

THE INSTITUTE OF CHARTERED SHIPBROKERS

APRIL 2006 EXAMINATIONS

WEDNESDAY 12 APRIL – MORNING

SHIP SALE & PURCHASE

Time allowed – Three hours

Answer any FIVE questions – All questions carry equal marks

1. Comment on the various 'subjects' that may be part of ship sale and purchase negotiations and within the contract itself.
2. The complexities of the NSF 1993 'Drydocking/Divers Inspection' Clause requires that the Ship Sale and Purchase Broker must be fully conversant with all aspects of this Clause. Discuss in depth its content and the implications to both Buyer and Seller.
3. Discuss the reasons for describing a tanker as a 'Suezmax'. Produce comprehensive drawings of both ship and tanks to illustrate dimensions and layout. Outline the trading patterns of this size of tanker.
4. When a ship sale in the second-hand market has been agreed and concluded under the terms of the NSF 1993, the task of preparing all the required documentation commences. Relating the documents to a ship type of your choice, fully describe the full range of documentation to be prepared by the Seller and the Buyer, covering both ashore and on board the ship in order to ensure a legal transfer of title.
5. Not all ship sale and purchase transactions go smoothly. Sometimes disputes occur that can only be solved by the parties going to Arbitration. Comment in detail on the content of the Arbitration Clause contained in the NSF 1993. State at least five (5) typical disputes that could lead a Buyer and Seller to use arbitral remedy.
6. When purchasing a second-hand ship, the term 'Buyer Beware' is often referred to. Analyse its implications to Buyers. Under what kind of market conditions does this term take on a more important meaning?
7. A ship of your choice is being sold for demolition with delivery India. Explain the payment methods involved in a demolition transaction. Give a full description of the sequence of events leading up to the ship's arrival at the demolition area and the hand-over from Seller to Buyer.

P.T.O.

- 8.** With the world LNG carrier fleet due to increase significantly over the next few years, today's Ship Sale and Purchase Broker must be aware of this specialized area of shipping. Address the following:-
- (i) Name the main areas where natural gas has been found to date.
 - (ii) What factors has lead to this increasingly world demand for natural gas.
 - (iii) Describe how natural gas is transported by ship, giving a brief description of the main elements of a LNG carrier.