



**THURSDAY 21<sup>ST</sup> APRIL 2016 – 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. Answer **ALL** parts of the question.
  - a) Write a detailed written description of a Large Range I (LRI) product tanker as found in a typical sales message circulated by a seller's broker;
  - b) Briefly discuss the implications of the sale of a ship which has been trading dirty petroleum products since delivery as a newbuilding;
  - c) Draw the profile and midship cross section of a typical Large Range I product carrier;
  - d) On the world map provided, using different loading and discharge ports, show **TWO** typical trading routes for this vessel.

2. Your client is interested in buying a second hand vessel and has instructed you to offer with a price 'subject further terms to be agreed'.

Write to your client briefly explaining why sale and purchase offers are normally drawn up on a full terms basis, and provide them with an example of a full terms offer for their consideration.

3. In the sale of a second hand vessel, sellers provide buyers with delivery documentation to complete the sale. Identify and analyse the documents issued to prove freedom from encumbrances.
4. Buyers and sellers have entered into an agreement for the sale of a second hand vessel, agreed and signed a Memorandum of Agreement, and the buyers have lodged the deposit. However, despite their best efforts the sellers will be unable to issue Notice of Readiness before the cancelling date. Using a saleform of your choice, explain the options available to the buyers in such a situation, and the consequences to the sellers.

**PLEASE TURN OVER**

5. Answer **BOTH** parts of the question.

Buyers and sellers have entered into an agreement for the sale of a second hand vessel, agreed and signed a Memorandum of Agreement which includes the right of the buyers to place their representatives on board. Using a saleform of your choice:

- a) Describe in detail the function of the relevant clause;
- b) Suggest and draft a suitable amendment to the standard wording that could further protect sellers' interests.

6. Using a saleform of your choice, describe the problems faced by buyers when attempting to lodge a deposit in the buyer's and seller's names during a second hand sale, and the solutions available to them.

7. A sale and purchase shipbroker's working life can involve many different people and organisations. Choosing **TWO** out of the following, analyse their roles in relation to all aspects of ship sale and purchase.

- i) Lawyers;
- ii) Bankers;
- iii) Flag state Registries;
- iv) Classification Societies.

8. Analyse the different factors that can affect ship values in the dry bulk sale and purchase market.