

**THE INSTITUTE OF CHARTERED SHIPBROKERS**

85 Gracechurch Street, London, EC3V 0AA

Telephone: +44 (0)20 7623 1111

Fax: +44 (0)20 7623 8118

Email: [enquiries@ics.org.uk](mailto:enquiries@ics.org.uk)

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**Examination Timetable April 2015**

**Monday 20 April**

09.30hrs – 12.30hrs

Offshore Support Industry ✓

13.30hrs – 16.30hrs

Marine Insurance NIL

**Tuesday 21 April**

09.30hrs – 12.30hrs

Introduction to Shipping ✓

13.30hrs – 16.30hrs

Shipping Business ✓

**Wednesday 22 April**

09.30hrs – 12.30hrs

Economics of Sea Transport & International Trade ✓

13.30hrs – 16.30hrs

Legal Principles in Shipping Business ✓

**Thursday 23 April**

09.30hrs – 12.30hrs

Dry Cargo Chartering ✓

13.30hrs – 16.30hrs

Tanker Chartering ✓

**Monday 27 April**

09.30hrs – 12.30hrs

Port Agency ✓

13.30hrs – 16.30hrs

Port and Terminal Management ✓

**Tuesday 28 April**

09.30hrs – 12.30hrs

Liner Trades ✓

13.30hrs – 16.30hrs

Ship Operations & Management ✓

**Wednesday 29 April**

09.30hrs – 12.30hrs

Logistics & Multi-modal Transport ✓

13.30hrs – 16.30hrs

Shipping Finance NIL

**Thursday 30 April**

09.30hrs – 12.30hrs

Ship Sale and Purchase ✓

13.30hrs – 16.30hrs

Shipping Law NIL



**MONDAY 20<sup>th</sup> APRIL 2015 – MORNING**

## **OFFSHORE SUPPORT INDUSTRY**

**Time allowed – three hours**

**Answer any FIVE questions – all questions carry equal marks**

**Please read the questions carefully before answering**

1. In an active spot market the ability to fix promptly is important. Discuss how an effective charter party suitable for all parties can be developed.
2. Give a detailed explanation of five of the following:
  - a. Casing
  - b. Spudding in
  - c. DP
  - d. FPSO
  - e. Hyperbaric lifeboat
  - f. Moonpool
  - g. Pipe carrier
3. Over recent years the offshore industry has seen an increase in vessels designated MPSV. With the aid of a diagram describe a modern MPSV indicating key details, dimensions and capacities.  
Explain the significant features and workscope and discuss how the area of operation could influence the design specification of the vessel.
4. Describe the life cycle of an offshore oil and gas field, and explain the various services the field operator requires at each phase. Which types of vessel are most suited to support these requirements?
5. Your exclusive Owner with a fleet of PSV and AHTS vessels is intending to replace some older tonnage and would like to evaluate moving into the construction vessel market. Write a chartering strategy report on the current state of the relevant markets, together with your recommendations.

**PLEASE TURN OVER**

6. Describe the procedures involved when moving a semi-submersible drilling rig and discuss the practical issues and considerations a Charterer must take into account. Where appropriate use diagrams to illustrate your answer.
7. Supply vessels carry a range of products both on and below deck. Describe these products, explaining their uses offshore. Outline their characteristics and any special features required to carry them safely and efficiently.
8. Describe the various types of pipelaying vessels used in the offshore industry and discuss the support vessel requirements for each type.

TUESDAY 21<sup>th</sup> APRIL 2015 – MORNING

## INTRODUCTION TO SHIPPING

Time allowed – three hours

Answer any FIVE questions – all questions carry equal marks

Please read the questions carefully before answering

1. Using the world map provided show the following:
  - a. Major Oceans
  - b. Continents
  - c. Ports, Canals and Waterways
  - d. Prime Meridian, Equator and International Dateline
2. **Capesize** and **Panamax** are used to describe dry cargo bulk carriers. Explain these terms including an indication of their deadweight tonnage. Discuss their advantages and disadvantages over smaller ships. You may use a diagram to support your answer.
3. On the world map provided name and mark **three** major crude oil exporting ports. From each port trace a voyage to a named European, a USA and a Far Eastern port of discharge.
4. Explain the difference between **Measurement** and **Deadweight** cargo. Which parties might be interested in such information?
5. Describe the purpose of the **Himalaya** clause and why the related court case created a legal landmark.
6. Explain the role of **Independent Ship Management** and the reasons why ship owners might choose a ship management company to operate their ships.
7. Supply some background and reasons for the development of container transportation. Explain the advantages and disadvantages to a shipper of transporting cargo by container.
8. Compare and contrast **Liner** and **Charter Party** Bills of Lading.



**TUESDAY 21<sup>st</sup> APRIL 2015 – AFTERNOON**

## **SHIPPING BUSINESS**

**Time allowed – three hours**

**Answer any FIVE questions – all questions carry equal marks**

**Please read the questions carefully before answering**

1. Answer all parts of the question.
  - a. For the grain trade, starting from the loading ports, describe the major trade routes all the way to the discharge ports. You should include characteristics, hazards and stowage requirements of grain as a cargo.
  - b. Analyse the factors which could influence global trading patterns.Using the world map provided to support your answers.
2. Discuss the main functions of a Bill of Lading and explain the concept of a 'clean' B/L and its significance to both the Buyer and Seller in international trade.
3. A number of busy shipping areas and ports are affected to some extent by ice during the winter season. Define the areas and main ports affected, analyse the problems which this climatic condition causes and explain the means by which shipowners and traders attempt to overcome these difficulties.
4. Explain the advantages and disadvantages of :
  - a. In-house ship management
  - b. Independent ship management.
5. Identify the most common types of maritime fraud and consider what can be done to deter or prevent this type of criminal activity.
6. Recommend the Incoterms you consider appropriate for a manufacturing company with no previous experience of exporting.  
Mention Sellers' costs and risks associated with each of the terms of sale.

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7. A Shipowner has a vessel due to call at your port, but it is consigned to an agent nominated by the Charterer. Based on a situation of your choice, compose a formal letter to the Owners explaining why they should consider appointing you as their protecting agent for this port call. Give details of the duties you would undertake on their behalf.
8. Discuss the benefits and drawbacks of Public and Private Limited Companies compared with Partnerships and comment on the advantages and disadvantages of trading with each type of business organisation.



WEDNESDAY 22<sup>nd</sup> APRIL 2015 – MORNING

## ECONOMICS OF SEA TRANSPORT & INTERNATIONAL TRADE

Time allowed – three hours

Answer any FIVE questions – all questions carry equal marks

Please read the questions carefully before answering

1. Explain the term **derived demand** in the context of shipping.
2. Explain how changes in production levels and locational shifts in output influence the demand for shipping tonnage.
3. There was a 30% decline in crude oil prices in the last quarter of 2014. Explain the reasons for this decline and the effect on shipping.
4. What effect will direct foreign investment in the manufacturing sector have on a country's balance of payments?
5. Explain the principles of economies of scale and discuss how they are applied in the shipping industry. Use a graph to illustrate your answer.
6. In the context of the ship building and demolition industry explain, using examples, **subsidies**.
7. Within the tanker market, describe:
  - a. common cargoes
  - b. main importers and exporters
  - c. factors affecting the current market.
8. Discuss what barriers to entry may occur in the liner trades market.

WEDNESDAY 22<sup>nd</sup> APRIL 2015 – AFTERNOON

## LEGAL PRINCIPLES IN SHIPPING BUSINESS

Time allowed – three hours

Answer any FIVE questions – all questions carry equal marks

Please read the questions carefully before answering

1. A director of your company has asked you to explain the main differences between the current international conventions applicable to carriage of goods by sea. She has also enquired as to what you can tell her about a new set of rules called 'The Rotterdam Rules' which appear to be so popular in discussions.

In reply to this request, discuss the differences in the current cargo conventions, putting forward any arguments in support of or against either set(s) of rules, and provide her with the basic intentions for the adoption of the Rotterdam Rules.

2. A shipbroker has had his authority to conclude contracts in the dry cargo market withdrawn by the Principal. He is still permitted to fix crude oil contracts. Despite these instructions he fixes a contract for dry cargo on behalf of his Owners. Discuss in detail his actions and the possible course of actions open to the Owner.
3. Using examples of your own choice and case law, define **innominate or intermediate** terms and discuss their importance in the law of contract.
4. During the discharge of cargo the main engines of a vessel break down. Main engine repairs are carried out whilst unloading continues at the normal rate. Payment of the time charter hire is claimed by the vessel Owner but the Charterers refuse to pay, claiming the ship is off-hire due to her main engine repairs.

Consider and discuss the merits of the Charterers' claim.

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5. A car manufacturer has 100 cars loaded on a ship sailing from London to New York. According to the contract of carriage, evidenced by the bill of lading, the ship is to proceed directly to New York, with no intermediate ports of call.

\* Following the ship's departure from London, the vessel calls at Southampton to pick up some mail the shipowners wish to deliver to New York. Consequently, the vessel stops for an hour to pick up the mail. A day before arriving at New York, the ship sinks due to the bad weather prevailing at the time, with total loss of cargo.

Advise the shipowners in relation to their liability for the loss of the cargo. Use case law to support your answer.

6. Under the law of general average explain the importance of the following:

- a. The danger must not have arisen through the fault of the party/interest claiming contribution.
- b. The 'Amended Jason Clause' should be inserted into bills of lading for voyages to the USA.

7. Discuss and explain, using your own examples, the use of liens in shipping.

8. Answer **both** parts of the questions:

- a. It is usually said that a valid Notice of Readiness 'starts the laytime clock'. Would it be reasonable to conclude that in the absence of a valid Notice of Readiness laytime cannot start and shipowners could not therefore be in a position to earn any demurrage?
- b. Analyse the issues relating to the question of when a ship is considered to be an 'arrived ship'.



THURSDAY 23<sup>rd</sup> APRIL 2015 – MORNING

## DRY CARGO CHARTERING

Time allowed – three hours

Answer any FIVE questions – all questions carry equal marks

Please read the questions carefully before answering

1. Since the global financial crisis of 2008, the availability of finance in the dry bulk market has been subdued. A number of owners have sought investment from sources other than the banks, for example investment companies and through joint ventures.  
Write a report to your managing director detailing the choices available for your company, which is seeking extra investment to help it through the next few years. Explain the advantages and disadvantages of all investment options.
2. Cargo has been loaded onto your owner's vessel in a damaged condition and the mate's receipts are marked accordingly. When the charterer was advised of this, they requested clean Bills of Lading against a Letter of Indemnity.  
Draft a message to your owner explaining why the request has been made, your advice to him, the reasons for this advice and any consequences of not following this advice.
3. Using a vessel and dry cargo of your choice draft a time charter offer for your owner. In addition explain **three** of the following expressions:
  - a. Ballast bonus
  - b. Redelivery DOP
  - c. Subjects
  - d. Fully fixed
  - e. Bareboat charter

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4. a. Draw a profile and cross section of **one** of the following:

- i. Handymax bulkcarrier
- ii. Panamax bulkcarrier
- iii. Capesize bulkcarrier

b. For your chosen vessel in (a) include all relevant labels, the principal particulars of the vessel, a brief description of **two** principal trade routes and the type of cargo carried on these routes.

5. Analyse the main differences between a voyage charter and a time charter.

6. Starting with the load ports and loading requirements, describe the major trade routes all the way to the discharge ports, including ports, characteristics, hazards, weather and stowage requirements for **two** of the following cargoes:

- a. Iron Ore
- b. Coal
- c. Grain
- d. Fertilisers

Use the world map provided to support your answer.

7. Draw up a laytime statement for a vessel loading a cargo of your choice after waiting two days at anchor to load, having arrived within its laycan.

All terms can be imaginary but you should fully explain all relevant details in the statement and use the same to calculate the demurrage/despatch.

8. Write a market report for your Principal detailing the main fundamentals of the current dry bulk market situation and your forecast for next year. You can use real or imaginary data.



THURSDAY 23<sup>rd</sup> APRIL 2015 – AFTERNOON

## TANKER CHARTERING

Time allowed – three hours

Answer any FIVE questions – all questions carry equal marks

Please read the questions carefully before answering

1. Give **three** examples of when a Tanker Owner would require a Letter of Indemnity (LOI) to be issued. Why is the LOI clause important? What must **not** be incorporated in the clause?
2. With the aid of a diagram describe a Panamax tanker showing the main details and dimensions. Using the world map provided, show on what trade routes these vessels would usually be employed. How may the opening of the widened and deepened Panama Canal affect traditional tanker trades? Describe the weather that may be expected in those areas for a vessel loading in September.
3. Why do some charter parties include an 'In Transit Loss Clause'? In practice what points should be included in a fair 'In Transit Loss Clause'?
4. Answer **both** parts of the question.
  - a. What are 'subjects' and why do they exist?
  - b. What are the ethical trading responsibilities that exist within the tanker industry from the position of Owners, Charterers and Brokers?
5. How has crude oil pricing affected the current tanker markets? Using the world map provided to support your answer, give examples of **two** international crude oil trades which have been affected.
6. What conditions must a tanker satisfy in order to tender a valid Notice of Readiness (NOR)? In a tanker charter party give examples of events which are frequently excepted from laytime. Give **three** examples of occurrences that may result in 'half time' to count.

PLEASE TURN OVER

7. In what areas of the world do tanker ports and/or terminals suffer from the effects of 'swell' to the extent that they may suspend cargo operations? What wording would you insert in the charter party to protect the owner from the consequences of such disruption?
8. Explain who would pay the War Risk Additional Premium (WRAP) and Crew War Bonus (CWB) in voyage and time charter fixtures, giving examples of where they would apply. What items would be included in a fairly worded WRAP clause?



**MONDAY 27<sup>th</sup> APRIL 2015 – MORNING**

**PORT AGENCY**

**Time allowed – three hours**

**Answer any FIVE questions – all questions carry equal marks**

**Please read the questions carefully before answering**

1. Compile a detailed time sheet and calculate demurrage or despatch due from the information within the Statement of Facts.

MV "Rio Plata"

Arrived Buenos Aires Roads	0200 hours Monday 3 <sup>rd</sup> March
NOR Tendered	0900 hours Monday 3 <sup>rd</sup> March
Loading Commenced	0700 hours Tuesday 4 <sup>th</sup> March
Loading Completed	2200 hours Friday 7 <sup>th</sup> March
Vessel Sailed Buenos Aires	0900 hours Saturday 8 <sup>th</sup> March

Cargo Loaded 20,000 metric tonnes grain

C/P States :

Laytime to commence at 1300 hours if notice is given before noon, at 0700 Hours next working day if given after noon. Notice to be given in ordinary working hours.

Cargo to be loaded at the rate of 5,000 metric tonnes per weather working day of 24 consecutive hours.

Time from 1700 hours Friday or the day preceding a holiday to 0800 hours Monday or next working day not to count unless used, but half of actual time used to count, unless vessel already on demurrage.

Demurrage rate USD 5,000 per day and Pro Rata/Despatch at half demurrage rate on laytime saved.

**PLEASE TURN OVER**

On Tuesday 4<sup>th</sup> March rain stopped loading between 0800-1200 hours.

On Wednesday 5<sup>th</sup> March due to a stevedores' strike no loading took place between 0001 and 2359 Hours.

On Friday 7<sup>th</sup> March due to rain the vessel stopped loading between 1300-1500 hours.

The vessel was unable to sail until 0600 Hours on Saturday 8<sup>th</sup> March due to tugboat strike action.

No local, national or international holidays occurred during this period of time.

2. You are the Owner's appointed agent for a vessel discharging a cargo of coal in a port of your choice. During the discharge you understand that the Owner has declared bankruptcy. The port authority has contacted you, and held you responsible for the USD 100,000 port costs. A delegation from the ship's crew has arrived at your office advising that they have not received their last three months salaries. Discuss your actions.
3. Discuss all of the following terms:
  - a. Sea Protest
  - b. SHEX
  - c. Mate's Receipt
  - d. NAABSA
4. You are Charterer's nominated agent for a steel vessel presently arriving at your port. You have made arrangements on behalf of the Charterer for stevedores, surveyors, hauliers and warehousing to be available to commence discharge on arrival. However, you have just received a call from the duty pilot stating that the vessel's arrival draft is 1 meter more than the maximum draft for the port, and that the vessel will now be taken back to the anchoring point. Checking correspondence, you find that you have incorrectly quoted the maximum arrival draft. Discuss your actions.
5. What do you understand by the concept of added value services in the ship's agency business?
6. An owner of a Suezmax tanker fleet has requested that you create a formal proposal for ship's agency services in a port of your choice. Create a proposal specifically focused on this market sector.
7. Using examples, discuss the specific need a port agent has for P&I insurance cover.

**PLEASE TURN OVER**

8. Describe appropriate load and discharge ports, suitable vessel types, dimensions and tonnages as well as voyage routes for **two** of the following deep sea cargo movements:

- a. Coal
- b. Iron ore
- c. LNG

Use the world map provided to support your answer.





**MONDAY 27<sup>th</sup> APRIL 2015 – AFTERNOON**

## **PORT AND TERMINAL MANAGEMENT**

**Time allowed – three hours**

**Answer any FIVE questions – all questions carry equal marks**

**Please read the questions carefully before answering**

1. Describe in detail port and shore-side facilities which you would expect to find at an LPG terminal.
2. Discuss the various types of equipment that the engineering department of a deep sea container terminal would expect to maintain.
3. As a Port Manager, your Financial Director has asked for your opinion on how the port can improve its cash flow and reduce its debt profile. Write a report in response to your Finance Director.
4. You are a marketing manager for a port authority. Discuss how you would generate added value revenue to complement core port activities.
5. Discuss the role of the port as part of a supply chain. Choose a port of your choice and assess the success of this port within the supply chain.
6. Discuss the various HSE issues that a health and safety officer would implement at a cruise liner terminal.
7. Your port has been approached by a Charterer who has the potential to import significant amounts of coal in Panamax vessels. Write a formal response, outlining the facilities your port can offer for this trade.
8. Discuss **all** of the following terms:
  - a. ISGOTT
  - b. Trust Ports
  - c. HASAWA
  - d. Midas Ports

**TUESDAY 28<sup>th</sup> APRIL 2015 – MORNING**

## **LINER TRADES**

**Time allowed – three hours**

**Answer any FIVE questions – all questions carry equal marks**

**Please read the questions carefully before answering**

1. The Asia to USA East Coast trade route is highly competitive given that it competes against the Asia - US West Coast [involving road/rail] but also the Panama and Suez Canal routes.
  - a. Discuss the advantages and disadvantages of these routes.
  - b. Discuss the likely developments of trade on these routes in the next five years.
  
2. Choose **any three** of the following cargoes and identify at least **two** major trade routes on which they are shipped, including the main loading and discharging ports:
  - a. Avocados
  - b. Built-up Motor Vehicles
  - c. Sugar
  - d. Scrap Metal
  - e. Canned Foods

Explain the types of **container** needed and any special requirements and/or precautions taken for the protection of your three selected cargoes and containers.

3. A number of Ultra Large Container Vessels [ULCV] have been delivered in the last few years. In 2015 more of these vessels will be delivered.
  - a. Describe the trade routes involved and the implications of delivery of such a large order book.
  - b. Describe the likely impact of this order book on other trades and where this may happen.

**PLEASE TURN OVER**

4. You are a carrier, about to enter a Vessel Sharing Agreement [VSA] with other carriers on a trade based from Europe. Explain in detail the level of discussion that can take place in terms of operating the VSA and where it might contravene competition law. As this is a new trade route to your company, explain how you would construct your freight tariff and the components of this tariff.
5. Whilst many liner operators have global offices, the need for liner agencies still remains important in many countries.
  - a. Explain the reasons why a liner company would employ an agent.
  - b. Describe which contract is used and give a breakdown of the key tasks that a liner agent would be expected to perform.
6. In a number of trades, large container liner services and those of con-bulker services [containers and bulk] operate in direct competition with each other.
  - a. Outline a specific trade of your choice where such services compete against each other and the specific strengths and weaknesses of these two services. Using the world map provided to support your answer.
  - b. Outline the likely development of a con-bulker service over the coming years in the context of the sheer weight of competition.
7. Container freight rates have remained largely static to marginally declining over recent years. It is likely this will continue due to the quantity of vessels being deployed keeping supply ahead of demand. This is heavily impacting liner company profitability although some company results are significantly better than others in spite of the revenue per TEU being globally similar.
  - a. Suggest ways in which a liner company might be able to improve revenue.
  - b. Suggest ways other than revenue improvements that liner companies use to combat low profits.
8. The use of IT systems and technology has rapidly been employed in the container industry in a variety of roles and is now essential for the successful running of large container liner companies due to the sheer size of transactions taking place.

Explain in detail how the use of different IT systems has helped with this growth and outline what the benefits have been to carriers, shippers, consignees and any other parties.



TUESDAY 28<sup>th</sup> APRIL 2015 – AFTERNOON

## SHIP OPERATIONS AND MANAGEMENT

Time allowed – three hours

Answer any FIVE questions – all questions carry equal marks

Please read the questions carefully before answering

1. Answer **both** parts of this question:

Your vessel is berthing in a fast flowing river port when a loss of power leads to the vessel colliding with the jetty and holing the Number 1 port ballast wing tank, despite the prompt actions of the tugs assisting the vessel. A head rope, which had been made fast, breaks, and injures a shore lineman and one of your crew just as power is restored.

- a. What immediate action should be taken on board the vessel to deal with this incident and what insurances do you have in place to cover this?
- b. What assistance is available ashore and in your management office to assist the Master and meet your obligations to all the parties involved with the vessel?

2. Answer **all** parts of this question:

a. Describe the characteristics (dimensions, tonnages, cargo gear etc) of **one** of the following types of vessels:

- i. A Panamax bulk carrier
- ii. A VLCC tanker
- iii. A container feeder vessel.

b. Draw a profile and cross-sectional diagram of your chosen vessel. Illustrate your answer by clearly labelling the significant parts.

c. Give details of **one** trade the vessel operates in and how it will load, carry and discharge its cargo, illustrating your answer with the world map provided.

PLEASE TURN OVER

3. Your vessel Ocean Queen will complete discharge at Fremantle, Western Australia and is fixed to load Port Lincoln, South Australia for discharge at Kobe in Japan.

Bunker ROB on completion Fremantle

110 MT LSFO at US\$550 pmt.

50 MT LSGasoil at US\$1000 pmt

260 MT HSFO at US\$480 pmt.

**Vessel must have a total of at least 300 mt FO (LSFO & HSFO) on board at all times to cover safety margin.** Vessel will not use LS gasoil on planned voyage. Intention is to place vessel on spot market at Kobe with at least 300 mt FO on board.

SDWT 75,400 mt on 14.20 M

WDWT 73,425 mt on 13.90 M

Cubic grain 87,848 m<sup>3</sup>

Constant incl FW 690 mt

Loaded speed 13 KTS on 32 mt FO per day

Ballast speed 13 KTS on 29 mt FO per day

Port consumption 4 mt FO per day

Vessel daily running cost US\$12,000 per day

Cargo 60,000 mt grain 10% MOLOO (SF 1.35) Port Lincoln-Kobe

Max DWAT at load port 65,000 mt, no draft restrictions at load, discharge or bunker ports.

11,000 mt SHEX at Load/10,000 mt SHINC at discharge.

Freight \$19.5 FIOS pmt

Commission 5%.

#### **Distances**

Fremantle to Port Lincoln 1,280 NM

Port Lincoln to Kobe 5,510 NM

#### **Bunker Prices**

Fremantle HSFO US\$490 pmt + US\$4,000 barging charge (can be taken during current discharge)

Port Lincoln HSFO US\$500 pmt concurrent with loading

Kobe HSFO US\$485 pmt (at anchorage after discharge)

Port charges:

Port Lincoln US\$65,000

Kobe US\$82,000

Using the above calculate:

- What quantity of cargo can be loaded? Show your working.
- Where you would organise bunkers and what quantity you would stem giving your reason for this.
- Calculate the daily net profit for the voyage. Show your working.

**PLEASE TURN OVER**

4. Answer **both** parts of this question:

a. You have been asked to prepare a budget for a recently acquired vessel by an Owner with a mixed fleet of vessels under your company's management. Describe in detail the information you will need about the vessel and the significance of this in order to do this properly.

b. Briefly describe the different costs associated with the ownership and operation of a vessel. A colleague has had to take sick leave and in picking up some of his work a number of invoices for one of his vessels need to be sorted to apportion the costs appropriately.

How would you allocate the following cost items and why would this be?

- i. Pilotage invoice
- ii. Crew travel for joining vessel
- iii. Port dues
- iv. Supply of provisions
- v. Deductible on a cargo claim
- vi. Additional war risk premium
- vii. Supply of lubricants and greases
- viii. Installation of voyage data recorder.

5. Your Panamax bulker is fixed to load a max cargo soya beans at Baltimore USA in September for discharge at Fremantle, Western Australia. The vessel can be routed via the Panama Canal or the Suez Canal or the Cape of Good Hope. What factors would you take into account when deciding which route the vessel should take? What resources are available to assist you in this decision? Illustrate your answer using the world map provided, marking the possible routes and key features from your answer.

6. Answer **both** parts of this question:

a. The ISPS code was not designed to protect ships from threats in ports; it was designed to protect ports from threats posed by ships. Discuss the validity of this statement.

b. What benefit has the ISPS code been to shipping and what requirements and documentation must be shown by a vessel and its management to show compliance with the code?

PLEASE TURN OVER

7. Answer all parts of this question:

a. It is a requirement of the ISM code that your company ensures that each ship is manned with qualified, certificated and medically fit seafarers. As a ship manager which does not contract out any management functions, show how you would ensure that this requirement is met.

b. What might be the consequences of a Port State Control Officer boarding one of your vessels on arrival at Rotterdam and discovering that one of the crew members is not properly qualified?

c. The Maritime Labour Convention 2006 adopted by the ILO has come into force in a number of countries within the last year. What four basic seafarer's rights does it aim to protect?

8. Answer all parts of this question:

You have been asked by a potential investor about the costs of ship owning.

a. Clearly explain the difference between fixed costs, operating or daily running costs and voyage costs

b. List as fully as possible the different cost items you would expect to see in each of these categories.

c. You have received a list of costs below for a vessel under your management. How would you apportion these costs below and which would be for the Owners directly under fixed costs?

- i. Port dues
- ii. Supplementary P&I call
- iii. War risk insurance premium
- iv. Additional war risk premium
- v. Pilotage cost
- vi. Supply of fuel oil bunkers
- vii. Draft survey
- viii. Registration costs
- ix. Agency fees
- x. New radar system for the vessel.



WEDNESDAY 29<sup>th</sup> APRIL 2015 – MORNING

## LOGISTICS AND MULTI-MODAL TRANSPORT

Time allowed – three hours

Answer any FIVE questions – all questions carry equal marks

Please read the questions carefully before answering

1. Answer all parts of the question:
  - a. Explain how e-commerce products have changed the way in which business is carried out between providers and users of logistics services.
  - b. Give **three** examples of these products, explaining how the provider and the user have each benefited from them.
  - c. Suggest a new e-commerce product which a logistics provider might develop, and the benefits which would follow.
  
2. Explain in detail what **four** of the following terms/abbreviations mean, and their importance in the logistics and multi-modal transport sector:
  - a. ISPS
  - b. IMO
  - c. Hamburg Rules
  - d. UCP 600
  - e. CMR
  - f. 3PL
  
3. Answer **both** parts of the question:
  - a. Describe the main features of (i) a contract of sale and (ii) a contract of carriage, and the role that each plays in international trade, giving examples where relevant.
  - b. What is a Documentary Letter of Credit, and how does it relate to these two types of contracts?

PLEASE TURN OVER



4. All businesses which are importing and selling finished goods need to hold a level of inventory. With reference to a business and country of your choice, discuss this statement, and describe how you would decide on:
  - a. the level of inventory and
  - b. where to hold the inventory.
  
5. You are a logistics company, providing a multi-modal transport service for an importer of consumer goods from China to Germany. Your client asks you to recommend which container line offering services in the Asia/Europe trade to use.
  - a. What advice would you give your client on the factors which differentiate the services offered by these container lines, and how would you decide which line to recommend to this client?
  - b. What other modes of transport are available from China to Germany and in what circumstances might these be attractive to an importer?
  
6. Answer **both** parts of the question:
  - a. Explain the role of an NVOCC in logistics and multi-modal transport and describe, with examples, the services which they provide.
  - b. What are the advantages and disadvantages to the exporter and importer of using an NVOCC rather than contracting directly with carriers.
  
7. Explain, with examples, the difference between fixed and variable costs for a multi-modal transport operator. Show how the split between these types of costs may differ for different types of operators.

What steps might an operator take to reduce the costs of providing containers to meet its business requirements, without harming the profitability of the business?
  
8. Answer **both** parts of the question:
  - a. Describe, with examples, the services which container ports and terminals provide in the context of multi-modal transport services, and how they ensure that these services make their ports attractive to their users.
  - b. What challenges do these ports/terminals face as a result of the significant increase in the size of container vessels, and how will they meet these challenges to ensure that their ports remains attractive?



# ICS

Institute of Chartered Shipbrokers

**THURSDAY 30<sup>th</sup> APRIL 2015 – MORNING**

## **SHIP SALE AND PURCHASE**

**Time allowed – three hours**

**Answer any FIVE questions – all questions carry equal marks**

**Please read the questions carefully before answering**

1. Valuations are an important role that an S&P broker undertakes. Answer all of the following:
  - a. What factors does a broker take into consideration when valuing a vessel?
  - b. How does a broker protect himself when issuing a valuation certificate?
  - c. Who would require a vessel valuation certificate and why?
2. The financial crisis has limited the amount of traditional ship finance made available to ship owners by banks. What alternatives do ship owners have in order to raise money to invest in tonnage?
3. Aframax tankers have recently become popular in the secondhand market again. Answer all parts of the question:
  - a. Provide a detailed written description of an Aframax tanker, including an explanation of the name.
  - b. Draw a fully annotated diagram showing the layout of the vessel.
  - c. Using the world map provided show three trading routes, including ports of loading and discharge.
4. Most Saleforms have a clause detailing documents required during the sale of a vessel. Using a Saleform of your choice, itemise and analyse these documents and suggest what extra documents may be reasonably required by both Buyers and Sellers at the documentary closing.
5. IACS is an important organisation for standards of maintenance onboard ships. Explain the role of Class during the sale of a ship in the second-hand market.

**PLEASE TURN OVER**

6. Notices of time and place of delivery are an essential part of the procedure in delivering a second-hand ship from Seller to Buyer. Using a Saleform of your choice, detail the obligations of the Seller to the Buyer in this regard once the deposit has been lodged.
7. Your client is a cash buyer who wishes to make a firm offer for a vessel being sold for scrap with delivery west coast India. Draft such an offer for the buyer's consideration, including address commission.
8. Buyers have certain obligations when paying for a vessel during a second-hand sale. Referring to a Saleform of your choice analyse these obligations, including the rights Sellers would have, should they not be met.