

Shipping Business Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. Hurricane meaning is?**
 - A. Tropical revolving storms in the Caribbean and Gulf of Mexico, July to October**
 - B. Tropical revolving storms in the China Sea, July to October**
 - C. Cyclones in Bay of Bengal (India) from October to December**
 - D. Doldrums near the equator**

- 2. Which of the following is not typically moved by ships according to the material?**
 - A. Timber**
 - B. Crude oil**
 - C. Iron ore**
 - D. Coal**

- 3. If gross trade revenue is 1,000,000, directly related trade costs are 150,000, and employment days are 40, what is the Time Charter Equivalent per day?**
 - A. 21,250 per day.**
 - B. 18,500 per day.**
 - C. 25,000 per day.**
 - D. 15,000 per day.**

- 4. Which term specifically denotes damage caused by acts of the king's enemies?**
 - A. Act of kings enemies.**
 - B. Act of God.**
 - C. Inherent vice.**
 - D. Tort.**

- 5. Which statement best describes a time charter?**
 - A. The charterer provides the crew and the voyage costs, while ownership remains with the shipowner.**
 - B. The vessel and crew are leased for a set time; the owner still owns the ship, and the charterer selects ports and pays variable costs.**
 - C. The charterer charts the vessel for a single voyage and provides cargo.**
 - D. The owner bears all operating costs and the charterer pays a fixed hire.**

- 6. Capesize vessels typically carry which type of cargo?**
- A. Iron Ore (Malm)**
 - B. Coal**
 - C. Crude Oil**
 - D. Containers**
- 7. Deadweight Tonnage (DWT) represents what?**
- A. The total of cargo, fuel, water, provisions, passengers and crew that a ship can carry**
 - B. The ship's total internal volume**
 - C. The ship's draft**
 - D. The ship's maximum speed**
- 8. Port agents duties after arrival include which action?**
- A. Tender NOR (Notice of Readiness).**
 - B. Obtain cargo details from principal.**
 - C. Pay all dues in advance.**
 - D. Arrange onward transport of cargo.**
- 9. Forward Freight Agreement is commonly used to hedge against fluctuations in which metric?**
- A. Freight rates.**
 - B. Insurance premiums.**
 - C. Port charges.**
 - D. Crew costs.**
- 10. PDPR stands for Per Day Pro Rated. What does this term describe?**
- A. A fixed monthly fee for laytime.**
 - B. A method of paying hire on a daily basis proportional to time used.**
 - C. A payment for cargo insurance only.**
 - D. A time charter where days are pro-rated by tonnage.**

Answers

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1. A
2. A
3. A
4. A
5. B
6. A
7. A
8. A
9. A
10. B

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Explanations

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1. Hurricane meaning is?

- A. Tropical revolving storms in the Caribbean and Gulf of Mexico, July to October**
- B. Tropical revolving storms in the China Sea, July to October**
- C. Cyclones in Bay of Bengal (India) from October to December**
- D. Doldrums near the equator**

A hurricane is a tropical cyclone that forms in the Atlantic basin, specifically over warm Atlantic waters affecting areas like the Caribbean and the Gulf of Mexico. That makes the description of “tropical revolving storms in the Caribbean and Gulf of Mexico, July to October” the best fit, since it matches where these storms occur and the general season when they are most active. The other options describe storms in different basins (China Sea would be typhoons, Bay of Bengal storms are Indian Ocean cyclones) or a calm region (the doldrums near the equator), which do not define what a hurricane is. So the Atlantic tropical cyclone description is the correct choice.

2. Which of the following is not typically moved by ships according to the material?

- A. Timber**
- B. Crude oil**
- C. Iron ore**
- D. Coal**

The main idea here is understanding what kinds of cargo sea transport is most efficient for. Crude oil, iron ore, and coal are classic bulk cargoes moved by ships because oceans handle very large, heavy quantities in a single voyage. Oil is carried in purpose-built tankers that keep the liquid safely contained and easy to unload. Iron ore and coal go into bulk carriers with wide holds designed to maximize on-board volume and speed up loading and discharge. These commodities typically cycle between large production regions and major consuming markets, making sea transport the most economical option. Timber, as treated in this material, isn't listed as a typical sea bulk cargo. While it can be shipped by sea in various forms (logs, lumber, containers), the material distinguishes it from the usual sea-moving bulk commodities like crude oil, iron ore, and coal.

3. If gross trade revenue is 1,000,000, directly related trade costs are 150,000, and employment days are 40, what is the Time Charter Equivalent per day?

- A. 21,250 per day.**
- B. 18,500 per day.**
- C. 25,000 per day.**
- D. 15,000 per day.**

Time Charter Equivalent per day measures how much income a ship earns per day after subtracting voyage-related costs, spreading the net revenue over the days of employment. Start with gross trade revenue of 1,000,000 and subtract directly related trade costs of 150,000 to get net revenue of 850,000. Then divide by the number of employment days (40): $850,000 \div 40 = 21,250$ per day. So the TCE per day is 21,250.

4. Which term specifically denotes damage caused by acts of the king's enemies?

- A. Act of kings enemies.**
- B. Act of God.**
- C. Inherent vice.**
- D. Tort.**

In marine insurance, losses are described as resulting from named perils. One of these named perils is acts of the king's enemies, which means damage caused by hostilities or actions of enemies of the Crown. This category specifically covers harm arising from such human-caused aggression, distinguishing it from other risks. Act of God covers natural, extraordinary events; inherent vice refers to damage from a defect intrinsic to the subject matter; and tort is civil liability from a wrongful act. So the term that denotes damage caused by acts of the king's enemies is the acts of the king's enemies peril.

5. Which statement best describes a time charter?

- A. The charterer provides the crew and the voyage costs, while ownership remains with the shipowner.**
- B. The vessel and crew are leased for a set time; the owner still owns the ship, and the charterer selects ports and pays variable costs.**
- C. The charterer charts the vessel for a single voyage and provides cargo.**
- D. The owner bears all operating costs and the charterer pays a fixed hire.**

In a time charter, the charterer gains the use of the vessel for a defined period while the ship remains owned by the owner and the crew is typically provided by the owner. The charterer controls the vessel's commercial use—where it goes and what cargo it carries—within that charter period, and the charterer pays the running costs such as fuel and port charges. The hire covers the use of the ship for the specified time. This matches the statement that describes the vessel and crew being leased for a set time, with ownership staying with the owner, and the charterer selecting ports and paying variable costs. Other options describe different charter types or cost arrangements that aren't time charters.

6. Capesize vessels typically carry which type of cargo?

- A. Iron Ore (Malm)**
- B. Coal**
- C. Crude Oil**
- D. Containers**

Capesize vessels are the largest dry bulk ships designed to move bulk mineral cargoes, with iron ore being the most typical load. Their size and hull design are optimized for hauling large single-volume cargoes, and iron ore—often Malm ore from certain regions—is what these ships are built to carry efficiently. While coal is also a bulk cargo carrier, the defining use of Capesize ships is to transport iron ore from mines to steel mills around major trade lanes (like Australia or Brazil to Asia or Europe). In contrast, crude oil would go on tanker ships and containers on container ships, so those options don't fit the typical role of Capesize vessels.

7. Deadweight Tonnage (DWT) represents what?

- A. The total of cargo, fuel, water, provisions, passengers and crew that a ship can carry**
- B. The ship's total internal volume**
- C. The ship's draft**
- D. The ship's maximum speed**

Deadweight Tonnage shows how much weight a ship can carry in addition to its own light weight. It covers cargo, fuel, water, provisions, passengers and crew—the things needed to operate and complete a voyage. DWT is found by taking the difference between the ship's displacement when fully loaded and its light displacement. This measure focuses on weight capacity, not volume or speed. It's not the ship's internal volume (that relates to capacity in cubic terms), not its draft (the vertical depth of the hull in water), and not its maximum speed. DWT helps gauge cargo-carrying capability and plan safe loading limits for ports and voyages.

8. Port agents duties after arrival include which action?

- A. Tender NOR (Notice of Readiness).**
- B. Obtain cargo details from principal.**
- C. Pay all dues in advance.**
- D. Arrange onward transport of cargo.**

Tendering the Notice of Readiness signals the port that the vessel has arrived and is ready to begin operations, marking the start of discharge/loading and laytime. This formal signal is the trigger that allows the terminal to allocate berth, initiate cargo handling, and start demurrage timing. In practice, the port agent (often on behalf of the master) provides the NOR to the port authority and terminal as soon as readiness is confirmed, so operations can proceed without unnecessary delay. Obtaining cargo details from the principal is typically done earlier to prepare manifests and handling plans, not the immediate post-arrival duty that starts operations. Paying all dues in advance isn't a standard requirement for arrival, as port charges are usually settled when due or as services are rendered. Arranging onward transport can be part of a broader cargo-handling role but is not the immediate duty that marks the arrival and the start of port operations.

9. Forward Freight Agreement is commonly used to hedge against fluctuations in which metric?

- A. Freight rates.**
- B. Insurance premiums.**
- C. Port charges.**
- D. Crew costs.**

Forward Freight Agreements are financial tools used to shield shipping participants from swings in the price of moving cargo by sea. They are tied to future freight rates for a specific route and period, so they let a party lock in a forward rate and reduce the uncertainty of earnings or voyage costs due to market volatility. That's why the metric being hedged is freight rates—the price charged for transporting goods by sea. The other costs listed—insurance premiums, port charges, and crew costs—are separate operational expenses and do not track the same market-driven fluctuations as freight rates, so they're not what FFAs hedge.

10. PDPR stands for Per Day Pro Rated. What does this term describe?

- A. A fixed monthly fee for laytime.**
- B. A method of paying hire on a daily basis proportional to time used.**
- C. A payment for cargo insurance only.**
- D. A time charter where days are pro-rated by tonnage.**

PDPR describes paying the charter hire at a daily rate, prorated to the actual time the vessel is on hire. In a time charter, the owner and charterer agree a daily hire, and PDPR ensures you're charged only for the exact number of days the ship is under charter, including partial days adjusted proportionally. This means if the vessel is on hire for a fraction of a day or experiences off-hire time, the payment reflects that precise usage rather than a fixed lump sum. The other options don't fit because PDPR is not a fixed monthly fee, not a cargo insurance payment, and not a tonnage-based pro-rating of days.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://shippingbusiness.examzify.com>

We wish you the very best on your exam journey. You've got this!

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