

Examiner's Report

NOVEMBER 2015

Introduction to Shipping

General comment

This report is to give students an idea of what is being looked for by examiners, so let's start off with the bad and the ugly and work our way up to the good. One of the most frustrating aspects of marking exam papers is the number of times students throw away marks simply because they have not read the exam questions prior to setting off. The number of questions that were only half answered was high and this means students are not scoring marks.

This year it was particularly noticeable that students didn't take the time to read the front of the answer sheet. Some students made simple errors such as no start on a new page for a new answer, no numbering of the questions and no putting of the numbers of the questions answered on the front page.

The questions are written in an open way to allow a student to show off their knowledge so students writing short answers (1/2 page or less) simply had not given enough information to gain their marks.

Overall the quality of answers given were well thought through and it was pleasing to see students use modern examples to explain their answers

Well done to those who passed and to those who failed, it may be as a result of not reading what was asked and not giving full answers. There were in fact very few students who appeared not to know their subject.

Examiner's Report

NOVEMBER 2015

Introduction to Shipping

Question 1

Answer both parts of the question

- a) Draw a side profile, plan and cross section of a bulk carrier, clearly labelling the significant parts of the vessel
- b) Give details of one trade the vessel operates in, where and how it will load, carry and discharge the cargo. Use the world map provided to support your answer

Part A is asking for three drawings, so only doing one drawing meant potential marks were missed. If you are going to draw a ship then practice before the exams and come prepared with a ruler. In most cases where students lost marks here was due to poor drawings and not giving details of the type of ship or clearly labelling the significant parts.

Part B; exact geography is great, but marks were given for being close enough and for getting the trade correct. The number of papers where this was given, but no explanation of the loading or discharge operation was given was high and again it was marks lost. Ships tend to stay in the water, it's where they belong, and so drawing a routing that crosses over Africa or any of the Indian Ocean Island lost marks

Question 2

Answer both parts of the Question

- a) Explain the factors of production
- b) Define absolute and comparative advantage and give an example of each

This is an economics question and fundamental to understanding why and how world trade occurs. The goal was to give the four factors and a brief explanation of each. A stumbling block for quite a number of students was 'enterprise' with a considerable number deciding it was 'entrepreneur'. Admittedly an import part of industry, but not correct.

With part b a few students did not correctly state a product that was giving a country absolute advantage and there was a tendency to use car manufacturing as an example of comparative advantage. Cars are more a matter of taste and these days most Japanese manufacturers have factories in America and Europe, so not the best example to use. Rather stick to the more obvious ones.

This was a popular question with the majority of students attempting it passing and scoring high marks

Examiner's Report

NOVEMBER 2015

Introduction to Shipping

Question 3

Some ship owners favour registering their ships under so called flags of convenience. Give an example of one of these flags and what benefits do owners seek under such flags. What alternative options do countries have to maintain their fleet?

Common mistakes included confusing registration with classification and writing too much detail about 'bad owners' and 'bad flags'. The question asks what benefits owners seek, so writing wholly about the disadvantages was straying off the subject.

Options available to countries were fairly varied, but not many students mentioned tonnage tax incentives as an option. It was pleasing to see some lateral thinking and the comments on cabotage as an option being discussed.

Question 4

A bill of lading is one of the most important documents in the shipping industry. What are the main functions of a liner bill of lading? How does a charter party bill of lading differ?

A popular question. The idea was to give the function, and to explain them, mentioning the fact that the liner bill contained the details of the contract whilst the charter party bill of lading refers back to the charter party. Knowledge of the fact that the third party buyer of the bill of lading would not know the terms and conditions of the contract and would need to refer back to the charter party would have got full marks.

Problems with the question were students discussing the difference between a charter party and a liner bill of lading, or having very poor knowledge of what the functions of a bill of lading are. The latter is of concern as this is one of the fundamental documents in shipping and it is expected that everyone in the industry would be familiar with its functions.

Question 5

Answer all parts of the question

- a) **Draw a set of Plimsoll marks**
- b) **Give an explanation of the abbreviations used in your diagram**
- c) **From where is it measured**

Not a popular question, but well done to those students attempting it. With a drawing question, care needs to be

Examiner's Report

NOVEMBER 2015

Introduction to Shipping

taken to use a ruler and to ensure that the summer marks actually are in line with the loadline mark. Very few students spoke of the origins of the marks and the number of students who confused where it is measured from, with that of the draught was quite high.

Question 6

Answer both parts of the Question

- a) Discuss the main differences between a voyage charter and a time charter
- b) What are the voyage costs and who is responsible for what costs in the case of each charter party

This was the most popular question answered and many students part achieved good marks. What was expected in an answer was an accurate description of each charter type, and a list of what expenses were paid for and by whom for each charter.

There was some confusion over who paid for crew, which I suspect was a result of students discussing demise charters and then trying to incorporate this into the answer.

An interesting trend was the number of students who felt owners of time chartered ships would be happy to pay for the port calls and for the charter to pay them back at the end of the charterer. Very generous, but certainly not a wise idea.

Payment of water proved difficult to explain and I can sympathise with this as it is not always clear who is responsible as it depends on what the water is being used for.

Question 7

Answer both parts of the question

- a) What is the role of a ships agent
- b) What are the rights and duties of the agent and the principal

Not a popular question and some students who wrote a large amount for part a, but omitted part b completely. In cases where the question requires an answer to both parts of a question, assume that both parts are for equal marks, so not answering the second part means only 50% of the marks can be attained.

Whilst general discussion on the role of an agent were fine, students who explained the creation of an agency relationship by express agreement, implication and by necessity, scored higher marks

Examiner's Report

NOVEMBER 2015

Introduction to Shipping

With respect to part b, you needed to state clearly the duties of an agent, there are four of them and you needed to state the duties of the owner, there are two of these. Bear in mind that the rights of one are the duties of the other.

Question 8

Discuss the reasons why a ship owner may choose to appoint a third party ship management company?

Students needed to explain the functions of a ship management company. There are five different fields, crew, stores, technical, insurance and operations. Discussing economies of scale, specialised skills and the fact that some owners may only opt to use a management company for only some of these services and opt to do others themselves would have achieved high marks.

Where did people go wrong? Not knowing the functions, arguing against using a management company was unhelpful in the answer, since the question asked why they may use one

Good answers compared the option available to small medium and large ship owners and were comprehensive in the describing of the various functions and the pros and cons of each.