



INSTITUTE OF CHARTERED SHIPBROKERS

APRIL 2011 EXAMINATIONS

THURSDAY 14 APRIL – AFTERNOON

SHIP SALE & PURCHASE

Time allowed – Three hours

Answer any **FIVE** questions – All questions carry equal marks

1. Upon successful completion of negotiations for a second-hand ship for further trading, a Buyer is required to pay a deposit according to the agreed terms of the Deposit Clause. Using the Norwegian Saleform 1993 as your MOA, clearly detail the terms of this Clause. Briefly outline how the Deposit Clause influences and interrelates with the other Clauses within this MOA.
2. Your Principal is looking to expand his present fleet and has shown interest in a second-hand ship that has come on to the market. As his exclusive Broker, he has asked you to draft a suitable opening offer covering him for 1% Address Commission. Set out the full terms of this initial offer to be sent to the Seller's Broker using an imaginary company and ship of your choice.
3. Comment on and discuss what is meant by **ALL** of the following terms in the context of the newbuilding market:
 - (a) Building Risk Insurance Policy.
 - (b) Payment Terms under a newbuilding contract.
 - (c) Guarantee Engineer.
 - (d) Slippage.
4. In a second-hand ship sale, one of the main areas of dispute between a Buyer and a Seller are the items that are included and/or excluded in the sale. Fully discuss, in all respects, the workings of the 'Spares/bunkers, etc.' Clause contained in the NSF 1993. Suggest suitable amendments/wording that could be added to this Clause to protect the Buyer's interest.
5. You are requested by your Principal to place his 25 year old Capesize Bulk Carrier on to the demolition market. Analyze the important details you would need to know in order to sell the ship to potential scrap merchants. Comment on the way you would advertise the sale and how as a Broker you would avoid any misrepresentation on your part.
6. Give a full written description of a Suezmax covering all aspects of this particular size of oil tanker. Illustrate your answer by producing comprehensive fully labelled drawings of both the ship and tank layout. Using the world map provided show the main trading routes for this Suezmax along with **NAMED** loading and discharge Ports.

please turn over

7. At the place of closing and on board the ship at the intended place of delivery, there will be an exchange of documentation between the Seller and the Buyer. Using a ship (for further trading) and a Memorandum of Agreement of your choice describe the full range of documents that can normally be expected to be produced by both parties.
8. In the present economic climate, asset values are closely monitored. As a Broker specialising in Valuations, please address **ALL** of the following:
 - (a) What are the factors that you would take into consideration to obtain the value of a ship of your choice?
 - (b) When giving a valuation, as a Broker how would you legally protect yourself?
 - (c) Apart from Shipowners, who else may contact you for your Valuation Services?