance Reconciliation]

Before correcting the year-end errors, the draft profit of Titan Steel plc was £120,000. An error was discovered: Closing inventory was overstated by £4,800. What is the revised profit after correcting this error?

- A: £124,800
- B: £115,200
- C: £120,000 (no effect on profit)
- D: £110,400

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

Solar Energy plc completed two projects during the year: 1) Purchased and installed a new warehouse conveyor belt system for £48,000, and 2) Had the exterior of the existing office block repainted for £4,800. How should these expenditures be classified?

- A: Both projects are Capital Expenditure.
- B: Warehouse system: Capital Expenditure (£48,000), Repainting: Revenue Expenditure (£4,800)
- C: Warehouse system: Revenue Expenditure (£48,000), Repainting: Capital Expenditure (£4,800)
- D: Both projects are Revenue Expenditure.

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;=37>

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.