



# Applaa ACCA Practice Mock 88

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;=88> 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]

Alpha Properties Ltd disposed of a delivery vehicle for £5,760. The vehicle had originally cost £9,600 and had accumulated depreciation of £4,800 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 £960
- B: Loss on disposal of £960
- C: Gain on disposal of £-3,840
- D: Loss on disposal of £4,800

### 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 £180,000, and 2) Had the exterior of the existing office block repainted for £18,000. How should these expenditures be classified?

- A: Both projects are Capital Expenditure.
- B: Warehouse system: Capital Expenditure (£180,000), Repainting: Revenue Expenditure (£18,000)
- C: Warehouse system: Revenue Expenditure (£180,000), Repainting: Capital Expenditure (£18,000)
- D: Both projects are Revenue Expenditure.

### Question 3 — [Financial Accounting / Asset Valuation and Depreciation]

Summit Manufacturing Ltd completed two projects during the year: 1) Purchased and installed a new warehouse conveyor belt system for £110,000, and 2) Had the exterior of the existing office block repainted for £11,000. How should these expenditures be classified?

- A: Both projects are Capital Expenditure.
- B: Warehouse system: Capital Expenditure (£110,000), Repainting: Revenue Expenditure (£11,000)
- C: Warehouse system: Revenue Expenditure (£110,000), Repainting: Capital Expenditure (£11,000)
- D: Both projects are Revenue Expenditure.

### Question 4 — [Financial Accounting / VAT Computations]

A retail store, Aura Goods Ltd, purchased inventories for a gross total of £4,200 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: £3,500, VAT Recoverable: £700
- B: Net Cost: £4,200, VAT Recoverable: £840
- C: Net Cost: £3,360, VAT Recoverable: £840
- D: Net Cost: £3,500, VAT Recoverable: £0 (VAT is non-recoverable on inventories)

**Question 5 — [Financial Accounting / VAT Computations]**

For the last quarter, Vanguard Retail Ltd had net credit sales of £140,000 (excluding VAT). Gross purchases inclusive of 20% VAT were £84,000. What is the net VAT amount payable to (or reclaimable from) the tax authority?

- A: £14,000 Payable
- B: £14,000 Reclaimable
- C: £28,000 Payable
- D: £11,200 Payable

**Question 6 — [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 £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 7 — [Financial Accounting / Trial Balance Reconciliation]**

Before correcting the year-end errors, the draft profit of Summit Manufacturing Ltd 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 8 — [Financial Accounting / VAT Computations]**

Aura Goods Ltd purchased a motor car for £110,000 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 9 — [Financial Accounting / Asset Valuation and Depreciation]**

Vanguard Retail Ltd completed two projects during the year: 1) Purchased and installed a new warehouse conveyor belt system for £150,000, and 2) Had the exterior of the existing office block repainted for £15,000. How should these expenditures be classified?

- A: Both projects are Capital Expenditure.
- B: Warehouse system: Capital Expenditure (£150,000), Repainting: Revenue Expenditure (£15,000)
- C: Warehouse system: Revenue Expenditure (£150,000), Repainting: Capital Expenditure (£15,000)
- D: Both projects are Revenue Expenditure.

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

At 31 March, the bank statement of Apex Trading Ltd shows a credit balance of £24,000. Unpresented checks total £6,000, and outstanding uncleared lodgements total £3,000. What is the reconciled balance that should appear in Apex Trading Ltd's cash book?

- A: £21,000
- B: £27,000
- C: £33,000
- D: £15,000

**Question 11 — [Financial Accounting / VAT Computations]**

A retail store, Genesis Enterprises 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 Genesis Enterprises 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 12 — [Financial Accounting / Asset Valuation and Depreciation]**

An entity purchased a machine on 1 January Year 1 for £36,000. The residual value of the machine is estimated to be £3,600 with an estimated useful life of 12 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: £33,300
- B: £30,600
- C: £27,000
- D: £29,700

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

At 31 March, the bank statement of Zephyr Services LLP shows a credit balance of £88,000. Unpresented checks total £22,000, and outstanding uncleared lodgements total £11,000. What is the reconciled balance that should appear in Zephyr Services LLP's cash book?

- A: £77,000
- B: £99,000
- C: £121,000
- D: £55,000

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

Beacon Logistics LLP disposed of a delivery vehicle for £8,640. The vehicle had originally cost £14,400 and had accumulated depreciation of £7,200 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 £1,440
- B: Loss on disposal of £1,440
- C: Gain on disposal of £-5,760
- D: Loss on disposal of £7,200

**Question 15 — [Financial Accounting / Trial Balance Reconciliation]**

Before correcting the year-end errors, the draft profit of Zephyr Services LLP was £120,000. An error was discovered: Closing inventory was overstated by £3,600. What is the revised profit after correcting this error?

- A: £123,600
- B: £116,400
- C: £120,000 (no effect on profit)
- D: £112,800

**Question 16 — [Financial Accounting / Trial Balance Reconciliation]**

Before correcting the year-end errors, the draft profit of Vanguard Retail 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 17 — [Financial Accounting / VAT Computations]**

A retail store, Crown Paper 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 Crown Paper 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 18 — [Financial Accounting / Double-Entry Bookkeeping]**

At 31 March, the bank statement of Alpha Properties Ltd shows a credit balance of £16,800. Unpresented checks total £4,200, and outstanding uncleared lodgements total £2,100. What is the reconciled balance that should appear in Alpha Properties Ltd's cash book?

- A: £14,700
- B: £18,900
- C: £23,100
- D: £10,500

**Question 19 — [Financial Accounting / Double-Entry Bookkeeping]**

For the year ended 31 December, Crest Hotels Ltd paid rent of £12,600. At the year-end, the company had an outstanding electricity invoice of £1,050 which has not yet been paid. What are the adjusting entries required at the year-end to record this accrual?

- A: Debit Accruals £1,050, Credit Electricity Expense £1,050
- B: Debit Electricity Expense £1,050, Credit Accruals (Liabilities) £1,050
- C: Debit Cash £1,050, Credit Electricity Expense £1,050
- D: Debit Electricity Expense £1,050, Credit Prepayments (Assets) £1,050

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

A grocery distributor, Alpha Properties Ltd, recorded net sales of £88,000 for standard-rate products (20% VAT) and £44,000 for zero-rated food products. What is the total output VAT generated on these sales?

- A: £17,600
- B: £26,400
- C: £8,800
- D: £0 (all food products are exempt from output VAT)

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## ■ 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;=88>

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.