ICS Examiner’s Report April 2015

SHIPPING BUSINESS

General comment

In general terms, the majority candidates attempting the 2015 April examinations were well prepared and produced well informed answers, although it was evident that many failed to grasp the concept of a structured revision programme and, as a result, failed to convey enough knowledge of the subject matter. It seems a re-occurring problem that some candidates continue to misunderstand that some questions are drafted in two parts and, as a result, tended to concentrate on the first part, with the second part either not attempted at all or regarded as an afterthought when, in reality, both parts are allocated equal marks in most cases. In the relevant questions, those students who annotated the world maps with country names, trade routes, danger areas etc gained additional marks. For those candidates who failed this time, for most, it was evident that just a little more preparation, effort and knowledge gained through a stringent revision programme should be enough to gain these additional marks in the next exam session.

Question one

This two part question produced a few well prepared answers with candidates able to identify major grain routes and associated hazards, stowage requirements and characteristics. It was observed that, although generally well answered, the second part of the question posed some problems for candidates who failed to display any understanding of grain regulations, use of self-trimming vessels or environmental, geographical or political influences.

Question two

Again, drafted as a two part question although many students failed to grasp that their answer required more, information than the three main functions of a Bill of Lading. Although fundamental, some candidates failed to understand the significance of a clean B/L to buyers and sellers, the shipowners’ liability under Hague Visby rules or fraudulent preparation of clean B/L’s.

Question three

Most candidates made a good attempt at this question and, as a rule, were able to identify the main areas, but relatively few understood the importance of FOW, weather routing and lacked detail in relation to ways in which owners and charterers could overcome this seasonal problem. Matters such as innovation in ship design and propulsion, an understanding of Institute Warranty Limited and trader’s alternative ways of delivering their commodities to ice free ports were completely overlooked.

Question four

The candidates attempting this question, in general, conveyed relatively poor knowledge in identifying the advantages and disadvantages between in-house and independent ship management with most failing to mention factors such as cost, availability of skilled labour, variance in reporting and management. Students should spend a bit more time in learning and revising the advantages and disadvantages between in-house and independent ship management.
Question five

This question produced some excellent discussions on how to prevent criminal activity, but too few students grasped the importance of the work carried out by the IMB in this respect. Whilst the main areas of fraud were covered, many students failed to identify the internal and cultural issues that arose with disclosing fraud, including how companies are able to deal with such disclosure and the difficulties encountered when an arrest is made under national jurisdictions and corrupt state officials.

Question six

Overall, unfortunately answers to this question were disappointing with some students regarding it as an opportunity to explain every Incoterm and, therefore, failed to address the issues from the manufacturer’s point of view. Very few students thought very little about the day-to-day commercial activity and the fact that freight forwarders, chambers of commerce, liner agents and operators are used to dealing with these queries and are well placed to provide expert advice and assistance to their clients.

Question seven

The wording of this question clearly stated that the answer should be drafted in formal letter format and, disappointingly, it appeared that a vast majority of candidates either misunderstood the requirement or simply could not draft a formal business letter. With regards to content, too few students understood why a supervisory agent should be appointed and, in addition, failed to mention aspects such as conflict of interest, the role of the port agent or the protective agent’s.

Question eight

Although generally well answered, some students focussed on the benefits and drawbacks to training with public and private limited companies compared to partnerships, but failed to mention the advantages and disadvantages of trading with the different business entities. Most candidates recognised factors such as self-interest, quick decision making and lack of bureaucracy as advantages associated with small business units.