



THURSDAY 5TH NOVEMBER 2015 – AFTERNOON

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. Explain how a sale and purchase broker may become involved in changing a ship's registration during a secondhand transaction, and analyse the documentation the buyers would require to be provided by the sellers to arrange a transfer of title of the vessel on delivery.

2. Answer **ALL** parts of the question.

Demand for post-panamax vessels is increasing.

a) Provide a detailed written description of a post-panamax containership of your choice, including an explanation of why their popularity is increasing.

b) Draw a profile and cross-section of the ship showing the layout and labelling the significant parts of the vessel.

c) On the world map provided show one route of a typical liner service for this type of vessel including ports.

3. Due diligence by buyers is very important when purchasing a vessel in the second-hand market. For a ship type of your choice, describe what information would a buyer reasonably expect to receive from the sellers via their broker about a vessel openly in the market for sale without officially declaring their interest to the sellers, and prior to making an offer.

4. Pre-purchase inspection of both the classification society records and physical inspection of the vessel are important elements in the sales process of a second-hand vessel.

Using a Saleform of your choice, compare and contrast the choices open to the buyers in the relevant clause, paying attention to the implications it has on other clauses.

PLEASE TURN OVER

5. Answer **BOTH** parts of the question
- a) Explain how a sale and purchase broker may face problems by passing on false or inaccurate information to their principals.
- b) What can they do to protect themselves and their principals from legal action?
6. Fresh newbuilding orders are greatly reduced in 2015. Identify the main centres of shipbuilding activity in the world and discuss the steps that shipyards can take to ensure survival and increase market share.
7. 'Subjects' are often used in all types of sale and purchase negotiations by both buyers and sellers. Give three examples, commenting on the risks for both parties when they are included in offers and counter-offers.
8. A buyer has inspected a vessel and its class records, and accepted it. They have then entered into outright negotiations with the sellers, agreeing and signing a Memorandum of Agreement. Using a Saleform of your choice, identify the areas where the buyer can be in default up to and including delivery, and discuss the remedies available to the sellers in these cases.