



TUESDAY 21ST MAY - MORNING

SHIP SALE AND PURCHASE

Time allowed – three hours

Answer any FIVE questions – all questions carry equal marks

Please read the questions carefully before answering

1. Buyers and sellers have entered into an agreement for the sale of a secondhand vessel, agreed and signed a Memorandum of Agreement, and the buyers have lodged the deposit. The Agreement includes buyers' option to arrange for an underwater inspection by divers prior to the delivery of the vessel.

Using a Saleform of your choice, describe the obligations of both buyers and sellers if the buyers choose to exercise this option.

2. The IMO has ratified new rules on compliant fuels which are due to come into force on 1st January 2020. Discuss the possible effects on the sale and purchase market both before and after the implementation date.
3. Identify and briefly explain the documents that buyers should expect from the sellers on delivery of a secondhand product tanker, both at the documentary closing meeting and on board the vessel.
4. Answer **ALL** parts of the question;
 - a) Provide a detailed written description of a Suezmax tanker as would appear on a typical secondhand sale and purchase circular stating size, dimensions, machinery and other significant equipment and features.
 - b) Draw a profile and a cross-section of the vessel showing the layout of the vessel clearly, labelling the dimensions and other significant parts of the vessel.
 - c) On the world map provided show **THREE** typical trade routes for the vessel.

PLEASE TURN OVER

5. Evaluate the different choices investors have when raising money to invest in ship owning.

6. Answer **ALL** parts of the question;
 - a) What factors does a broker take into consideration when valuing a vessel?
 - b) How do brokers protect themselves when issuing a valuation certificate?
 - c) Who would require a vessel valuation certificate and why?

7. Using a shipbuilding country of your choice, explain the usual downpayments made by buyers under newbuilding contracts and analyse why the timing and proportions may vary under different market conditions.

8. For a ship type of your choice, describe and explain the importance of the information that a buyer should reasonably expect to receive from the sellers via their broker about a vessel that has been circulated openly in the market for sale, prior to inspecting the vessel or its class records.