

# INSTITUTE OF CHARTERED SHIPBROKERS

APRIL 2009 EXAMINATIONS

WEDNESDAY 22 APRIL – AFTERNOON

## SHIP OPERATIONS AND MANAGEMENT

Time allowed – Three hours

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

1. Describe the characteristics (dimensions, tonnages, cargo gear etc) of *one* of the following types of cargo ship:
  - a) Handymax bulk carrier
  - b) Product tanker
  - c) Reefer ship

Illustrate your answer with longitudinal and cross sectional drawings of the chosen vessel. Show dimensions, tonnages and any other relevant details.

Give details of a trade route on which the chosen vessel could be employed using the world map provided to illustrate your answer.

2. You have been asked to look into the manning of two of the new ships that the company is about to acquire under its management. Discuss the advantages and disadvantages of hiring a mixed nationality crew.

Where would you be able to source them and what safeguards can you put in place so that your company will be provided by competent crews and officers?

3. You have just received an e-mail from one of your owned/managed ships. The master reports that while discharging one of the ship's cranes has collapsed and seriously injured a stevedore. In addition a crew member has also sustained injuries.
  - a) Explain the various departments you will have at your disposal to handle this incident and how they can assist you.
  - b) What insurances will the vessel have in place to cover this incident?

4.
  - a) Outline the main terms of LOF 2000 and indicate the main advantages of the form. Briefly explain the value of the SCOPIC clause and whom does it benefit?
  - b) Use an example when you as a ship operator would not want to use this salvage agreement.
5. You are the project manager of a new build tanker that is about to be delivered and registered with a flag of convenience.
  - a) What are the advantages if any with registering the ship with a flag of convenience?
  - b) Draw up a list of certificates that a tanker must have for international commercial trade and identify the authority responsible for issuing each certificate.
6. One of your managed vessels has been fixed for the following voyage. Using the factors below:
  - a) What cargo quantity can be loaded? (show calculations)
  - b) Where would you organise bunkers and how much would you stem to keep a safety margin of 5 days?
  - c) What daily net profit do you estimate? (show calculations)

The vessel: mv *Adream*, Marshall Island Flag discharging at Jebel Ali, UAE.  
 Bunkers ROB on completion cargo at Jebel Ali 220MT (100MT unpumpable)  
 IFO 380cst at \$240pmt.

Summer DWAT 75220MT on 14.16M  
 Winter DWAT 72,109MT on 13.73M  
 Cubic grain 90,989 CuM, 7 HO/HA  
 LOA 225m  
 Constants incl FW 750MT  
 Loaded Speed / cons 14kts on 33MT IFO 380CST  
 Ballast Speed / cons 14kts on 29MT IFO 380CST  
 Economical Speed /cons 12kts on 26MT IFO 380 CST  
 Port Cons 3MT IFO 380 CSD pd  
 Daily Running Costs \$ 15,000 / day

**The Cargo:** - 60,000MT Coal (SF 1.47) 10% MOLOO Richards Bay, South Africa to Rotterdam, The Netherlands.  
 No draft restrictions at discharge/ bunkering ports  
 15000 SHINC load/ 20,000 SHEX discharge  
 Demurrage/ half dispatch \$31,000/d  
 Freight \$35 pmt commission 5% FIOS

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**Distances:**

Jebel Ali to Fujairah –168 nm

Fujairah to Richards Bay 3724 nm

Richards Bay to Rotterdam – 7028 nm

(Disregard North Sea ship emissions control area)

**Bunkers prices:**

Fujairah IFO 380cst - \$230 pmt (calling costs \$5000)

Richards Bay IFO 180cst - \$337 (IFO 380 unavailable)

**Port Charges: -**

Load port \$60,000

Discharge port \$79,000

7.
  - a) What procedures can managers put in place to ensure that fuel delivered meets the specification required by the vessel?
  - b) Illustrate and identify with the help of the world map provided four main bunkering ports in the world. Briefly explain on what basis you have selected them.
  
8. You have been asked to brief potential investors on the various types of costs associated with ship-owning.
  - a) Using examples, explain the difference in detail between voyage costs and daily operating costs.
  
  - b) Explain all the costs an owner would probably incur with the acquisition of a vessel.
  
  - c) The following invoices have been presented to you. Under which headings would you allocate the following costs?
    - Pilotage fees
    - Crew travel and repatriation
    - Port dues
    - Supply of Provisions
    - Draft survey
    - Supplementary P & I Call
    - Initial registration fees
    - Repair of Radio equipment

# **THE INSTITUTE OF CHARTERED SHIPBROKERS**

## **SHIP OPERATIONS & MANAGEMENT (SOM)**

**2009**

### **EXAMINER'S REPORT**

#### **OVERALL COMMENTS**

There were more passes this year though few outstanding scripts. There are still many low marks indicating poor preparation and lack of basic shipping knowledge.

This year questions requiring description or calculation were not as well answered as in previous years. Candidates continue to find questions requiring analysis or discussion difficult. This year a world map was provided and this helped some candidates. Others could not correctly place key ports – practice with atlases is needed.

#### **QUESTION 1 – SHIP TYPES**

The question was quite well answered although the standard of drawing was often poor, unlabelled and missing key dimensions.

Those who chose the Product tanker produced the best answers. The handy max bulkcarrier, option was not well described with some candidates apparently not identifying this a “bulk carrier”.

Candidates should be cautious of describing a specific vessel well known to them unless it is typical of the type requested. The best scripts demonstrated a real knowledge of the chosen vessel type.

The part of the question dealing with trade routes was generally well answered with maps used well.

#### **QUESTION 2 – CREWING**

The first part of this question was about how crewing works. The reality is that many ships have crews of mixed nationality and this brings strengths and also problems. Some candidates failed to identify any advantages choosing to concentrate on perceived problems. A balanced, considered answer achieved the best marks.

The second part called for knowledge of STCW and efforts to train crew to common standards including knowledge of 'white lists' identifying countries whose training standards meet required criteria. This part was not well answered.

It should be noted that ITF is not a crewing agency!

### **QUESTION 3 – SHIP MANAGEMENT / INCIDENT**

This question dealt with activities of the managers not by the master and crew. The first part required understanding of the organisation of a ship management company covering Technical, Crewing, Insurance, Operations, Chartering. The best scripts explained the role of each department in supporting the master and his crew, in their completing discharge of cargo and effecting repairs.

The second part required an understanding of the various Insurances available. It was generally well answered.

### **QUESTION 4 - INSURANCE LOF 2000**

This question was attempted by few candidates but those who did, generally achieved satisfactory marks. In the first part, a thorough understanding of the principles was needed covering; no cure-no pay, obligations of contractors, protecting the environment, duties of property owners, rights of termination, deemed performance, governing law, scope of authority, SCOPIC clause etc. This part was well answered

The second part looked for understanding of when not to use LOF 2000, for example when owner/managers are able to contract the same services under a commercial contract and time permits. This part was not answered well.

### **QUESTION 5 – REGISTRATION AND CLASSIFICATION**

This question was not well answered. Many candidates did not address the question displaying lack of knowledge about Flags of Convenience. There appears to be a common assumption that ship standards must of necessity be low under an FOC when the opposite is often the case.

Some advantages include such matters as lower taxation, lower crewing costs, less regulatory control, owners anonymity, political necessity etc.

Part 2 was not well answered with basic mistakes about the authority responsible for issuing certificates. Some candidates appeared to think that SOLAS and IMO were agencies issuing certificates.

## **QUESTION 6 – VOYAGE ESTIMATE**

Generally well answered, it is necessary to take time to understand the question thoroughly before starting to answer it.

Part one - cargo lift - most candidates worked out that the cargo was volume limited but even so some still deducted bunkers and constants without considering draft available.

Part two – bunkers – generally well answered, though some candidates failed to note that the ship was unable to get to the loading port without re-supply. Consideration of safe margin of was vital and for good marks consideration (and rejection) of the economic consumption was needed.

Part three – calculation – The best scripts used a well-practised template. Common mistakes / problems included; confusion about shinc and shex, charging for total bunkers lifted (rather than estimated consumption) and over-generous rounding up.

Generally allowance for demurrage/dispatch should not be included in a voyage estimate unless guided to do so by prior experience or brokers advice. If it is included in an examination answer an explanation as to why is required.

## **QUESTION 7 – OPERATIONS**

This question was not answered well with some answers covering only one or two aspects.

The first part dealt with fuel specification safeguards. Points for inclusion were; ordering to specification ISO 8217; 2005 (or latest edition), Use of a good fuel contract such as “Fuelcon”, the taking, sealing and retention of samples (iaw fuelcon or Singapore standard), prompt analysis of Owner’s sample. Also using first class bunker broker and appointment of an independent surveyor in known difficult ports.

The second part was generally well answered although some candidates failed to locate major ports correctly. Ports such as Rotterdam, Suez ports, Gibraltar, Houston, Singapore, Fujairah, Panama Canal ports should have been identified (not a complete list). Reasons for selection included location near major refineries or strategically located on major sea routes and price comparisons.

## **QUESTION 8 – COSTS AND ACCOUNTING**

A straightforward question that was generally well answered. A common mistake was mixing up voyage costs and daily running (or daily operating) costs.

The examiners are aware that there are differences in terminology and accounting practice and make due allowance when awarding marks.

## **CONCLUSION**

As always some candidates failed to address the question and there was much information that was irrelevant. In multi-part questions, candidates should keep in mind that each part, however well answered, will only be awarded a proportion of the total mark for the whole question.

Layout and presentation were better this year and there were fewer scripts which were difficult to read.