



Applaa ACCA Practice Mock 39

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;=39> 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]

A retail store, Crown Paper 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 Crown Paper 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 2 — [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 £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 3 — [Financial Accounting / Double-Entry Bookkeeping]

For the year ended 31 December, Beacon Logistics LLP 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 4 — [Financial Accounting / VAT Computations]

A grocery distributor, Pinnacle Consulting Ltd, recorded net sales of £28,800 for standard-rate products (20% VAT) and £14,400 for zero-rated food products. What is the total output VAT generated on these sales?

- A: £5,760
- B: £8,640
- C: £2,880
- D: £0 (all food products are exempt from output VAT)

Question 5 — [Financial Accounting / VAT Computations]

Summit Manufacturing Ltd purchased a motor car for £54,000 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 6 — [Financial Accounting / Double-Entry Bookkeeping]

For the year ended 31 December, Genesis Enterprises Ltd paid rent of £18,000. At the year-end, the company had an outstanding electricity invoice of £1,500 which has not yet been paid. What are the adjusting entries required at the year-end to record this accrual?

- A: Debit Accruals £1,500, Credit Electricity Expense £1,500
- B: Debit Electricity Expense £1,500, Credit Accruals (Liabilities) £1,500
- C: Debit Cash £1,500, Credit Electricity Expense £1,500
- D: Debit Electricity Expense £1,500, Credit Prepayments (Assets) £1,500

Question 7 — [Financial Accounting / VAT Computations]

For the last quarter, Aura Goods Ltd had net credit sales of £36,000 (excluding VAT). Gross purchases inclusive of 20% VAT were £21,600. What is the net VAT amount payable to (or reclaimable from) the tax authority?

- A: £3,600 Payable
- B: £3,600 Reclaimable
- C: £7,200 Payable
- D: £2,880 Payable

Question 8 — [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 £1,800 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 9 — [Financial Accounting / VAT Computations]

A retail store, Crown Paper Ltd, 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 Crown Paper Ltd?

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

A grocery distributor, Nexus Media plc, recorded net sales of £200,000 for standard-rate products (20% VAT) and £100,000 for zero-rated food products. What is the total output VAT generated on these sales?

- A: £40,000
- B: £60,000
- C: £20,000
- D: £0 (all food products are exempt from output VAT)

Question 12 — [Financial Accounting / Asset Valuation and Depreciation]

Titan Steel plc completed two projects during the year: 1) Purchased and installed a new warehouse conveyor belt system for £54,000, and 2) Had the exterior of the existing office block repainted for £5,400. How should these expenditures be classified?

- A: Both projects are Capital Expenditure.
- B: Warehouse system: Capital Expenditure (£54,000), Repainting: Revenue Expenditure (£5,400)
- C: Warehouse system: Revenue Expenditure (£54,000), Repainting: Capital Expenditure (£5,400)
- D: Both projects are Revenue Expenditure.

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

At 31 March, the bank statement of Falcon Engineering Ltd 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 Falcon Engineering Ltd's cash book?

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

Question 14 — [Financial Accounting / VAT Computations]

A retail store, Pinnacle Consulting Ltd, purchased inventories for a gross total of £7,200 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: £6,000, VAT Recoverable: £1,200
- B: Net Cost: £7,200, VAT Recoverable: £1,440
- C: Net Cost: £5,760, VAT Recoverable: £1,440
- D: Net Cost: £6,000, VAT Recoverable: £0 (VAT is non-recoverable on inventories)

Question 15 — [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 15 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: £58,750
- B: £55,000
- C: £48,750
- D: £52,500

Question 16 — [Financial Accounting / Asset Valuation and Depreciation]

Atlas Transport Ltd disposed of a delivery vehicle for £25,920. The vehicle had originally cost £43,200 and had accumulated depreciation of £21,600 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 £4,320
- B: Loss on disposal of £4,320
- C: Gain on disposal of £-17,280
- D: Loss on disposal of £21,600

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

The Receivables Ledger Control Account of Pinnacle Consulting Ltd is shown in the diagram. Credit sales of £1,800 were recorded, and cash of £1,440 was received from credit customers. What is the correct closing balance (balance c/f) of the account?

- A: £1,260 Debit closing balance
- B: £1,260 Credit closing balance
- C: £2,700 Debit closing balance
- D: £1,440 Credit closing balance

Question 18 — [Financial Accounting / Asset Valuation and Depreciation]

Zephyr Services LLP completed two projects during the year: 1) Purchased and installed a new warehouse conveyor belt system for £8,000, and 2) Had the exterior of the existing office block repainted for £800. How should these expenditures be classified?

- A: Both projects are Capital Expenditure.
- B: Warehouse system: Capital Expenditure (£8,000), Repainting: Revenue Expenditure (£800)
- C: Warehouse system: Revenue Expenditure (£8,000), Repainting: Capital Expenditure (£800)
- D: Both projects are Revenue Expenditure.

Question 19 — [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 £8,400 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 20 — [Financial Accounting / VAT Computations]

A grocery distributor, Swift Logistics Ltd, recorded net sales of £9,600 for standard-rate products (20% VAT) and £4,800 for zero-rated food products. What is the total output VAT generated on these sales?

- A: £1,920
- B: £2,880
- C: £960
- D: £0 (all food products are exempt from output VAT)

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■ Section Complete!

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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.