

COURSE DESCRIPTION

Course Title	SHIPPING FINANCE I			
Course Code	ATSF401			
Course Type	Required			
Level	BSc (Level 1)			
Year / Semester	4 / Fall			
Teacher's Name	Dr Michalis Makrominas			
ECTS	6	Lectures / week	3	Laboratories/week
Course Purpose	<p>The Shipping Industry is capital intensive with vessel values reaching as far as \$150 mln. How do Shipping companies finance the acquisition and operation of their fleets? From one hand, the tangibility of the assets of Shipping firms (i.e. the vessels) are appropriate collaterals for securing financing. One the other hand, the Shipping industry is considered risk-laden being subject to increased volatility, seasonality and external shocks.</p> <p>The course focuses on the generation and acquisition of financial resources for Shipping firms, and their efficient utilization and control within the organization. Resting on general finance principles attained in the pre-requisite modules (AFIN101, AFIN102) the course extends investment appraisal techniques to the specifics of Shipping. The main topics covered are the Financial Nature of Shipping Business, Equity and Debt Financing, Capital Budgeting, Cost of Capital and Risk. Computer applications and real-life case studies are part of the study process.</p>			
Learning Outcomes	<ul style="list-style-type: none"> • Understand the nature and cyclicity of Shipping Business • Use financial theory and its associated tools to analyze financial scenarios; • Analyze the objectives of lenders and borrowers in the shipping industry in the wider area of financial intermediation as well as within the specific characteristics of the shipping sector. • Evaluate alternative means of shipping finance including debt provisions, syndicated loans, private equity, bridge financing etc. • Assess capital budgeting decisions based on theoretical principles; • Implement financial tools to allocate the firm's existing and potential resources (investment decisions); • Design strategies to finance current and new projects (financing decisions); • Critically evaluate how to allocate the firm's risks in an efficient manner (risk management); 			
Prerequisites	AFIN101, AFIN102	Corequisites	N/A	
Course Content	<p>On completion of this unit, the students should have knowledge of the:</p> <ol style="list-style-type: none"> 1. Nature of the Industry - Shipping Cycles, Financial Implications, Shipping as Capital Intensive Industry. 			

	<ol style="list-style-type: none"> 2. Sources of Finance - Debt provision syndicated, bilateral, equity, mezzanine/bridging, finance, private placements, Islamic Financing. 3. Capital Structure puzzle, debt equity mix dynamic evolvement, capital adequacy ratio. 4. Borrowing Structures - the single ship owning company - multinational conglomerates - other limited liability companies - flags of convenience. 5. Types of risk and finance - fixed, floating, term, revolving credit, guarantees, letters of credit ,corporate/entrepreneur risk company/country risk.
Teaching Methodology	Lectures, class discussions, case studies.
Bibliography	<p>(a) <u>Books and Textbooks:</u> <u>Required Reading</u></p> <ol style="list-style-type: none"> 1. Stopford Martin, Maritime Economics, Routledge, 3rd Edition, 2009, ISBN: 978-0-415-27558-3 <p><u>Further Bibliography</u></p> <ol style="list-style-type: none"> 2. Harwood Stephenson, Shipping Finance, Euromoney Books, 3rd Edition, ISBN : 1-843-74265-9 3. Sloggett J.E, Shipping Finance, 2nd Edition, Fairplay Publications, ISBN 041870093 4. Shipping Finance, 2015, Institute of Chartered Shipbrokers 5. Atrill, Peter and McLaney, Eddie. Accounting and finance for non-specialists (8th edition). Prentice Hall, 2013 <p>(b) <u>References:</u></p> <ol style="list-style-type: none"> 1. Ross S, R. Westerfield, J. Jaffe, Fundamentals of Corporate Finance, McGraw Hill, Fifth Edition, 2000, ISBN 0072476508 2. Lumbly S., Jones C. , Fundamentals of Investment Appraisal, Int. Thomson Business Press, 1st Edition, 2000, ISBN 1861526075 3. Brealey R, S Myers , F Allen, Corporate Finance, McGraw Hill, Eighth Edition, 2005, ISBN 007111551X 4. Shapiro Alan, Multinational Financial Management, Wiley & Sons, 7th Edition, ISBN : 0-471-39530-7 5. Alizadeh, Amir and Nomikos, Nikos. Shipping derivatives and risk management. Palgrave Macmillan, 2009.
Assessment	<p>(a) <u>Methods:</u> The students are assessed based on a coursework which includes assignments (either individual, or group), a close-book midterm exam and a close-book final exam. Assignments consists of case studies and require efficient use of appropriate software.</p> <p>(b) <u>Criteria:</u> The criteria of assessment are outlined in each assignment and/or exam given.</p> <p>(c) <u>Weights:</u></p> <ol style="list-style-type: none"> 1. Coursework: 20% 2. Midterm: 20% 3. Final: 60%
Language	English