



TUESDAY 22nd 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. Identify and explain the function of the documentation that the sellers would be required to provide at the closing meeting of the sale of a secondhand bulk carrier active in the grain trades.

2. Answer **ALL** parts of the question:
 - a) Provide a detailed written description of a capesize bulk carrier stating size, cargo capacity, dimensions, machinery and other significant features.
 - b) Draw a profile and cross-section 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 trading routes for ONE cargo of your choice, using different loading and discharge ports in each case.

3. Your client, a potential buyer, physically inspected a secondhand vessel during which they noted a spare propeller on board. Following negotiations the buyers and sellers both signed a Memorandum of Agreement which included the following wording:

“All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of inspection used or unused, whether on board or not shall become the Buyers' property, but spares on order are excluded.”

The buyers subsequently lodged the deposit, but prior to delivery their representatives discovered that the spare propeller was no longer on board the vessel.

Using a Saleform of your choice, write to your client outlining their rights and suggest what course of action they should take.

PLEASE TURN OVER

4. Buyers and sellers have agreed all terms for the sale of a secondhand vessel on an outright basis, and both parties have signed and exchanged a Memorandum of Agreement, and the buyers have lodged the deposit. Prior to delivery, however the sellers notify the buyers that the vessel will be delayed and will miss her cancelling date. Using a Saleform of your choice explain the buyers' options and rights.

5. For a ship type of your choice, identify the countries that specialise in constructing that type of vessel and discuss the advantages and disadvantages of building in ONE of those countries.

6. The Ballast Water Management Convention, adopted by the IMO in 2004, is in force. Briefly explain the requirements of this convention and analyse the potential effects on the secondhand ship sale and purchase market.

7. Your client wishes to purchase a secondhand container vessel with a long-term timecharter attached, subject to the charterers' approval. Using a Saleform of your choice:
 - a) draft a suitable clause to be inserted into the MOA which covers this subject;
 - b) explain what existing wording of the Saleform would need to be altered, and why;
 - c) analyse the additional documentation needed to evidence the transfer of the charter from sellers to buyers.

8. Write a market report discussing the current situation of the secondhand dry bulk carrier sale and purchase market.