



Applaa ACCA Practice Mock 85

Mock Practice Exam Booklet

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Instructions & Study Method

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- 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.
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- 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, Falcon Engineering Ltd, 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 Falcon Engineering Ltd?

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

The sole trader of Titan Steel plc took goods costing £1,800 from the business for personal use. These goods had a selling price of £2,700. What is the correct double entry to record this transaction?

- A: Debit Drawings £1,800, Credit Purchases £1,800
- B: Debit Drawings £2,700, Credit Revenue £2,700
- C: Debit Purchases £1,800, Credit Drawings £1,800
- D: Debit Inventory £1,800, Credit Drawings £1,800

Question 3 — [Financial Accounting / Trial Balance Reconciliation]

A bookkeeper at Crown Paper Ltd prepared a trial balance which failed to agree, with the credit side exceeding the debit side by £1,200. A suspense account was opened. Which of the following errors, when corrected, could explain this difference?

- A: A purchase invoice for £600 was completely omitted from the books.
- B: A cash payment of £600 to a supplier was debited to the purchases account but not credited to the cash account.
- C: Sales of £600 were recorded by debiting Receivables Control and debiting Sales Account.
- D: A purchase return of £600 was debited to the Purchase Returns account and credited to Receivables Control.

Question 4 — [Financial Accounting / Double-Entry Bookkeeping]

For the year ended 31 December, Omega Foodstuffs plc paid rent of £10,800. At the year-end, the company had an outstanding electricity invoice of £900 which has not yet been paid. What are the adjusting entries required at the year-end to record this accrual?

- A: Debit Accruals £900, Credit Electricity Expense £900
- B: Debit Electricity Expense £900, Credit Accruals (Liabilities) £900
- C: Debit Cash £900, Credit Electricity Expense £900
- D: Debit Electricity Expense £900, Credit Prepayments (Assets) £900

Question 5 — [Financial Accounting / VAT Computations]

For the last quarter, Alpha Properties Ltd had net credit sales of £250,000 (excluding VAT). Gross purchases inclusive of 20% VAT were £150,000. What is the net VAT amount payable to (or reclaimable from) the tax authority?

- A: £25,000 Payable
- B: £25,000 Reclaimable
- C: £50,000 Payable
- D: £20,000 Payable

Question 6 — [Financial Accounting / VAT Computations]

A grocery distributor, Crest Hotels 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 7 — [Financial Accounting / Double-Entry Bookkeeping]

For the year ended 31 December, Crown Paper Ltd paid rent of £7,200. At the year-end, the company had an outstanding electricity invoice of £600 which has not yet been paid. What are the adjusting entries required at the year-end to record this accrual?

- A: Debit Accruals £600, Credit Electricity Expense £600
- B: Debit Electricity Expense £600, Credit Accruals (Liabilities) £600
- C: Debit Cash £600, Credit Electricity Expense £600
- D: Debit Electricity Expense £600, Credit Prepayments (Assets) £600

Question 8 — [Financial Accounting / Trial Balance Reconciliation]

The trial balance of Beacon Logistics LLP balanced perfectly. However, it was later discovered that a purchase of equipment costing £18,000 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 9 — [Financial Accounting / Double-Entry Bookkeeping]

For the year ended 31 December, Titan Steel plc 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 10 — [Financial Accounting / Asset Valuation and Depreciation]

An entity purchased a machine on 1 January Year 1 for £9,000. The residual value of the machine is estimated to be £900 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: £7,380
- B: £5,760
- C: £4,860
- D: £6,480

Question 11 — [Financial Accounting / VAT Computations]

Beacon Logistics LLP purchased a motor car for £42,000 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 12 — [Financial Accounting / VAT Computations]

A retail store, Alpha Properties 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 Alpha Properties 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 13 — [Financial Accounting / Trial Balance Reconciliation]

Before correcting the year-end errors, the draft profit of Nova Tech Solutions Ltd was £120,000. An error was discovered: Closing inventory was overstated by £25,000. What is the revised profit after correcting this error?

- A: £145,000
- B: £95,000
- C: £120,000 (no effect on profit)
- D: £70,000

Question 14 — [Financial Accounting / VAT Computations]

Apex Trading Ltd purchased a motor car for £165,000 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 15 — [Financial Accounting / Double-Entry Bookkeeping]

For the year ended 31 December, Nova Tech Solutions Ltd paid rent of £28,800. At the year-end, the company had an outstanding electricity invoice of £2,400 which has not yet been paid. What are the adjusting entries required at the year-end to record this accrual?

- A: Debit Accruals £2,400, Credit Electricity Expense £2,400
- B: Debit Electricity Expense £2,400, Credit Accruals (Liabilities) £2,400
- C: Debit Cash £2,400, Credit Electricity Expense £2,400
- D: Debit Electricity Expense £2,400, Credit Prepayments (Assets) £2,400

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

Alpha Properties Ltd disposed of a delivery vehicle for £11,520. The vehicle had originally cost £19,200 and had accumulated depreciation of £9,600 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 £1,920
- B: Loss on disposal of £1,920
- C: Gain on disposal of £-7,680
- D: Loss on disposal of £9,600

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

The sole trader of Alpha Properties Ltd took goods costing £12,500 from the business for personal use. These goods had a selling price of £18,750. What is the correct double entry to record this transaction?

- A: Debit Drawings £12,500, Credit Purchases £12,500
- B: Debit Drawings £18,750, Credit Revenue £18,750
- C: Debit Purchases £12,500, Credit Drawings £12,500
- D: Debit Inventory £12,500, Credit Drawings £12,500

Question 18 — [Financial Accounting / VAT Computations]

For the last quarter, Atlas Transport Ltd had net credit sales of £8,000 (excluding VAT). Gross purchases inclusive of 20% VAT were £4,800. What is the net VAT amount payable to (or reclaimable from) the tax authority?

- A: £800 Payable
- B: £800 Reclaimable
- C: £1,600 Payable
- D: £640 Payable

Question 19 — [Financial Accounting / VAT Computations]

A retail store, Titan Steel 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 Titan Steel 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 20 — [Financial Accounting / Double-Entry Bookkeeping]

The Receivables Ledger Control Account of Zephyr Services LLP is shown in the diagram. Credit sales of £800 were recorded, and cash of £640 was received from credit customers. What is the correct closing balance (balance c/f) of the account?

- A: £560 Debit closing balance
- B: £560 Credit closing balance
- C: £1,200 Debit closing balance
- D: £640 Credit closing balance

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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.