



Applaa ACCA Practice Mock 38

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;=38> on any browser. Bubble in your answers in our digital check sheet.
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Section 1: Practice Questions

Question 1 — [Financial Accounting / VAT Computations]

A grocery distributor, Nova Tech Solutions 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 2 — [Financial Accounting / Asset Valuation and Depreciation]

Atlas Transport Ltd completed two projects during the year: 1) Purchased and installed a new warehouse conveyor belt system for £84,000, and 2) Had the exterior of the existing office block repainted for £8,400. How should these expenditures be classified?

- A: Both projects are Capital Expenditure.
- B: Warehouse system: Capital Expenditure (£84,000), Repainting: Revenue Expenditure (£8,400)
- C: Warehouse system: Revenue Expenditure (£84,000), Repainting: Capital Expenditure (£8,400)
- D: Both projects are Revenue Expenditure.

Question 3 — [Financial Accounting / VAT Computations]

For the last quarter, Vanguard Retail Ltd had net credit sales of £110,000 (excluding VAT). Gross purchases inclusive of 20% VAT were £66,000. What is the net VAT amount payable to (or reclaimable from) the tax authority?

- A: £11,000 Payable
- B: £11,000 Reclaimable
- C: £22,000 Payable
- D: £8,800 Payable

Question 4 — [Financial Accounting / VAT Computations]

Zephyr Services LLP 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 5 — [Financial Accounting / Asset Valuation and Depreciation]

Swift Logistics Ltd completed two projects during the year: 1) Purchased and installed a new warehouse conveyor belt system for £12,000, and 2) Had the exterior of the existing office block repainted for £1,200. How should these expenditures be classified?

- A: Both projects are Capital Expenditure.
- B: Warehouse system: Capital Expenditure (£12,000), Repainting: Revenue Expenditure (£1,200)
- C: Warehouse system: Revenue Expenditure (£12,000), Repainting: Capital Expenditure (£1,200)
- D: Both projects are Revenue Expenditure.

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

For the year ended 31 December, Vanguard Retail Ltd 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 7 — [Financial Accounting / VAT Computations]

A retail store, Meridian Distributors 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 Meridian Distributors 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 8 — [Financial Accounting / Double-Entry Bookkeeping]

For the year ended 31 December, Meridian Distributors 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]

A retail store, Falcon Engineering Ltd, purchased inventories for a gross total of £25,000 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: £20,833, VAT Recoverable: £4,167
- B: Net Cost: £25,000, VAT Recoverable: £5,000
- C: Net Cost: £20,000, VAT Recoverable: £5,000
- D: Net Cost: £20,833, VAT Recoverable: £0 (VAT is non-recoverable on inventories)

Question 10 — [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 £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 11 — [Financial Accounting / VAT Computations]

A retail store, Omega Foodstuffs 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 Omega Foodstuffs 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 12 — [Financial Accounting / Double-Entry Bookkeeping]

The sole trader of Alpha Properties Ltd took goods costing £4,800 from the business for personal use. These goods had a selling price of £7,200. What is the correct double entry to record this transaction?

- A: Debit Drawings £4,800, Credit Purchases £4,800
- B: Debit Drawings £7,200, Credit Revenue £7,200
- C: Debit Purchases £4,800, Credit Drawings £4,800
- D: Debit Inventory £4,800, Credit Drawings £4,800

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

For the year ended 31 December, Alpha Properties 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 14 — [Financial Accounting / Double-Entry Bookkeeping]

For the year ended 31 December, Vanguard Retail 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 15 — [Financial Accounting / Double-Entry Bookkeeping]

For the year ended 31 December, Pinnacle Consulting Ltd paid rent of £33,000. At the year-end, the company had an outstanding electricity invoice of £2,750 which has not yet been paid. What are the adjusting entries required at the year-end to record this accrual?

- A: Debit Accruals £2,750, Credit Electricity Expense £2,750
- B: Debit Electricity Expense £2,750, Credit Accruals (Liabilities) £2,750
- C: Debit Cash £2,750, Credit Electricity Expense £2,750
- D: Debit Electricity Expense £2,750, Credit Prepayments (Assets) £2,750

Question 16 — [Financial Accounting / VAT Computations]

A retail store, Solar Energy plc, 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 Solar Energy plc?

- 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 17 — [Financial Accounting / VAT Computations]

A retail store, Omega Foodstuffs plc, purchased inventories for a gross total of £2,400 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: £2,000, VAT Recoverable: £400
- B: Net Cost: £2,400, VAT Recoverable: £480
- C: Net Cost: £1,920, VAT Recoverable: £480
- D: Net Cost: £2,000, VAT Recoverable: £0 (VAT is non-recoverable on inventories)

Question 18 — [Financial Accounting / VAT Computations]

A grocery distributor, Swift Logistics 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 19 — [Financial Accounting / Double-Entry Bookkeeping]

The Receivables Ledger Control Account of Solar Energy plc is shown in the diagram. Credit sales of £11,000 were recorded, and cash of £8,800 was received from credit customers. What is the correct closing balance (balance c/f) of the account?

- A: £7,700 Debit closing balance
- B: £7,700 Credit closing balance
- C: £16,500 Debit closing balance
- D: £8,800 Credit closing balance

Question 20 — [Financial Accounting / VAT Computations]

A retail store, Titan Steel plc, purchased inventories for a gross total of £5,400 inclusive of standard-rate VAT at 20%. What are the net purchase cost and the input VAT amount recoverable by Titan Steel plc?

- A: Net Cost: £4,500, VAT Recoverable: £900
- B: Net Cost: £5,400, VAT Recoverable: £1,080
- C: Net Cost: £4,320, VAT Recoverable: £1,080
- D: Net Cost: £4,500, VAT Recoverable: £0 (VAT is non-recoverable on inventories)

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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.