



Shipping Accounting and IFRS: Vessel Assets, Charters, Voyage Revenue and Dry-Docking



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Introduction:

Shipping accounting and IFRS reporting in shipowning and operating groups turn on judgements that general IFRS training rarely reaches: how a vessel is split into components, when dry-docking is capitalised, how a time charter separates lease from crew service, and when a voyage earns its freight. Errors surface as restated depreciation, unexpected vessel impairments and covenant breaches. This Core Concept course takes finance and audit teams through vessel assets, charters, voyage revenue, bunkers, pools and financing. Participants produce a Shipping Group Accounting Policy and Journal Entry Pack for a case fleet.

Course Objectives:

- Map shipowner, operator, pool and ship manager structures to the reporting entity, cost classifications and functional currency of a shipping group
- Measure vessel cost, newbuild instalments, capitalised borrowing costs, dry-docking components, useful lives and scrap-based residual values
- Test owned and chartered-in vessels for impairment using charter-free values, value in use and fleet-segment cash-generating units
- Recognise voyage revenue over time, defer fulfilment costs and account for demurrage, despatch and freight claims
- Account for time and bareboat charters as lessor and lessee, bunker inventory, pool results and ship-management fees
- Draft accounting policy notes, covenant disclosures and worked journal entries for a mixed-fleet shipping group

Target Audience:

- Finance managers responsible for the financial statements of shipowning and ship operating companies
 - Group reporting managers responsible for consolidating owned, chartered-in and pooled fleets
 - Audit managers who review vessel valuations, charter contracts and voyage revenue cut-off
 - Ship management and pool finance managers responsible for owner reporting and fee accounting
 - Ship finance and credit managers who assess borrower accounts and loan covenant compliance
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Course Outline:

Day 1: Shipping Business Models and the Reporting Landscape

- Reporting Entity Map: Shipowner, Operator, Ship Manager and Commercial Pool Structures
- Voyage, Time and Bareboat Charter Cash Flow Profiles From the Owner and Charterer Side
- Vessel Operating Expense, Voyage Expense and Hire Cost Classification Matrix
- Functional Currency Assessment for Groups Earning Freight in a Single Trading Currency
- Current-State Accounting Policy Gap Review Checklist for a Shipping Group

Day 2: Vessel Assets: Cost, Components, Depreciation and Impairment

- Vessel Cost Build-Up: Yard Instalments, Supervision Fees and Pre-Delivery Expenses
- IAS 23 Borrowing Cost Capitalisation on Newbuild Contracts
- IAS 16 Component Split: Hull, Machinery and Dry-Docking Component
- Useful Life, Light-Weight Scrap Residual Value and Annual Estimate Review
- IAS 36 Vessel Impairment: Charter-Free Valuations, Value in Use and Fleet-Segment Cash-Generating Units

Day 3: Voyage Revenue, Time Charters Out and Bareboat Charters

- IFRS 15 Voyage Revenue Over Time: Load-to-Discharge Measure of Progress
- Voyage Fulfilment Costs: Ballast Leg Bunkers and Port Charges Deferral Tests
- Demurrage, Despatch and Freight Claims as Variable Consideration
- IFRS 16 Lessor Accounting for Time Charters Out: Hire Split Between Lease and Crew Service
- Bareboat Charter Classification: Finance Versus Operating Lease Indicators and Purchase Options

Day 4: Chartered-In Tonnage, Bunkers, Pools, Financing and Hedging

- IFRS 16 Lessee Accounting for Chartered-In Vessels: Right-of-Use Asset, Hire Liability and Extension Options
- IAS 2 Bunker Inventory: Cost Formula, Delivery and Redelivery Quantity Adjustments
- Pool Earnings and Ship-Management Fees: Principal Versus Agent Judgement
- Vessel Sale-and-Leaseback and Loan Covenant Disclosure: Value-to-Loan and Minimum Liquidity Tests
- IFRS 9 Hedging of Freight Forward Agreements and Bunker Swaps at Overview

Day 5: Case Study: Shipping Group Policy Notes and Worked Entries

- Case Brief: Mixed Fleet Group With Owned, Chartered-In and Pooled Vessels
 - Worked Entries: Newbuild Delivery, Dry-Docking Capitalisation and Vessel Write-Down
 - Worked Entries: Voyage Cut-Off, Demurrage Accrual and Time Charter Hire Allocation
 - Drafting Policy Notes for Vessels, Charters, Voyage Revenue and Bunkers
 - Accounting Policy and Journal Entry Pack Presentation to an Auditor Challenge Panel
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Skills You Will Gain:

- Vessel Component Accounting
- Dry-Docking Capitalisation
- Vessel Impairment Testing
- Voyage Revenue Cut-Off
- Charter Contract Lease Analysis
- Bunker Inventory Costing
- Pool and Management Fee Accounting
- Covenant Disclosure Drafting

Why Attend This Course:

- Return with a Shipping Group Accounting Policy and Journal Entry Pack built on a mixed-fleet case
- Defend dry-docking, residual value and impairment judgements to auditors and lenders with worked evidence
- Resolve charter party and voyage cut-off questions at month-end without waiting for external advice
- Compare fleet accounting practice with finance and audit peers from dry bulk, tanker, container and gas shipping

Conclusion:

Shipping financial statements depend on a small number of heavy judgements about vessels, charters and voyages. The course moves from business models, cost classification and functional currency, through vessel cost, borrowing costs, components, residual values and impairment, to voyage revenue, demurrage and charters out, then to chartered-in tonnage, bunkers, pools, sale-and-leaseback, covenants and hedging. The final day applies these to a mixed-fleet case and produces a Shipping Group Accounting Policy and Journal Entry Pack.
