



# Applaa ACCA Practice Mock 78

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;=78> 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]

Crest Hotels 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 2 — [Financial Accounting / Trial Balance Reconciliation]

Before correcting the year-end errors, the draft profit of Omega Foodstuffs plc was £120,000. An error was discovered: Closing inventory was overstated by £16,500. What is the revised profit after correcting this error?

- A: £136,500
- B: £103,500
- C: £120,000 (no effect on profit)
- D: £87,000

### Question 3 — [Financial Accounting / VAT Computations]

A retail store, Nexus Media plc, 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 Nexus Media plc?

- 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 grocery distributor, Beacon Logistics LLP, recorded net sales of £144,000 for standard-rate products (20% VAT) and £72,000 for zero-rated food products. What is the total output VAT generated on these sales?

- A: £28,800
- B: £43,200
- C: £14,400
- D: £0 (all food products are exempt from output VAT)

**Question 5 — [Financial Accounting / Double-Entry Bookkeeping]**

The sole trader of Summit Manufacturing Ltd took goods costing £900 from the business for personal use. These goods had a selling price of £1,350. What is the correct double entry to record this transaction?

- A: Debit Drawings £900, Credit Purchases £900
- B: Debit Drawings £1,350, Credit Revenue £1,350
- C: Debit Purchases £900, Credit Drawings £900
- D: Debit Inventory £900, Credit Drawings £900

**Question 6 — [Financial Accounting / Trial Balance Reconciliation]**

The trial balance of Genesis Enterprises Ltd balanced perfectly. However, it was later discovered that a purchase of equipment costing £25,000 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 7 — [Financial Accounting / Double-Entry Bookkeeping]**

For the year ended 31 December, Beacon Logistics LLP 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 8 — [Financial Accounting / Double-Entry Bookkeeping]**

The Receivables Ledger Control Account of Titan Steel plc is shown in the diagram. Credit sales of £4,200 were recorded, and cash of £3,360 was received from credit customers. What is the correct closing balance (balance c/f) of the account?

- A: £2,940 Debit closing balance
- B: £2,940 Credit closing balance
- C: £6,300 Debit closing balance
- D: £3,360 Credit closing balance

**Question 9 — [Financial Accounting / Double-Entry Bookkeeping]**

At 31 March, the bank statement of Falcon Engineering Ltd shows a credit balance of £38,400. Unpresented checks total £9,600, and outstanding uncleared lodgements total £4,800. What is the reconciled balance that should appear in Falcon Engineering Ltd's cash book?

- A: £33,600
- B: £43,200
- C: £52,800
- D: £24,000

**Question 10 — [Financial Accounting / VAT Computations]**

Zephyr Services LLP purchased a motor car for £125,000 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 11 — [Financial Accounting / Double-Entry Bookkeeping]**

The Receivables Ledger Control Account of Beacon Logistics LLP is shown in the diagram. Credit sales of £22,000 were recorded, and cash of £17,600 was received from credit customers. What is the correct closing balance (balance c/f) of the account?

- A: £15,400 Debit closing balance
- B: £15,400 Credit closing balance
- C: £33,000 Debit closing balance
- D: £17,600 Credit closing balance

**Question 12 — [Financial Accounting / Double-Entry Bookkeeping]**

The Receivables Ledger Control Account of Omega Foodstuffs plc 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 13 — [Financial Accounting / VAT Computations]**

A grocery distributor, Omega Foodstuffs plc, recorded net sales of £33,600 for standard-rate products (20% VAT) and £16,800 for zero-rated food products. What is the total output VAT generated on these sales?

- A: £6,720
- B: £10,080
- C: £3,360
- D: £0 (all food products are exempt from output VAT)

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

Crest Hotels Ltd disposed of a delivery vehicle for £17,280. The vehicle had originally cost £28,800 and had accumulated depreciation of £14,400 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 £2,880
- B: Loss on disposal of £2,880
- C: Gain on disposal of £-11,520
- D: Loss on disposal of £14,400

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

- A: £135,000
- B: £105,000
- C: £120,000 (no effect on profit)
- D: £90,000

**Question 16 — [Financial Accounting / VAT Computations]**

A retail store, Alpha Properties Ltd, purchased inventories for a gross total of £1,200 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: £1,000, VAT Recoverable: £200
- B: Net Cost: £1,200, VAT Recoverable: £240
- C: Net Cost: £960, VAT Recoverable: £240
- D: Net Cost: £1,000, VAT Recoverable: £0 (VAT is non-recoverable on inventories)

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

For the year ended 31 December, Zephyr Services LLP 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 18 — [Financial Accounting / Double-Entry Bookkeeping]**

The sole trader of Zephyr Services LLP took goods costing £5,500 from the business for personal use. These goods had a selling price of £8,250. What is the correct double entry to record this transaction?

- A: Debit Drawings £5,500, Credit Purchases £5,500
- B: Debit Drawings £8,250, Credit Revenue £8,250
- C: Debit Purchases £5,500, Credit Drawings £5,500
- D: Debit Inventory £5,500, Credit Drawings £5,500

**Question 19 — [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 £5,400. What is the revised profit after correcting this error?

- A: £125,400
- B: £114,600
- C: £120,000 (no effect on profit)
- D: £109,200

**Question 20 — [Financial Accounting / VAT Computations]**

For the last quarter, Omega Foodstuffs plc had net credit sales of £125,000 (excluding VAT). Gross purchases inclusive of 20% VAT were £75,000. What is the net VAT amount payable to (or reclaimable from) the tax authority?

- A: £12,500 Payable
- B: £12,500 Reclaimable
- C: £25,000 Payable
- D: £10,000 Payable

# 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;=78>

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.