APPLIES TO ACADEMIC YEAR 2016/2017

EXC 3651 Shipping Finance

Programme
Bachelor of Business Administration - BBA (3. year), Exchange Program

Responsible for the course
Siv J Staubo

Department
Department of Finance

Term
According to study plan

ECTS Credits
7,5

Language of instruction
English

Introduction

The task of this course is to help understand the economics of the shipping indusrty. What makes it so interesting is the greate voatility in the industry and it is a perfect market for blending theory and practice. Because shipping is such an old indusrty, with a history of continous change, we have a unique oppertunity to learn from the past.

The essence of business administration includes corporate finance (i.e. investment and financing). Good knowledge within these areas is a necessary prerequisite to understand the economic content of investment and financing decisions. This is vital knowlegde for people working in the shipping industry. Further it is important to be able to obtain decision-relevant information, discuss and assess alternatives, make correct decisions and convey relevant and useful information.

The aim of this course in corporate finance in the shipping industry is to provide the students with essential knowledge and skills, so that they can take part in discussions on problems in finance and carry out simple analyses within the field, make correct decisions and communicate the results of the analyses in a comprehensible manner.

The course focuses mainly on capital structure in general, and capital sturcture in the shipping industry in particular.

Learning outcome

Acquired knowledge
After completed course, the students shall have learned:

- Different financial theories
- Capital structure decisions in different tax regimes.
- Capital structure decisions and volatility, which is essential for the shipping industry.
- How dividend decisions might affect firm value and firm,

Acquired skills
After completed course, the students shall be able to:

- Differentiate between the advantages and/or disadvantages of different financing instruments.
- Explain key concepts and give an account of the tools used in analyses of corporate finance problems in general, and corporate finance problems in the shipping industry in particular.
- Explain from the toolbox: valuation methods, cash flow effects of distribution policy.
- Give written answers to questions so that the readers understand the applied methods and conclusions.

Reflection
After taking the course, the students shall be able to ask critical questions and reflect on crucial assumptions and theories within the field of corporate finance.

Prerequisites

EXC2110 Basic Financial Management

Compulsory reading

Books:
Brealey, Richard A., Stewart C. Myers, Franklin Allen. 2014. Principles of corporate finance. 11th global ed. McGrawHill
Stopford, Martin. 2009. Maritime economics. 3rd ed. Routledge

Recommended reading

Course outline

1. Cost, Revenue and Cash Flows in the Shipping Industry, ch. 6 (MS)
2. Project analysis, ch. 10 (BMA)
3. Investment, Strategy and Economic Rents, ch. 11 (BMA)
4. Risk, Return and Shipping Company Economics, ch. 8 (MS)
5. Efficient Markets and Behavioral Finance, ch. 13 (BMA)
6. An overview of Corporate Finance, ch. 14 (BMA)
7. How Corporations Issue Securities, ch. 15 (BMA)
8. Pay-out Policy, ch. 16 (BMA)
9. Does Deby Policy matter?, ch. 17&18 (BMA)
10. Financing Ships and Shipping Companies, ch. 7 (MS)
11. Financing and Valuation, ch. 19 (BMA)

Computer-based tools

Excel spreadsheet models are highly recommended for problem-solving.

Learning process and workload

The course will include a combination of lectures and plenary tutorials where solutions to exercises will be explained.

The students are responsible for obtaining any information provided in class that is not included on the course homepage/It's learning or the text book.

The following is an indication of the time required:

Activity	Hours
Lectures	36
Plenary tutorials where exercises will be explained	6
Preparation for lectures and plenary tutorials and work on two voulentary hand-in assignments	118
Preparation for the final exam	40
Total recommended use of time	**200**

Use of hours

36 hours - Lectures
6 hours - Plenary tutorials where exercises will be explained
3 hours - Administration of the learning process on Itslearning
45 hours total

Examination

A three-hour individual written exam concludes the course.

Examination code(s)

EXC 36511 – Written exam, accounts for 100% of the grade in EXC 3651 Shipping Finance, 7,5 ECTS credits.

Examination support materials

Interest tables and BI approved exam calculator. Examination support materials at written examinations are explained under examination information in the student portal @bi. Please note use of calculator and dictionary in the section on support materials (https://at.bi.no/EN/Pages/Exa_Hjelpemidler-til-eksamen.aspx).

Re-sit examination

Re-sit examination is offered every term..

Additional information