

## COURSE DESCRIPTION

Course Title	<b>SHIPPING FINANCE II</b>			
Course Code	ATSF402			
Course Type	Required			
Level	BSc (Level 1)			
Year / Semester	4 / Spring			
Teacher's Name	Dr Michalis Makrominas			
ECTS	6	Lectures / week	3	Laboratories/week
Course Purpose	<p>The course extends the tools and techniques of shipping finance introduced in the prerequisite course ATSF401. The international aspect of the Shipping Industry and its financial implications are emphasized and the key financial decisions of the multinational shipping firm are analyzed. The main topics presented, within the context of global operations, are analytical techniques in decision making, how companies can obtain greater degree of international diversification, hedging exposure to interest rate, exchange rate and freight rate risks, identifying arbitrage opportunities in imperfect capital markets and tools in current asset management and short-term financing. Alternative means of shipping finance are also discussed.</p>			
Learning Outcomes	<ul style="list-style-type: none"> <li>• Identify shipping finance risks including interest rate risk, foreign currency risk and freight rate risk and the financial instruments used to counter these risks. Discuss standard credit risk analysis used in shipping (i.e. 6 C's).</li> <li>• Design strategies to hedge exchange, interest rate risk, exchange rate risk and freight rate risks using derivative securities.</li> <li>• Apply techniques of Capital Budgeting for the Multinational Corporation.</li> <li>• Analyze the basic functions of international trade within the Shipping Industry, including insurable risk from buyer to seller, provisions of bill of lading and foreign currency exchange risk.</li> <li>• Develop a working knowledge of International Cash Management and Short-term Financing.</li> <li>• Synthesize a comparable analysis of alternative means of shipping financing, in particular KS and KG financing and Islamic finance. Understand the basics of securitization.</li> </ul>			
Prerequisites	AFIN101, AFIN102, ATSF401	Co-requisites	N/A	
Course Content	<p>On completion of this unit, the students should have knowledge of the:</p> <p>1. International Portfolio Investment: International Equity Investing; International Bond Investing; Optimal International Asset Allocation; Measuring the Total Return from Foreign</p>			

	<p>Portfolio investing; Measuring Exchange Risk on Foreign Securities.</p> <p>2. Capital Budgeting for the Multinational Corporation: Basics of Capital Budgeting; Issues in Foreign Investment Analysis; Foreign Project Appraisal; Political Risk Analysis; Growth Options and Project Evaluation</p> <p>3. Financing Foreign Trade: Payment Terms in International Trade; Documents in International Trade; Financing Techniques in International Trade; Government Sources of Export Financing and Credit Insurance; Counter-trade</p> <p>4. Current Asset Management and Short-term Financing: International Cash Management; Accounts Receivable Management; Inventory Management; Short-term Financing.</p> <p>5. Managing the Multinational Financial System: The Value of the Multinational Financial System; Inter-company Fund Flow Mechanisms: Costs and Benefits; Designing a Global Remittance Policy</p> <p>6. KS, KG Ship financing and Islamic Finance: Describe alternative means of shipping finance, in particular KS and KG financing and Islamic finance. Understand the basics of securitisation.</p> <p>7. The Lender's perspective in the ship financing decision: Identify shipping finance risks including interest rate risk, foreign currency risk and freight rate risk and the financial instruments used to counter these risks. Discuss standard credit risk analysis used in shipping (i.e. 6 C's).</p> <p>8. Legal issues in shipping finance: Understand basic legal concepts regarding jurisdiction and arbitration.</p>
Teaching Methodology	Lectures, class discussions, case studies.
Bibliography	<p>(a) <u>Books and Textbooks:</u></p> <p><u>Required Reading:</u></p> <ol style="list-style-type: none"> <li>1. Stopford Martin, Maritime Economics, Routledge, 3rd Edition, 2009, ISBN: 978-0-415-27558-3</li> <li><u>Additional Bibliography</u></li> <li>2. Harwood Stephenson, Shipping Finance, Euromoney Books, 3rd Edition, ISBN : 1-843-74265-9</li> <li>3. Sloggett J.E, Shipping Finance, 2nd Edition, Fairplay Publications, ISBN 041870093</li> <li>4. Shipping Finance, 2015, Institute of Chartered Shipbrokers</li> <li>5. Atrill, Peter and McLaney, Eddie. Accounting and finance for non-specialists (8th edition). Prentice Hall, 2013</li> </ol> <p>(b) <u>References:</u></p> <ol style="list-style-type: none"> <li>1. Ross S, R. Westerfield, J. Jaffe, Fundamentals of Corporate Finance, McGraw Hill, Fifth Edition, 2000, ISBN 0072476508</li> <li>2. Lumby S., Jones C. , Fundamentals of Investment Appraisal, Int. Thomson Business Press, 1st Edition, 2000, ISBN 1861526075</li> <li>3. Brealey R, S Myers , F Allen, Corporate Finance, McGraw Hill,</li> </ol>

	<p>Eighth Edition, 2005, ISBN 007111551X</p> <ol style="list-style-type: none"> <li>4. Shapiro Alan, Multinational Financial Management, Wiley &amp; Sons, 7th Edition, ISBN : 0-471-39530-7</li> <li>5. Alizadeh, Amir and Nomikos, Nikos. Shipping derivatives and risk management. Palgrave Macmillan, 2009.</li> </ol>
Assessment	<p><u>(a) 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><u>(b) Criteria:</u> The criteria of assessment are outlined in each assignment and/or exam given.</p> <p><u>(c) Weights:</u></p> <ol style="list-style-type: none"> <li>1. Coursework: 20%</li> <li>2. Midterm: 20%</li> <li>3. Final: 60%</li> </ol>
Language	English