

PREPURCHASE SURVEYS

The pre-purchase survey is conducted in order to determine the condition of a vessel. The condition of the vessel is recorded and formulated into a structured report to allow the client to make an informed financial decision, thereby reducing their liability risk.

A pre-purchase inspection ***should*** be carried out by an independent party. That is, one who has no financial, familial, or other connection to any party involved in the proposed purchase contract. Any actual or perceived conflict of interest is to be raised and recorded in accordance with the AMS conflict of interest policy.

Vessel buyers, banks, P&I clubs or underwriters do not make an assessment on the vessels condition in relation to a set of minimum standards, in the same way a class society or flag authority assesses a vessel. Reports from these parties contribute to the body of knowledge regarding the history of the vessel but do not provide our clients with the details they require in order to make an informed decision about the financial risk a vessel poses.

A pre-purchase inspection is NOT a class inspection.

The “condition” of a vessel during a pre-purchase inspection is evaluated from an owner and operators perspective. A recordable defect for a pre-purchase survey is any item found in less than new condition. Such a recordable ‘defect’ needs to be evaluated as to the degree it is degraded from new condition. Defect evaluation, while opinion of the attending surveyor, must be substantiated.

The method of reporting for a pre-purchase survey is important. The result of the survey and the client assessment may result in the following outcomes:

- The client avoids purchasing the vessel as the risk is perceived as excessive.
- The client proceeds to purchase the vessel in a stronger negotiating position. The negotiation position is enhanced by supporting information regarding; forecast in-service costs, docking periods, future charters vs maintenance periods, class periods, etc.

Any financial transaction may lead to a litigious outcome. The pre-purchase surveyor may be drawn into the litigation process as the party who witnessed, recorded and reported on condition.

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Survey Reporting

The AMS reporting format must be applied. In some cases, AMS sub-contracts to other marine survey entities. If this is the case, the client reporting format and client instructions must be followed without deviation. The surveyor is to obtain, in writing, the following for external surveys:

- Instruction to attend the vessel.
- Vessel details
- Master details
- ETA and ETD times and dates
- Agent details
- Agents are to be contacted to confirm ETA and ETD and cargo discharge and loading schedule.
- Confirmation that the owner has informed the Master of the attendance.
- Special instructions from the client
- Signed Purchase Order for services

The same information is to be obtained for AMS surveys. The client is then to provide directly;

- The intent and scope of survey and receipt of instructions from the client are to be clearly understood prior to conducting the survey.

The pre-purchase is a condition report that:

- Reflects the requested survey scope and intent
- Clearly references each of the client instructions.
- Contains statements of fact regarding condition. The report must never contain an unsubstantiated opinion. The surveyor is to use the AMS Statement of Fact form.
- No comments or recommendations are to be included that are vague or ambiguous. All statements contained in the survey report can be supported and defended in a court of law
- No recommendation regarding method of repair is to be included in the report.
- If the client wishes to receive additional services for repair methods, a separate purchase order is to be obtained and only after consultation with our office. Professional recommendations must be clearly understood as free from conflict of interest in that the surveyor is NOT attempting to garner more work by raising repair items.

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In accordance with the AMS standard reporting format the following categories are used to describe the condition of each item.

✓	Satisfactory - Condition without significant wear or deviation from original condition in relation to strength or operational efficiency. No maintenance or repair is required at the time of survey.
Note	Note to owner - Condition where survey item is found with wear and tear or other deficiencies of a minor nature. Survey items do not require immediate corrective action. Items are still able to carry out the function for which they were constructed, but require more than routine maintenance
✗	Unsatisfactory - Condition of inadequate strength or operational deficiency. Immediate repair or renewal is required to reinstate the survey item to full, as original, serviceability.
NS	Not Seen , not examined or Not made available for inspection at the time of survey.
NA	Not Applicable to this Vessel.

The following format is to be applied to record each defect.

STATEMENT OF FACT

#[FINDING NO.]	[ENTER ITEM NAME]
Checklist No.	[ENTER CHECKLIST NAME] – [ENTER CHECKLIST CROSS-REFERENCE NO.]
Rating	[ENTER CHECKLIST RATING]
Space	[ENTER ITEM LOCATION – SPACE, FRAME, P OR S, HEIGHT ABOVE DECK]
Failure	[ENTER FAILURE DESCRIPTOR]
Description	[ENTER DETAILED DESCRIPTION OF FAILURE] COMPONENT / ASSEMBLY MATERIAL EXTENT OF DEFECT / DIMENSION INTERACTION OF DEFECT WITH OTHER COMPONENTS, STRUCTURES, ASSEMBLIES DEGREE OF DEGRADATION FROM NEW CONDITION. CHECK FOR SUPPORTING INFORMATION IN DECK AND ENGINEERS LOGS
Photo	[INSERT PHOTO]

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Survey Schedule

The time required to make a detailed survey of a vessel depends on the size, access requirements, and complexity of the structure. Ideally a pre-purchase inspection should be carried out across a 4 day period of a vessel the size of a panamax.

Ships are complex structures, fitted with interactive systems. Due to time restrictions it is difficult to obtain access to all parts of a vessel in order to make a full survey. The method of survey for the structure is controlled by the vessel type.

It is important to list the limitations of the survey. The client is to be made aware that a survey is conducted in less than ideal conditions. What was not seen is as important as what was seen in order to indemnify the survey company, and allow for risk evaluation by the client.

The AMS survey statement, survey preamble and disclaimer stating the limiting conditions under which the survey was conducted is to be included in each pre-purchase survey report.

As surveyors we should strive to provide value to our clients that exceed the cost of our service.

Prior to attending the survey, the client should be specifically requested to provide instructions, limitations or items they wish to specifically have surveyed e.g

- Has thickness gauging been requested?
- Number of tank entries and specific tanks.
- Number of holds.
- Ascent of each crane.

Special attention is to be applied to;

- Items where recent maintenance has been conducted should be noted.
- Fresh paint may obscure the underlying substrate and not allow for a clear inspection.
- Anomalies that require further investigation or questions the buyer should ask of the owner for further clarification.

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Report cycle time

For our clients and therefore AMS to maintain a competitive advantage, survey information must be forwarded as soon as practical.

An immediate daily report must be forwarded to the client, if any significant findings are recorded.

The pre-purchase preliminary report must be filed within 24 hours of survey completion. This is a written report (that may require final editing) with defects recorded as required in the above defect table.

The final report, completed, reviewed, with 600-700 photos recorded is to be forwarded within 48 hours of survey completion.

- Photos should be reduced in size in order to allow for transmission to the client.
- Photos are to be separated into files by space.

In remote locations, e.g North Western Australia, Papua New Guinea, Indonesia. Communication and internet capability may be limited. This should be noted to the client prior to accepting the job in a remote location.

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CAPTAIN / CHIEF OFFICER		
1	Vessel Particulars	
2	General Arrangement drawing	
3	All Class and Statutory Certificates (suez and panama tonnage) (US financial responsibility cert)	
4	Last Class survey report	
5	Last PSC report	
6	Crew list with safe manning certificate	
7	Cargo gear register and all lifting device / gear information	
8	Lifting wire log : change out dates	
9	Last thickness gauge report	
10	Rudder Clearance measurements	
11	Tail shaft Wear-down measurements	
12	Anchor Chain calibration report	
13	Last 10 Voyages (From – To)	
14	Last 10 Cargos (Type – Quantity)	
15	Last Continuous Synopsis Record CSR	
16	Tank Capacity Plan (showing all tanks, Holds, TEU capacity, Deck loading t/m2)	
17	Cargo space dimensions	
18	Rudder Drawing	
19	Propeller Drawing	
20	Anchor Details	
21	Engine RPM vs Maneuvering (Full, Slow, Dead Slow etc)	
22	LSA equipment List Fixed and Portable firefighting (number, type, capacity) Lifeboat / Life raft type and service dates Fire suits / chemical suits / immersion / exposure / BA sets with spare bottles and BA compressor	
23	LSA Service Dates	
24	Full Navigation Equipment List	
25	Full Radio Equipment List	

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CHIEF ENGINEER		
26	Main Engine and Generator (including alternator) Details ME and Gen – performance reports, peak pressures, fuel rack measurements Performance reports in Full load and Ballast condition vs Fuel consumption. Running Hours and Overhaul interval hours for ME parts ME barred speed range. Bowthruster details	
27	Full Deck Machinery List with details of equipment, including cargo gear and lifting devices	
28	Full Engine Room Machinery List with type/capacity details, including certification for statutory equip.	
29	Full pump list	
30	Full compressor list	
31	Stern Tube and Gland details	
32	Oily water separator / Sewage plant / incinerator / boiler performance records	
33	List of workshop equipment	
34	List of Major Spares retained onboard	
35	List of outstanding or overdue Planned Maintenance system items	
36	List of incomplete service requisitions made to head office	
37	Full oil analysis reports	
38	Full Crankshaft deflection reports	
39	Full Cylinder wear down records	
40	Type of Fuel Oil, Diesel, Lube Oil used onboard.	