



THURSDAY 26TH APRIL 2012 – 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. Give a detailed explanation of **all** of the following in respect of the demolition of ships:
 - a) LDT, and on what documentation can this figure be found?
 - b) Letter of Credit as a payment method
 - c) If a ship has no power of its own, what actions are needed to arrive at the scrapping location?
 - d) The beaching procedure.
2. A written Notice of Readiness has been given by Sellers to Buyers for the delivery of a second-hand ship for further trading under the terms and conditions of the NSF 1993. Detail the actions to be taken by both Sellers and Buyers to ensure the successful completion of the sale.
3. Comment on the use of 'subjects' that can be put forward by both Buyer and Seller during negotiations to buy or sell a second-hand ship for further trading.
4. Analyze the various methods of raising finance in today's markets for the purchase of a ship. Cover the purchase of both second-hand ships and newbuildings.
5. When ship valuations are falling it is important, as a broker, to ensure that both parties to the MOU, in this instance the NSF 1993, fulfill their contractual obligations to each other. Describe the clauses that offer protection to both parties if defaults occur.
6. Despite the difficult trading conditions in shipping, demand for newly built VLCCs seems to continue. Give a written description of this type of tanker with particular emphasis on the benefits to a shipowner that the purchase of a modern VLCC would bring. Illustrate your description with a fully labelled diagram of this size of tanker including a transverse cross-section of one of its tanks. On the world map provided show the main trading routes for a VLCC.

PLEASE TURN OVER

7. Knowledge and understanding of ship sale and purchase documentation is essential for any SSP Broker. Explain the printed documents of the NSF 1993 Documentation Clause and expand on the full range of paperwork that is expected to be produced by both Seller and Buyer. Select your own ship type for this second-hand transaction.
8. Comment upon the significance of **all** of the following terms:
- a) Ice Class Notation - 'Ice Class 3'
 - b) Tonnage Certificate
 - c) Freeboard
 - d) IACS Membership
 - e) Builder's Certificate