



EXAMINER'S REPORT

MAY 2018

INTRODUCTION TO SHIPPING

General comments:

The questions set for the April 2018 exam session was once again a comprehensive paper touching on some of the key areas in the syllabus. Students were provided with the opportunity to demonstrate their extensive knowledge on Introduction to Shipping both in theory and practice. Many students made a fair attempt at each question and completed the required five questions. This is a positive as students are improving their exam technique and time management at this stage which is an important exam technique for other ICS exams. Notwithstanding this some students struggled with the maritime geography question and were unable to locate the main canals and waterways; while others still drew shipping sea trade routes which cut across continents. Drawings, maps and diagrams were not very clear so marks were lost. Overall there was a fair attempt at this comprehensive Introduction to Shipping paper.

1. Discuss any **FOUR** International Maritime Organisation marine environmental protection conventions.

This question required students to identify four IMO marine environmental protection conventions. For this question students had to read the question carefully discuss the marine environmental conventions such as; International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto and by the Protocol of 1997 (MARPOL), the International Convention for the Control and Management of Ships' Ballast Water and Sediments, 2004, the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 or the The Nairobi International Convention on the Removal of Wrecks, 2007. IMO conventions are a critical part of Introduction to Shipping and student are expected to have a sound understanding of the main conventions.

2. Discuss what are the key functions of a bill of lading, and how do they facilitate the transportation of cargo by sea?

Students were required to discuss the functions of the bill of lading. Strong discussions were presented with the 'RED' receipt function, evidence of the contract of carriage and document of title. This evidenced good knowledge of the subject matter. Unfortunately, some students did not proceed to cover how the bill of lading facilitates the transportation of cargo by sea. A discussion on the bill of lading being used in trade finance and Letters of Credit along with it allowing commodities to be traded amongst multiple parties while the cargo is in transit would have been a useful point to cover.

3. Tides can affect shipping in many ways. Explain the causes of tides and examine the advantages and disadvantages of tides on commercial shipping.

This question required students to discuss how the gravitational pull of the moon and earth affects tidal movement. The effect of which would also include spring tides, and the negating effect to cause neap tides. This question allowed students to discuss the commercial impact of tidal height to enable (or restrict) entrance to a port, and conversely when leaving along with the use of tidal range to load on a rising tide. Answers should also have included the NAABSA chartering terms. Some students stated that tides were not predictable, when tides indeed are very predictable and are published months and years in advance.

4. Answer BOTH parts of the question:

a) Using the world map provided name the oceans, canals and major, waterways.

b) Explain in brief why the new Panama Canal has been built and identify at least two trades and the respective goods that the new Canal facilitates.

Some students had difficulty in naming the oceans, canals and major, waterways on the map provided. There was not much discussion on the expansion of the Panama Canal and two trade routes which would be facilitated by the expansion. This meant that marks were lost. Students are advised to spend a bit more time acquainting themselves with the basics of maritime geography and to attempt past questions in order to build knowledge and confidence in this area.

5. Discuss the definition of a sole trader and main differences between private limited and public limited company.

This question was intended to test student's understanding of a variety of company structures that exist. Many students provided a basic discussion on sole traders, but students needed to be able to discuss clearly the differences between private limited and public limited companies. Some were able to look at the increased access to capital from the public while other looked at the increased compliance and disclosure required by a public limited company. Some student drew a table to support their discussion which was a great addition. Those who were able to bring it all together and include real-world company examples such as Apple, IBM and other public companies were awarded marks.

6. Your agency has been appointed by a principal to handle the loading of regular bulk parcels at your port.

Identify the main sources of revenue and the cost of running such a business, and explain how you would manage the cash flow to best advantage.

Some students just wrote everything they learnt about agency and lost time discussing the legal elements of how an agency relationship is formed. Students needed to discuss the main sources of revenue such as commission, agency fees and husbandry and running costs such as port expenses, overheads expenses, office cost and salaries. In addition, students needed to discuss agents calling for funds in advance from the Principal and setting out a basic cash flow projection

with current, 30 and 60-day terms. Some students received further marks as they covered these points in their discussion.

7. Answer BOTH parts of the question:

a) Draw a profile and cross-section of a car carrier labelling the significant parts of the vessel and listing the main specifications.

b) Using the world map show two typical car carrier liner services giving details of the type of trade in which they would operate, and discuss the facilities that ports would need to provide for such a service.

Drawings of cross sections and labelling were not very clear. Many students who did draw the cross section did not provide any dimensions. Students should spend some time in advance familiarising themselves with vessel layout and practice drawing the profile and cross section to build their knowledge and confidence in this area.

8. Discuss what are P&I Clubs and the role they play in protecting shipowners.

This question was designed to assess students' knowledge of P&I clubs. Many students were able to cover the role the Club plays and the claims they protect Shipowners against such as death and personal injury of seamen, liabilities arising from collisions, liabilities arising from groundings liabilities arising from pollution and liability to cargo damage.