

The Hong Kong Polytechnic University

Subject Description Form

Subject Code	LGT5065
Subject Title	Finance for Shipping and Logistics
Credit Value	3
Level	5
Normal Duration	1-semester
Pre-requisite / Co-requisite/ Exclusion	Nil
Objectives	<p>To provide students with academic and practical knowledge of a broad range of academic concepts and practical techniques/methods in investment and financial management, and to develop skills in applying these to decision-making in investment and financing in shipping and logistics.</p> <p>This subject contributes to the following Intended Learning Outcomes for the MSc programme(s):</p> <p>MSc/PgD in International Shipping and Transport Logistics (Mixed-mode/Full time Stream).</p> <p>#3 Resolve economic and financial problems encountered in international shipping (Learning objective 3b).</p>
Intended Learning Outcomes	<p>Upon completion of the subject, students will be able to:</p> <ol style="list-style-type: none"> a. Understand a broad range of academic concepts and practical techniques and methods in investment and financial management and decision-making covering dual decision-making in investment and financing for shipping and logistics; b. Develop and apply the most relevant and appropriate financial management skills and techniques to investing and financing analysis, evaluation, decision-making in shipping and logistics; and c. Explore and understand how emerging technologies lead to potential and apparent changes in shipping finance in terms of investing/disinvesting and financing decisions.
Subject Synopsis/ Indicative Syllabus	<ol style="list-style-type: none"> a. Understanding of the roles of corporate finance in dual decision (for investment and financing) and the linkage of cost of capital in investing and financing decisions. Fundamental and practical issues in shipping relating to shipping finance, covering (i) shipping markets, (ii) shipping cycle, (iii) chartering arrangement (split of risks and apportionment of costs), (iv) maritime economics and economic analysis, (v) shipping industry and market analysis, (vi) principles of ship valuation, (vii) maritime lien and ship arrest, (viii) one ship company in ship ownership and registration etc.

	<p>b. Fundamental concepts and practical techniques/methods in corporate finance (financial management and dual decision-making in investment and financing) relating to shipping finance, covering (i) capital budgeting, (ii) capital structure, (iii) cost of capital, (iv) techniques of evaluation and appraisal of investment project (particularly discounted cashflow analysis) and financial statements analysis), (v) ship revenue (cash inflow) and running costs (cash outflow) etc.</p> <p>c. Major sources and types of finance in shipping covering (i) general type and ship-specific-type, (ii) capital market (including equity and bond markets), (iii) bank shipping finance (including commercial banks (bilateral mortgage loans and corporate loans), government banks and investment banks), (iv) shipping loan documentation and (vi) relevant topics relating to financing for shipping.</p> <p>d. Emerging technologies and its applications in shipping finance from shipping market and capital market perspectives (e.g., FinTech, Blockchain, Big Data Analytics, Business Analytics etc.)</p>																																						
<p>Teaching/Learning Methodology</p>	<p>Lecture: Learn academic concepts and practical techniques/methods in dual decision-making (including both investing and financing decisions) aims at putting and applying academic concepts and practical techniques/methods into contexts.</p> <p>Coursework and final examination: Learn to practically apply the basic investing and financing techniques and methods to logistics/maritime industry, and to study selected topics in-depth.</p>																																						
<p>Assessment Methods in Alignment with Intended Learning Outcomes</p>	<table border="1" data-bbox="523 1122 1474 1485"> <thead> <tr> <th rowspan="2">Specific assessment methods/tasks</th> <th rowspan="2">% weighting</th> <th colspan="6">Intended subject learning outcomes to be assessed (Please tick as appropriate)</th> </tr> <tr> <th>a</th> <th>b</th> <th>c</th> <th>d</th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>Coursework</td> <td>50%</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>Final examination</td> <td>50%</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>100%</td> <td colspan="6"></td> </tr> </tbody> </table> <p>Explanation of the appropriateness of the assessment methods in assessing the intended learning outcomes:</p> <p>The coursework assesses the abilities of students to understand, comprehend and apply the knowledge and skills in shipping finance covering the full picture of investing and financing decisions.</p> <p>The written final examination tests the abilities of the students to understand and comprehend all basic concepts, knowledge, techniques, and methods of shipping finance, and also their abilities of the students to apply all basic skills to resolve ship investment and financing problems.</p> <p>Not less than 10% of the course grade will be assigned to assess the learning outcome item (c) in the coursework or one examination question in the final examination (to be decided by the subject lecturer).</p>	Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)						a	b	c	d			Coursework	50%	✓	✓	✓	✓			Final examination	50%	✓	✓	✓	✓			Total	100%						
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Student Study Effort Expected	Class contact:	
	▪ Lectures / Tutorials (if any)	39 hrs.
	Other student study efforts:	
	▪ Reading and self-study	42 hrs.
	▪ Preparation for coursework and final examination	45 hrs.
	Total student study efforts	126 hrs.
Reading List and References	<p>Recommended Reference Books:</p> <p>Brealey A. R. and Myers C. S. (2011). Principles of Corporate Finance, International Edition (10th edition), McGraw-Hill, Inc.</p> <p>Cheng P. (1979.) Financial Management in the Shipping Industry, Cornell Maritime Press.</p> <p>Clarkson Research Services (2008). KG Finance & Shipping 2008: A report on the KG ship finance sector and its development, London</p> <p>Drewry Consultants (1996). Shipping finance: A high risk – low return business, Drewry.</p> <p>Drewry Consultants (2001). Shipping finance & investment, Drewry.</p> <p>Drewry Consultants (2004). Second hand Ships: Timing is everything, Drewry [electronic resource].</p> <p>Grammenos C. T. (2010). The handbook of maritime economics and business (2nd edition), LLP (London).</p> <p>Grammenos C. T. and Xilas E. M. (1996/1997). Shipping investment & finance, Course Manual at Department of Shipping, Trade and Finance, City University Business School, London, U.K.</p> <p>Harwood S. (2006). Shipping finance (3rd edition), London: Euromoney Books.</p> <p>Mayer Brown JSM (2011). Guide to shipping finance in Hong Kong.</p> <p>Paelinck H. (2010). Reeds dictionary of shipping and marine finance, Reeds.</p> <p>Sloggett J. E. (1984). Shipping finance, Fairplay.</p> <p>Stokes P. (1997). Ship finance — Credit expansion and the Boom-Bust cycle (2nd edition), LLP (London).</p> <p>Stopford M. (2009). Maritime economics, Routledge.</p> <p>Recommended Shipping News:</p> <p>TradeWinds – Daily news of shipping (with focus on the Finance Section)</p>	