



REPUBLIC OF KENYA



# COUNCIL OF LEGAL EDUCATION

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## EXAMINATION FOR ADMISSION TO THE ROLL OF ADVOCATES

REGISTRATION

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NUMBER:

CENTRE:  Co-operative University  JKUAT  Kenya School of Law

### ATP108: COMMERCIAL TRANSACTIONS

Examination Series: April 2026

Date: 20<sup>th</sup> April 2026

Time: 09:00AM - 12:00PM

Duration: 3 hours

#### Instructions to Candidates:

- Enter your registration number and tick the exam Centre in the space provided.
- Answer **FIVE (5)** questions, including question **ONE**, which is **COMPULSORY**.
- Question **ONE** carries **20 Marks**. All other questions carry **10 Marks** each.
- Attempt each question in the space provided.
- Answers **MUST** be supported by relevant statutory provisions and case law where required.
- Do not write your name in the booklet.
- Ensure your handwriting is **LEGIBLE**.



**FOR EXAMINER'S USE ONLY**

Question Number	Examiner		Internal Moderator		External Moderator		Quality Assurer	
	Mark	Initials	Mark	Initials	Mark	Initials	Mark	Initials
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<b>Total Marks</b>								

**QUESTION ONE**

Zenta Commercial Bank ('ZCB Bank') is a bank registered and operating in Kenya. Listern Company Limited ('Listern') is a development company also registered and operating in Kenya. In the year 2019, Listern purchased prime property in the leafy suburbs of Karen, Nairobi Kenya for purposes of erecting high-end apartments. Listern then approached ZCB Bank for a loan facility to finance the development which ZCB agreed to do. The loan between ZCB Bank and Listern was secured by way of a fixed charge over Listern's entire Karen land. ZCB Bank proceeded to register the charge. Upon completion of the construction, some of the apartments were sold and the remaining ones continue to be rented out, pending their sale.

On 1<sup>st</sup> September 2025, Zahra, a successful business lady working in Mombasa decided to relocate her family to Nairobi and identified one of Listern's Karen apartments as the ideal place for her family. Zahra wanted to buy the apartment but decided to first fit it out. It was therefore agreed orally between Listern and Zahra that Zahra would first move into the specific apartment she had identified as a tenant pending crystallization of the purchase negotiations. It was also agreed that should the discussions crystallize, the rent already paid would be

converted to operate as part payment of the purchase price. Should the negotiations however collapse, Zahra would be entitled to either continue to stay as a tenant or vacate whereupon she would be entitled to reimbursement of her entire rent deposit, subject to any necessary renovation costs. Before moving in, Zahra paid rent for September and deposit equivalent to two months' rent. She continued to pay monthly rent while continuing negotiations.

On 17<sup>th</sup> December 2025, ZCB Bank declared that Listern had defaulted its loan obligations to the tune of Kshs. 1,000,000,000/-. ZCB Bank started sending unruly people around Listern's apartments, and these people have been disrespecting the owners and occupants of Listern Court. Under the circumstances, Zahra is no longer enjoying her stay at Listern. She has therefore issued notice to vacate the premises and also communicated that the negotiations for purchase have collapsed.

Advise Listern on the following issues:

- a. What options the bank has towards recovering the outstanding loan amount, and what such process would entail. **(3 marks)**
- b. What is Zahra's legal status in relation to the refundable deposit against Listern? **(2 marks)**
- c. What options Zahra has towards recovering her rent deposit in the event that Listern is unable to refund the rent deposit and how this relates to recovery by ZCB Bank. **(2 marks)**
- d. Before the troubles began, Listern was in conversation with Mavazi Enterprises, an international brand, on the possibility of Listern selling some of the Mavazi brand items in Kenya. Advise Listern on what type of agreement this would entail, and draft the agreement covering any four basic elements. **(5 Marks)**
- e. Listern indicates that on 13<sup>th</sup> December 2025, while intending to make payment of Kshs. 800,000/- to ZCB Bank through a mobile money application, Listern erroneously credited the money to another person who happened to be a customer of Taulo Bank. Upon realization of the error, Listern informed the mobile money operating company requesting a reversal of the transaction. The







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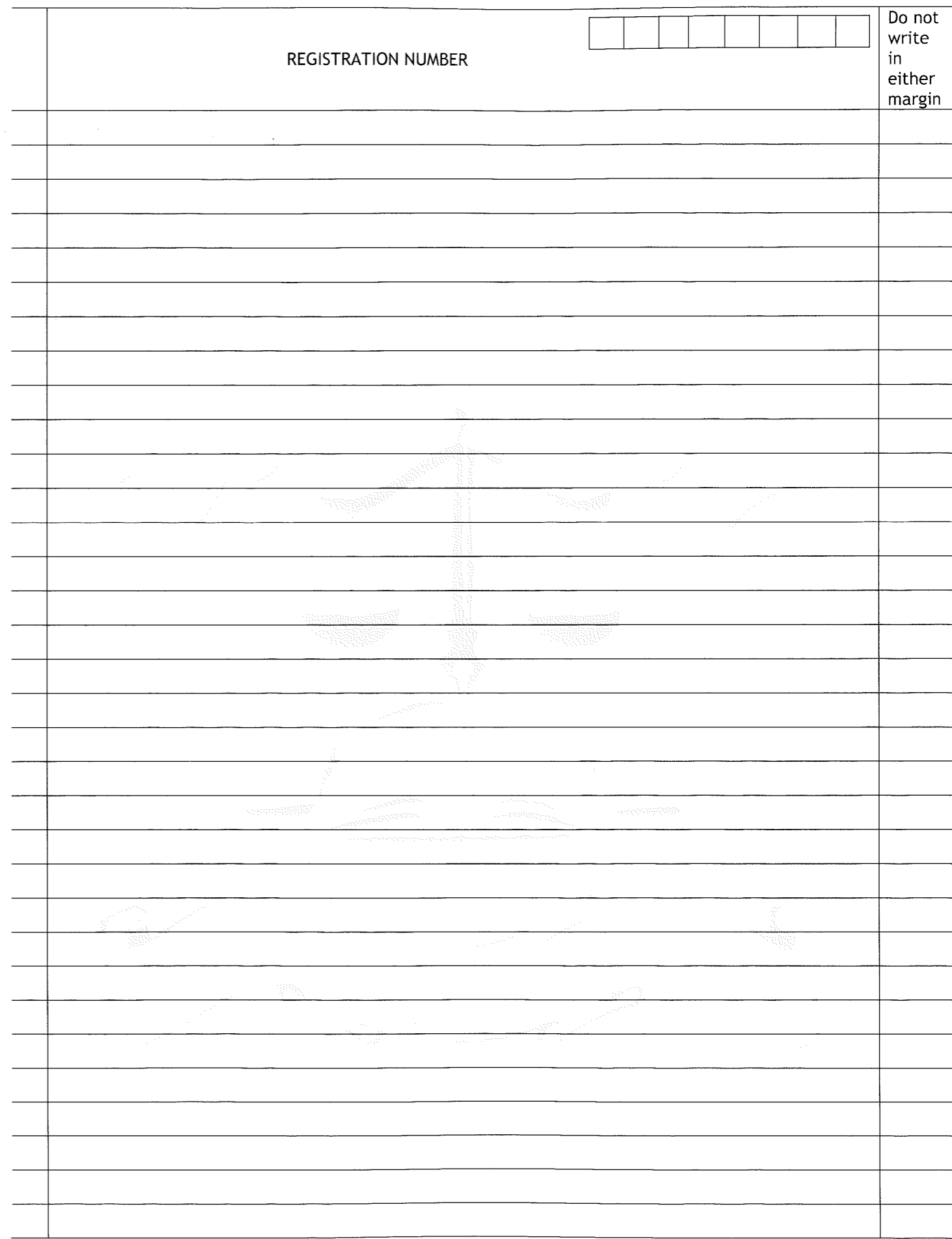
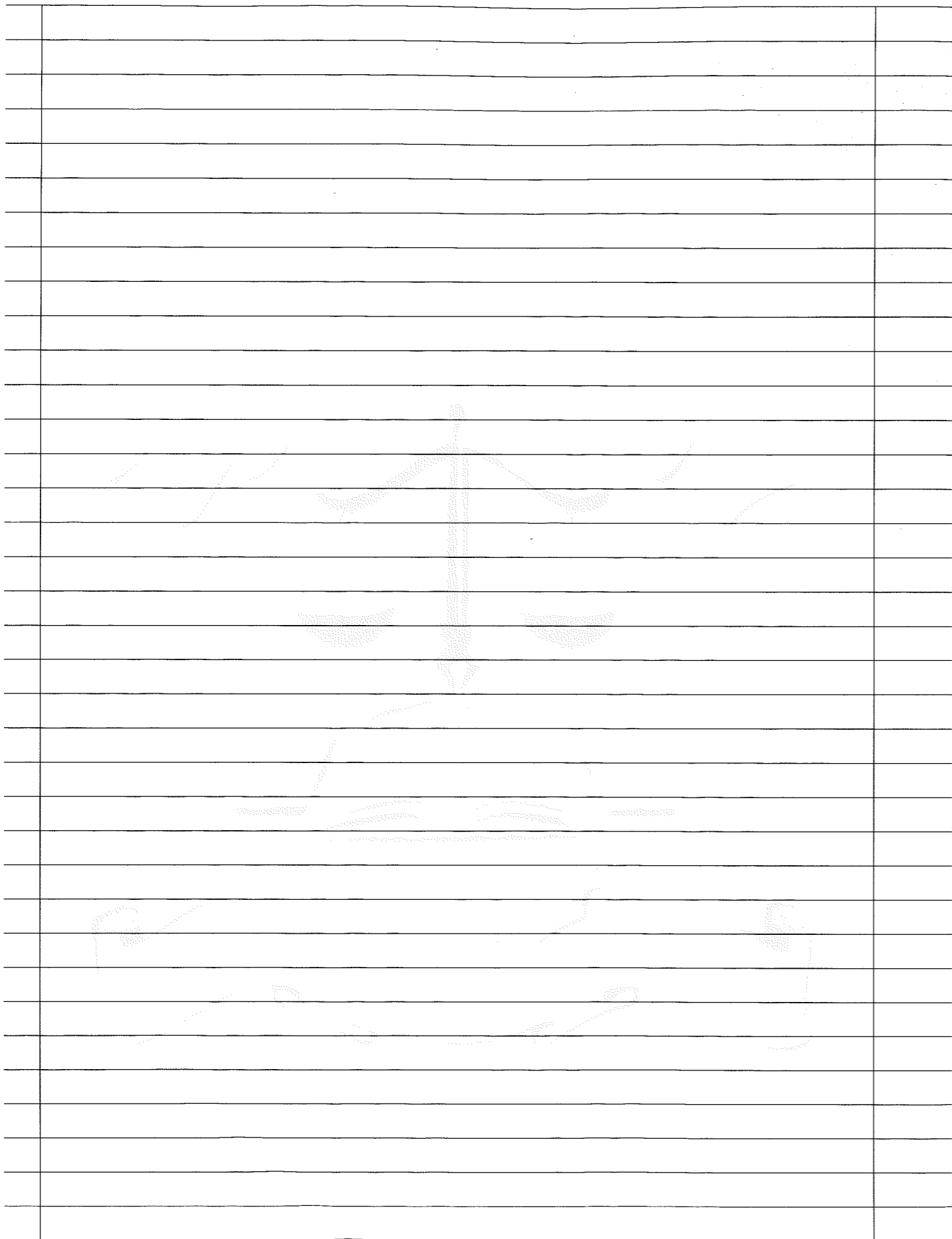
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#### QUESTION FOUR

Mapesa was adjudged bankrupt by the court two years ago. At the point of him approaching the court to Petition for bankruptcy his stationery business which had been booming years back had gone under. Mapesa's problems were further compounded after he became a government supplier and was awarded a tender to supply stationery to schools in the former Northern Frontier Districts by the Ministry of Education. While Mapesa is not from the Northern part of Kenya, which was a requirement for one to supply the stationery in Northern Kenya, he was able to alter his CR-12 and include a Mr. Mohammed as a Director of the Company. Due to the decrease in capitation and a focus to improve the infrastructure in schools, suppliers of non-essential goods including Mapesa were placed on a waiting list. Eventually, governments changed, and Mapesa's debt was categorized as a pending bill. These financial constraints had a ripple effect on his family and sadly he parted ways with his wife with whom they had three school going children. His wife took him to the Children's Court and obtained a decree for maintenance of the children. Mapesa is also convicted of a traffic offence and is to pay a court fine of Kshs. 50,000. Two years down the line things are looking promising as the government has started clearing the pending bills.

- a) Mapesa has approached you seeking legal advice on how he can have a fresh start. Proceed and advise Mapesa citing relevant provisions of the law. **(5 Marks)**
- b) Mapesa has been informed that after the court has granted him a fresh start, he will continue to meet some other obligations. He seeks to understand these obligations under the law and has sought your counsel.  
Explain to Mapesa these obligations. **(3 Marks)**
- c) Asses Mapesa's chances of success in his application for a fresh start before the court. **(2 Marks)**



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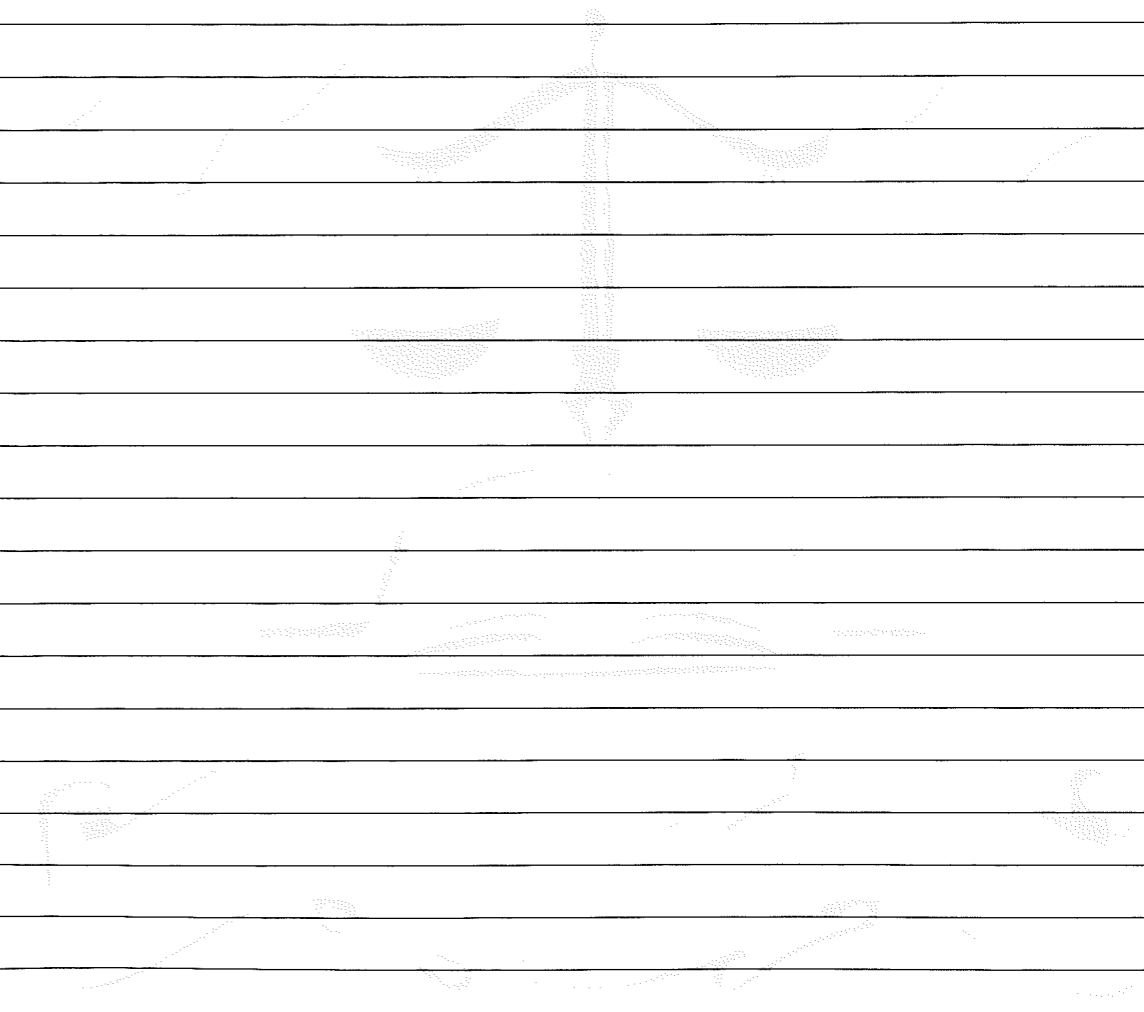
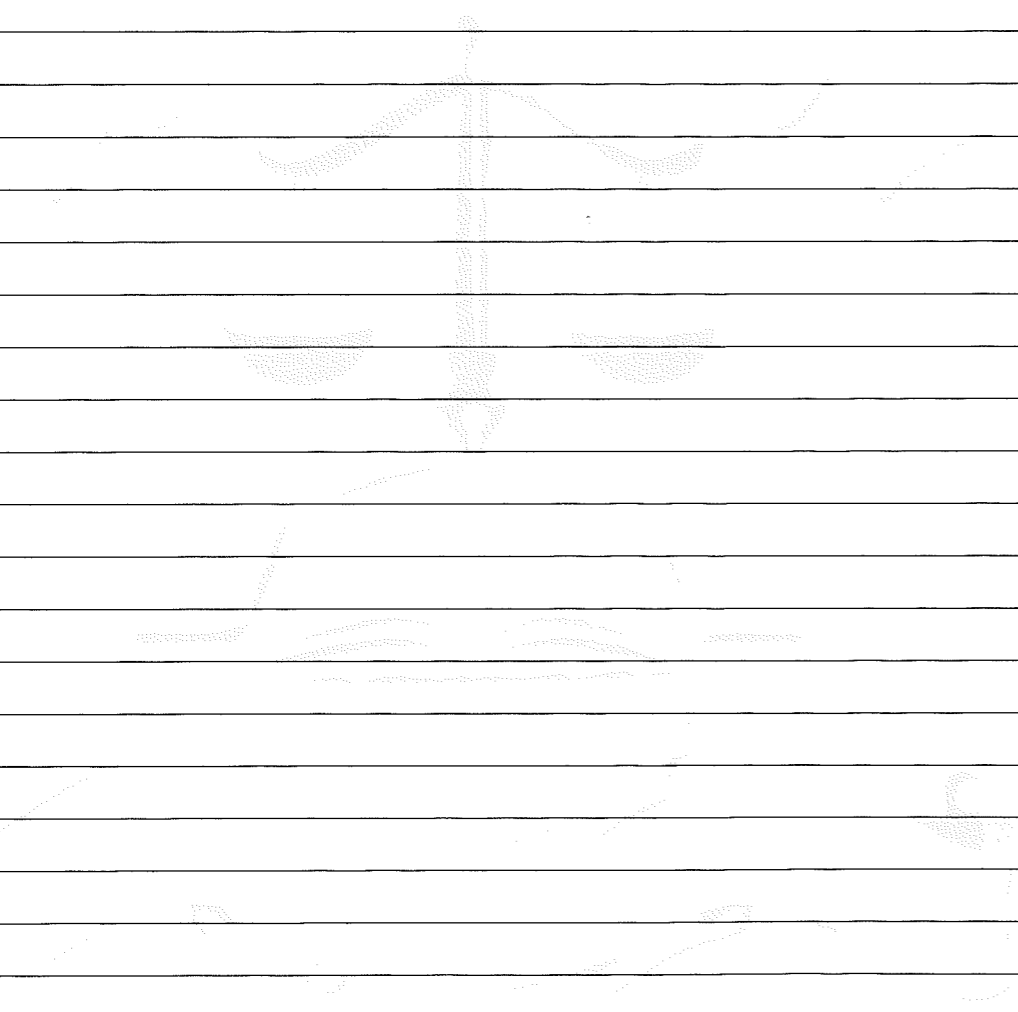
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