Overall Comments

This year’s Ship Sale and Purchase examination produced some excellent papers, with many candidates able to demonstrate a good level of knowledge on all aspects of the ship sale and purchase markets. The best essays showed a detailed understanding of the Clauses within the Norwegian Saleform 1993 (NSF 93) and of current market awareness. This can only be achieved by some serious revision of the subject. Presentation of both the report (Question 6) and essays showed an improvement on previous years which was good to note.

However, those at the bottom end of the marking scale, failed due to only being able to produce short vague answers which lacked depth of knowledge and thus reflected a real lack of revision. The questions called for in-depth detailed essays so just touching the surface of a subject is not enough to gain a pass in these examinations.

Question One – Payment Documentation & Delivery Procedure for Demolition

A popular question but with only an average pass rate achieved. Some candidates did not read the question carefully enough and spent all their time writing for example on the workings of a Letter of Credit but gave no attention to the delivery procedure of the tanker in question. Knowledge of the demolition market would cover being able to make reference to the demolition areas of India - Alang, West Coast India. These examinations do require geography. Few candidates mentioned a named contract for example BIMCO’s "DEMOLISHCON". As referred to earlier, the most commonly used method of securing payment by a Seller of a ship going for scrap is by way of a Confirmed Irrevocable Letter of Credit. Many referred to 'a certain set of documents are needed' but never said what they were. This is not the way to gain marks. Documents would include the Legal Bill of Sale, Class Certificate, or if the ship is out of class, then a Towage Certificate would be required. A very important document in a demolition sale is the Light Displacement Tonnage Certificate (LDT). As the ship type was a tanker, it was necessary to make reference to a ‘Gas-Free Certificate’ thus ensuring the ship is safe for hot works. The Beaching Procedure was missed out completely by some, a typical case of not answering all parts of a question.

Question Two – Drydocking/Divers Inspection Clause

This was the most popular question in this year’s examination. Some good sound knowledge was shown on the content of Clause 6 which was pleasing to note. This question was seeking some real in-depth knowledge on this most important Clause and the results did not disappoint. The many implications to both Buyer and Seller covering the allocation of responsibility for the costs and survey operations for both Divers Inspection and full Drydocking Inspection were well referred to. The second part of the question was also well answered. Most candidates selected a ship type and gave good examples of age, survey cycles, ports and trades. This all reflected that some thought had gone into the planning of answers.
Question Three – Post-Panamax Container Ship

A typical ship types question with the Post-Panamax Container ship being the one selected. Some first class drawings were produced with candidates clearly showing their knowledge on the layout and design of this type of ship. With a TEU capacity in the region of 9,450, this container ship will have an approx. length (LOA) of 350m and an approx breadth of 42.8m. In the written description, most candidates made reference to the use of the bow thruster to assist in manoeuvring of such a large ship in ports. However improvements need to be made on the use of the World Map provided. Too many candidates are still just drawing lines around the various countries to show trading routes with no reference to the names of countries, loading ports or discharge ports.

Question Four – Arbitration Clause

A detailed essay was required for this question on the content and workings of Clause 16 of the NSF 1993. An explanation detailing the procedure for the appointment of the Arbitrators had to be clearly discussed. Sadly, this was not always the case in this year's papers. Many candidates who selected this question had no actual knowledge on the content of Clause 16 and just used guess-work and vague ideas to describe the appointments. The second part of the question concerning possible disputes showed an improvement in the quality of answers. Several candidates not only gave good examples of disputes but they related them to the Clauses of the NSF. For example by using Clause 7 to detail possible problems over spares and bunkers.

Question Five – Explanation of Various Terms

A four-part question covering various aspects that was generally well answered.

Errors and Omissions Insurance is a form of professional indemnity insurance that protects brokers against any loss sustained due to an error or oversight on their part in the exercise of their professional activities and duties.

The duty and function of a Notary Public is to prepare, attest, authenticate and certify documents, in this case shipping documents, for use anywhere in the world.

The third part of the question referred to "The Buyers shall inspect the vessel without opening up". Top marks were awarded to the candidates who started their explanation of this statement by stating where it is to be found... Line 40 under Clause 4 - 'Inspections' of the NSF 1993. The areas that a Buyer would like to 'open-up' would be the cylinders of the main engine, crankcase, parts of generators, ballast tanks etc.

KG Finance is a ship finance alternative. It is private investor based. Investors do so principally because of tax breaks that countries like Germany offer with schemes of this nature.

Question Six – Classification & Registry

A popular question that produced some excellent Reports - Note: the question asked for the answer to be in the format of a Report. It is important that candidates read and produce what is required of them. Ship Registration was covered well with the various categories of Flag Registers discussed in detail, these being Traditional Flag State Registries, Off-Shore/International Registries and Open Registries, otherwise known as Flags of Convenience. Most candidates gave a good account of the Ship Classification Societies and the advantages of having a ship classed by a member of the International Association of Classification Societies (IACS).
**Question Seven – Ship Documents**

Detailed knowledge of Clause 8 of the NSF 1993 was required for this question and it was pleasing to note that many candidates put forward essays of a high standard in describing the full range of documents that have to be produced by both the Seller and the Buyer during a second-hand ship sale. The best essays related their Trading Certificates to the type of ship selected. Good knowledge was shown on the documentation that is outside of the printed terms of Clause 8. Examples being the Notice of Readiness (NOR), Board Resolution and Power of Attorney.

**Question Eight - Newbuilding**

Candidates had to assess the validity of this statement and it gave them the opportunity to show their market awareness of what is happening in the shipping markets and then how this knowledge would influence their answer to the question.

'Assess' requires an evaluation of the situation, a process of weighing up how important something is or how true is the statement. This question produced some intriguing essays. The highest marks went to those candidates who put forward clear, well discussed arguments either for or against the statement. Interesting to end this report with a candidate's comment - 'with every crisis, comes opportunity'......