



Applaa SQE Practice Mock 36

Mock Practice Exam Booklet

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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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Section 1: Practice Questions

Question 1 — [FLK1 / Business Law and Practice]

A director of Vanguard Industries plc (a private company limited by shares) wants to allot new shares to a new investor (Nathan) to raise capital of £25,000. The company has only one class of ordinary shares. Under the Companies Act 2006, which of the following is correct regarding the director's authority to allot these shares?

- A:** The director has automatic statutory authority to allot the shares without shareholder approval under Section 550, unless restricted by the articles.
- B:** The director must always obtain authorization by ordinary resolution of the shareholders under Section 551.
- C:** The director must obtain authorization by special resolution of the shareholders to allot any shares.
- D:** The director requires the approval of the Board of Trade before allotting any class of shares.
- E:** Authority is only required if the allotment would cause the company to exceed its authorised share capital as stated in the memorandum.

Question 2 — [FLK1 / Contract Law]

James offered to sell a printing press to Daniel for £150,000. Daniel replied: 'I accept your offer, but I will pay £135,000.' James did not respond. Two days later, Daniel wrote to James saying: 'I accept your original offer of £150,000.' Is there a binding contract between James and Daniel?

- A:** Yes, because the second letter constituted a valid acceptance of the original offer.
- B:** Yes, because the original offer remained open and had not been revoked by the offeror.
- C:** No, because the counter-offer of the lower price killed the original offer, meaning it could no longer be accepted.
- D:** No, because a contract for sale of goods must be made in writing signed by both parties.
- E:** Yes, because the offeror's silence on the counter-offer constituted acceptance of the lower price.

Question 3 — [FLK1 / Business Law and Practice]

The directors of Omega Holdings Ltd wish to allot new ordinary shares for cash. The company's articles do not exclude pre-emption rights. Which of the following resolutions of the shareholders is required to disapply the statutory pre-emption rights under the Companies Act 2006?

- A:** An ordinary resolution with a simple majority (over 50%).
- B:** A special resolution with a 75% majority of votes cast.
- C:** A written resolution signed by 100% of the shareholders.
- D:** An extraordinary resolution requiring a 90% majority.
- E:** No resolution is required; the directors can disapply pre-emption rights by a board resolution.

Question 4 — [FLK1 / Contract Law]

Yasmine offered to sell an office building to Isabella for £1,500. Isabella replied: 'I accept your offer, but I will pay £1,350.' Yasmine did not respond. Two days later, Isabella wrote to Yasmine saying: 'I accept your original offer of £1,500.' Is there a binding contract between Yasmine and Isabella?

- A:** Yes, because the second letter constituted a valid acceptance of the original offer.
- B:** Yes, because the original offer remained open and had not been revoked by the offeror.
- C:** No, because the counter-offer of the lower price killed the original offer, meaning it could no longer be accepted.
- D:** No, because a contract for sale of goods must be made in writing signed by both parties.
- E:** Yes, because the offeror's silence on the counter-offer constituted acceptance of the lower price.

Question 5 — [FLK1 / Business Law and Practice]

A director of Meridian Group Ltd (a private company limited by shares) wants to allot new shares to a new investor (Victor) to raise capital of £95,000. The company has only one class of ordinary shares. Under the Companies Act 2006, which of the following is correct regarding the director's authority to allot these shares?

- A:** The director has automatic statutory authority to allot the shares without shareholder approval under Section 550, unless restricted by the articles.
- B:** The director must always obtain authorization by ordinary resolution of the shareholders under Section 551.
- C:** The director must obtain authorization by special resolution of the shareholders to allot any shares.
- D:** The director requires the approval of the Board of Trade before allotting any class of shares.
- E:** Authority is only required if the allotment would cause the company to exceed its authorised share capital as stated in the memorandum.

Question 6 — [FLK1 / Tort Law]

A claimant was injured when a defendant (Lucas), who was engaged in delivering expired pharmaceuticals, caused an accident. The defendant admits they owed the claimant a duty of care and breached it, but argues that the claimant's own negligence contributed to the injury. Under the Law Reform (Contributory Negligence) Act 1945, what is the legal effect of contributory negligence?

- A:** It acts as a complete defense, and the claimant receives no damages.
- B:** It reduces the claimant's damages to the extent that is just and equitable, reflecting the claimant's share of responsibility.
- C:** It has no effect on damages but requires the claimant to pay the defendant's legal costs.
- D:** It shifts the burden of proof to the claimant to show that they took all reasonable precautions.
- E:** It renders the claim null and void, requiring allocation to criminal arbitration.

Question 7 — [FLK1 / Contract Law]

Grace offered to sell a printing press to Wendy for £500. Wendy replied: 'I accept your offer, but I will pay £450.' Grace did not respond. Two days later, Wendy wrote to Grace saying: 'I accept your original offer of £500.' Is there a binding contract between Grace and Wendy?

- A: Yes, because the second letter constituted a valid acceptance of the original offer.
- B: Yes, because the original offer remained open and had not been revoked by the offeror.
- C: No, because the counter-offer of the lower price killed the original offer, meaning it could no longer be accepted.
- D: No, because a contract for sale of goods must be made in writing signed by both parties.
- E: Yes, because the offeror's silence on the counter-offer constituted acceptance of the lower price.

Question 8 — [FLK1 / Dispute Resolution]

A claimant (Victor) makes a valid CPR Part 36 settlement offer to the defendant (Katelyn) of £95,000. The defendant rejects the offer. The case goes to trial, and the claimant wins, obtaining judgment of £109,249. What is the primary costs consequence under Part 36?

- A: The claimant must pay the defendant's costs on the indemnity basis.
- B: The defendant must pay the claimant's costs on the indemnity basis, plus interest on those costs, from the expiry of the relevant offer period.
- C: The court will split the trial costs equally between both parties.
- D: All costs recovery is capped at the Small Claims Track limit.
- E: The defendant is immune to costs penalties because they defended the claim in good faith.

Question 9 — [FLK1 / Dispute Resolution]

A claimant (Matthew) has applied for summary judgment against a defendant (Isabella) under CPR Part 24. What is the test that the court must apply to determine whether summary judgment should be granted?

- A: The claimant must prove the case beyond all reasonable doubt.
- B: The defendant has no real prospect of successfully defending the claim, and there is no other compelling reason why the case should be disposed of at trial.
- C: The value of the claim must be less than £10,000.
- D: The defendant has failed to acknowledge service of the claim form within 14 days.
- E: The dispute involves questions of international law.

Question 10 — [FLK1 / Tort Law]

A driver (Fredrick) crashes into a pedestrian (Fiona) who is crossing the street, causing physical injuries. To establish negligence, the claimant must show that the defendant owed them a duty of care. How does the court establish if a duty of care exists for physical damage caused by positive actions?

- A: By applying the three-stage Caparo test including fair, just, and reasonable criteria in every case.
- B: By finding that the case falls within an established duty category (such as road users to other road users) where a duty is automatically owed (Robinson v Chief Constable of West Yorkshire).
- C: By checking if the defendant signed a voluntary duty registration form.
- D: By proving the defendant intended to cause physical harm.
- E: By allocating the claim to the Fast Track under CPR guidelines.

Question 11 — [FLK1 / Business Law and Practice]

A director of Vanguard Industries plc is considering entering into a contract on behalf of the company where they have a personal interest. Under Section 177 of the Companies Act 2006, what is the director's primary duty regarding this conflict?

- A:** They must resign immediately from the board of directors.
- B:** They must declare the nature and extent of their interest to the other directors before the transaction is entered into.
- C:** They must obtain a court order approving the transaction.
- D:** They must transfer their shares in the company to a blind trust.
- E:** They must obtain unanimous shareholder consent at a general meeting.

Question 12 — [FLK1 / Tort Law]

An employee of Delta Builders Ltd negligently injures a customer (Helen) while driving a company delivery van to make a scheduled delivery. The customer sues Delta Builders Ltd. What is the legal doctrine that allows the employer to be held liable, and what is the test?

- A:** Res Ipsa Loquitur; requires showing the van was in a defective condition.
- B:** Vicarious liability; requires showing that the employee committed a tort in the course of their employment.
- C:** Strict liability; requires showing the employer acted with malicious intent.
- D:** Privity of liability; requires a signed agreement between the employer and the customer.
- E:** Contributory liability; requires allocating the claim to the Multi-Track.

Question 13 — [FLK1 / Contract Law]

A seller (Laura) negligently makes a false statement of fact regarding the turnover of a business to a buyer (Samuel), inducing them to buy it. The buyer subsequently discovers the fraud. Which of the following describes the remedies available under the Misrepresentation Act 1967?

- A:** The contract is automatically void, and the seller must be prosecuted criminally.
- B:** Rescission of the contract and/or damages under Section 2(1) of the Act.
- C:** The buyer can only recover damages and has no right to rescind the contract under any circumstances.
- D:** The contract is binding, and no remedy is available since the buyer should have checked the accounts (caveat emptor).
- E:** The seller is required to perform specific performance of the turnover projection.

Question 14 — [FLK1 / Contract Law]

A shopkeeper (Nathan) places a designer coat in the shop window with a price tag of £150,000. A customer (Samuel) enters the shop, places the cash on the counter, and demands to buy the item. The shopkeeper refuses to sell it. Is there a binding contract?

- A:** Yes, because placing the item in the window was a unilateral offer that was accepted by the customer's cash payment.
- B:** No, because the display of goods in a shop window is an invitation to treat, not an offer. Refusing to sell does not breach any contract (*Fisher v Bell*).
- C:** Yes, because consumer protection laws force retailers to sell all displayed items automatically.
- D:** No, because contracts for sales in shops require a written signed document.
- E:** Yes, because the shopkeeper was silent when the customer entered, constituting acceptance.

Question 15 — [FLK1 / Tort Law]

A driver (Zoe) crashes into a pedestrian (Arthur) who is crossing the street, causing physical injuries. To establish negligence, the claimant must show that the defendant owed them a duty of care. How does the court establish if a duty of care exists for physical damage caused by positive actions?

- A:** By applying the three-stage Caparo test including fair, just, and reasonable criteria in every case.
- B:** By finding that the case falls within an established duty category (such as road users to other road users) where a duty is automatically owed (*Robinson v Chief Constable of West Yorkshire*).
- C:** By checking if the defendant signed a voluntary duty registration form.
- D:** By proving the defendant intended to cause physical harm.
- E:** By allocating the claim to the Fast Track under CPR guidelines.

Question 16 — [FLK1 / Tort Law]

A driver (James) crashes into a pedestrian (Georgia) who is crossing the street, causing physical injuries. To establish negligence, the claimant must show that the defendant owed them a duty of care. How does the court establish if a duty of care exists for physical damage caused by positive actions?

- A:** By applying the three-stage Caparo test including fair, just, and reasonable criteria in every case.
- B:** By finding that the case falls within an established duty category (such as road users to other road users) where a duty is automatically owed (*Robinson v Chief Constable of West Yorkshire*).
- C:** By checking if the defendant signed a voluntary duty registration form.
- D:** By proving the defendant intended to cause physical harm.
- E:** By allocating the claim to the Fast Track under CPR guidelines.

Question 17 — [FLK1 / Tort Law]

A driver (Oliver) crashes into a pedestrian (Mia) who is crossing the street, causing physical injuries. To establish negligence, the claimant must show that the defendant owed them a duty of care. How does the court establish if a duty of care exists for physical damage caused by positive actions?

- A:** By applying the three-stage Caparo test including fair, just, and reasonable criteria in every case.
- B:** By finding that the case falls within an established duty category (such as road users to other road users) where a duty is automatically owed (*Robinson v Chief Constable of West Yorkshire*).
- C:** By checking if the defendant signed a voluntary duty registration form.
- D:** By proving the defendant intended to cause physical harm.
- E:** By allocating the claim to the Fast Track under CPR guidelines.

Question 18 — [FLK1 / Dispute Resolution]

A claimant (Lucas) makes a valid CPR Part 36 settlement offer to the defendant (Sophia) of £5,000. The defendant rejects the offer. The case goes to trial, and the claimant wins, obtaining judgment of £5,750. What is the primary costs consequence under Part 36?

- A:** The claimant must pay the defendant's costs on the indemnity basis.
- B:** The defendant must pay the claimant's costs on the indemnity basis, plus interest on those costs, from the expiry of the relevant offer period.
- C:** The court will split the trial costs equally between both parties.
- D:** All costs recovery is capped at the Small Claims Track limit.
- E:** The defendant is immune to costs penalties because they defended the claim in good faith.

Question 19 — [FLK1 / Business Law and Practice]

A director of Genesis Consulting Ltd (a private company limited by shares) wants to allot new shares to a new investor (George) to raise capital of £150,000. The company has only one class of ordinary shares. Under the Companies Act 2006, which of the following is correct regarding the director's authority to allot these shares?

- A:** The director has automatic statutory authority to allot the shares without shareholder approval under Section 550, unless restricted by the articles.
- B:** The director must always obtain authorization by ordinary resolution of the shareholders under Section 551.
- C:** The director must obtain authorization by special resolution of the shareholders to allot any shares.
- D:** The director requires the approval of the Board of Trade before allotting any class of shares.
- E:** Authority is only required if the allotment would cause the company to exceed its authorised share capital as stated in the memorandum.

Question 20 — [FLK1 / Dispute Resolution]

A claimant (Quinn) makes a valid CPR Part 36 settlement offer to the defendant (James) of £18,500. The defendant rejects the offer. The case goes to trial, and the claimant wins, obtaining judgment of £21,275. What is the primary costs consequence under Part 36?

- A:** The claimant must pay the defendant's costs on the indemnity basis.
- B:** The defendant must pay the claimant's costs on the indemnity basis, plus interest on those costs, from the expiry of the relevant offer period.
- C:** The court will split the trial costs equally between both parties.
- D:** All costs recovery is capped at the Small Claims Track limit.
- E:** The defendant is immune to costs penalties because they defended the claim in good faith.

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