

Module Handbook Shipping Financial Management

Scheme & Programme	M.Sc. Shipping Management		
Module Title	Shipping Financial Management		
Module Code			
Module Start Date/ Cohort	2018-19		
Module Level	Level 7	Credit Rating	[5 ECTS credits]
Total study time	10 hours academic directed time 3,5 hours lecture per week	Hours of independent Learning and time for assessments	125 hours of teaching and independent learning and time for assessments
Module Leader & Lecturer:	Ass. Prof. Dimitris Tsouknidis		
Email:	dtsouknidis@unipi.gr		
Room:			
Office Hours:	Please email me for any queries or arrange an appointment.		
Seminar Tutor(s):			
Programme Director:	Dr. Angelos Pantouvakis		
Administrator contact:	Mrs. Irimi Mantea, 2104142504		
Administrator e-mail:	nafadmin@unipi.gr		
Lecture day & time:	Weekdays 17.30-21.00		
Seminar day & time:			

1. Welcome Note

Welcome to the module Shipping Financial Management of the M.Sc. Shipping Management Program, University of Piraeus. This module helps students learn and understand the fascinating world of shipping finance and financial management.

2. Module aims

The major objective of this module is to examine comprehensively the field of maritime investments and finance. The subjects covered are: (a) characteristics of shipping investments, (b) shipping market cycles, (c) feasibility of investments utilizing costs, revenues and cash flows analysis, (d) risk, return and shipping company economics, (e) economics of shipbuilding and scrapping, (f) shipping finance, and (g) credit risk in shipping finance.

The learning tools of the module include a combination of relevant theoretical concepts, empirical examples, and discussion questions.

It is expected that upon completion of the module, students will fully understand the main principles of maritime investments and their relation to the maritime environment, the main methods of shipping finance, and the credit risk assessment methods in the maritime investments and finance.

3. Learning Outcomes—what you will gain from taking the module:

By the end of the course, students should be able to apply the following for the shipping industry:

- Build upon a concise framework that integrates core financial decisions of the modern corporation from a theoretical as well as an empirical perspective
- Undertake critical decisions to key fundamental issues in financial management & accounting
- Develop practical financial managerial and accounting expertise.
- Explain and discuss fundamental theoretical and empirical topics for efficient financial management and accounting
- Critically evaluate corporate investment, financing and business decisions
- Be equipped with skills and tools and help them develop critical judgement for rational financial management decisions and corporate value enhancement.

4. Indicative Module Content:

This module will develop on modern theoretical and empirical topics in financial accounting from a financial manager's viewpoint. It will explain alternative investment appraisal methods to select attractive investment projects and fund-raising approaches to financing, including IPOs, bonds and bank lending. Critical accounting principles, financial statement analysis, auditing and compliance are also discussed.

5. How the module is taught, attendance and the teaching schedule:

The module will utilize flexible, responsive and interactive learning environments using a combination among lectures, seminars, workshops and independent self-assessment tasks, to encourage students' ability to think critically and creatively. Thus, critical thinking will be achieved through case studies and real accounting and financial scenarios.

Week	Topic	Reading
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Week 1	Fundamentals of shipping markets <ul style="list-style-type: none"> • How important is shipping for the global economy • Shipping market segments and sub-segments • Cyclicity and seasonality 	Notes from Moodle, [MS] Chapters 1-2
Week 2	Introduction to shipping finance <ul style="list-style-type: none"> • Sources of ship finance • Bank financing, leasing, bonds, IPOs • Characteristics of shipping investments and risks 	Notes from Moodle, [MS] Chapter 3, [KV] Chapter 1 and 3
Week 3	Costs, revenue and cash flow (1) <ul style="list-style-type: none"> • Operating costs • Voyage costs • Capital costs • Maintenance costs 	Notes from Moodle and [MS] Chapter 6
Week 4	Costs, revenue and cash flow (2) <ul style="list-style-type: none"> • The revenue the ship earns • Methods of computing cash flows • Voyage cash flow analysis • Annual cash flow analysis • Discounted cash flow analysis 	Notes from Moodle and [MS] Chapter 6
Week 5	Costs, revenue and cash flow (3) and Case study HBS <ul style="list-style-type: none"> • Time Charter Equivalent • Investment appraisal using NPV and IRR • Annuities • Amortization schedule of bank loans 	Notes from Moodle and [MS] Chapter 6
Week 6	Shipping Investments Appraisal <ul style="list-style-type: none"> • Mutually exclusive investments • Case study 	Notes from Moodle and [MS] Chapter 6
Week 7	Shipping bank credit policy and shipping bank loans <ul style="list-style-type: none"> • Principles of good lending • Assessing a bank loan agreement • Types of shipping bank loans 	Notes from Moodle [MS] Chapter 7, [HSBA] Chapters 2 and 5
Week 8	Default risk models in shipping and assessing the default risk of Shipping Bank Loans <ul style="list-style-type: none"> • Credit analysis in shipping • Credit ratings in shipping – Moody's, S&P, Fitch • Estimation of Probabilities of Default 	Notes from Moodle, [MS] Chapter 7
Week 9	Shipping bonds and shipping IPO's <ul style="list-style-type: none"> • Bonds as a source of shipping finance • Shipping bond spreads determinants • IPOs case studies 	Notes from Moodle and [MS] Chapter 7

6. Assessment of the module

The module will be assessed as follows:

A) Individual performance (30%): class participation, assignments, cases, exercises, tests

B) Written exams (70%): A 2-hour written exam test.

Assessment Title and Brief Description	Word count/ Hrs where applicable	Weight	Submission deadline	Submission method	Feedback date	How feedback is provided
Individual performance (class participation, assignments, cases, exercises, tests)	-	30%	Continuous	In class	TBD	-
Written exams	2hrs	70%	TBD	In class	TBD	-

Any changes to the assessment schedule will be communicated by e-mail and/ or announcement on e-class.

7. Main Readings:

- [DT] Class Notes
By Dimitris A. Tsouknidis and Dionisis Polemis
- [MS] Maritime Economics, 3rd Edition (2009),
By M. Stopford
- [KV] International Handbook of Shipping Finance (2016),
By M.G. Kavussanos and I. D. Visvikis.

Recommended Readings

- [ICS] Shipping Finance, (2013)
By the Institute of Chartered Shipbrokers (ICS)
- [SH] Shipping Finance, 3rd Edition (2006), By Stephenson Harwood

ACADEMIC JOURNAL ARTICLES

Students are strongly encouraged to read a number of the following articles which constitute key contributions in the shipping financial management academic literature.

Shipping Finance Literature Review

Alexandridis G., Kavussanos M., Kim C., Tsouknidis D.A., Visvikis I., 2018. A Survey of Shipping Finance Research: Setting the Future Research Agenda, Transportation Research Part E: Logistics and Transportation Review 115, 164-212.

Shipping Bank Loans and Bonds

- Kavussanos M.G. and Tsouknidis D.A., 2016. Default risk drivers in shipping bank loans, *Transportation Research Part E: Logistics and Transportation Review* 94, 71-94.
- Kavussanos, M.G., Tsouknidis, D.A., 2014. The determinants of credit spreads changes in global shipping bonds. *Transportation Research Part E: Logistics and Transportation Review* 70, 55–75. doi:10.1016/j.tre.2014.06.001

Shipping Corporate Governance and Ownership

- Tsouknidis D.A., 2019. The effect of institutional ownership on firm performance: the case of U.S. listed shipping companies, *Maritime Policy and Management*, forthcoming.
- Tsouknidis D.A., 2016. Dynamic volatility spillovers across shipping freight markets. *Transportation Research Part E: Logistics and Transportation Review* 91, 90-111.
- Andreou, P.C., Louca, C., Panayides, P.M., 2014. Corporate governance, financial management decisions and firm performance: Evidence from the maritime industry. *Transportation Research Part E: Logistics and Transportation Review* 63, 59–78. doi:10.1016/j.tre.2014.01.005
- Drobetz, W., Merikas, A., Merika, A., Tsionas, M.G., 2014. Corporate social responsibility disclosure: The case of international shipping. *Transportation Research Part E: Logistics and Transportation Review* 71, 18–44. doi:10.1016/j.tre.2014.08.006

NEWSPAPERS/DATABASES

- Naftemporiki, Lloyds List, Lloyds Shipping Economist, Marine Money, Tradewinds, Financial Times, Economist, Wall Street Journal.
- Datastream Advance, IMAREX, NYMEX, LCH.Clearnet, Reuters, Bloomberg, Chicago Board of Trade, LIFFE.
- www.clarksons.net, www.lloydslist.com, www.naftemporiki.gr, www.nautilia.gr, www.petrofin.gr.