AFCP859

Advanced Valuation for Corporate Finance

AFC Term 3 CBD 2016

Dept of Applied Finance and Actuarial Studies

Contents

General Information

Unit convenor and teaching staff
Unit Convenor / Lecturere
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Credit points
2

Prerequisites
(Admission to MAppFin or PGCertAppFin or GradDipAppFin) and ECFS866

Corequisites

Co-badged status

Unit description
This unit develops skills required in the assessment and valuation of projects, companies or divisions, and is designed for those with a role in business development, strategic planning or advising companies on investment or restructuring decisions. Students will be equipped to address a wide range of valuation situations by being able to critically evaluate and apply the variety of valuation techniques used in practice. Building on the principles from corporate finance we consider in detail the assumptions and implementation issues involved in valuation models, recent developments in cost of capital estimation, valuation methodologies and real options. Valuation in an international context will also be considered. Considerable emphasis is placed on assessing the robustness of valuations and how to incorporate risk into valuation and decision making. The unit will provide opportunities to develop financial modelling skills, will provide exposure to @Risk software (used for Monte Carlo simulation) as well as access to S&P Capital IQ.

Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at https://www.mq.edu.au/study/calendar-of-dates

Learning Outcomes

On successful completion of this unit, you will be able to:

Understand the range of decision making situations that require valuations, and how to develop an appropriate valuation approach

Apply appropriate valuation techniques, particularly DCF, multiples and real options models, to assess and value projects, business segments and companies

Ability to critically assess a valuation, and assess the link between value, value drivers and underlying economics of project or business

Understand how to assess impact of risk on the value of a project or business, and how to respond to the presence of risk in the relevant decision making situation

Able to develop and critically assess financial models used to support a valuation

Demonstrate technical proficiency in the use of valuation models, be able to critically assess the merits and pitfalls of alternatives valuation approaches, and be able to apply appropriate valuations techniques to real world situations

General Assessment Information

To pass this unit (requires a Standardised Numerical Grade of 50 or better) the student must pass the final examination.

Assessment Tasks

Name	Weighting	Due
Pre-Unit Assignment	10%	First Class
Assignment	35%	Refer to iLearn
Final Exam	55%	Refer to Timetable

Pre-Unit Assignment

Due: **First Class**
Weighting: **10%**

Summary of Assessment Task

Individual / Group: Individual

Due Date: First Class

Grading Method: Refer to 'Standards Required to Complete the Unit Satisfactorily' section

Submission Method: At or before the first class. Please bring a copy to class for class use as well.

Duration: Refer to Assignment Coversheet

Extension Requests:

- No extensions are permitted.
- Late submission will result in zero marks.

On successful completion you will be able to:
- Apply appropriate valuation techniques, particularly DCF, multiples and real options models, to assess and value projects, business segments and companies
- Ability to critically assess a valuation, and assess the link between value, value drivers and underlying economics of project or business
- Demonstrate technical proficiency in the use of valuation models, be able to critically assess the merits and pitfalls of alternatives valuation approaches, and be able to apply appropriate valuations techniques to real world situations

Assignment

Due: **Refer to iLearn**
Weighting: **35%**

Summary of Assessment Task

Individual / Group: Individual

Due Date: Refer to the Unit's iLearn site

Grading Method: Refer to 'Standards Required to Complete the Unit Satisfactorily' section

Submission Method: Online via Turnitin on iLearn site

Duration: Refer to Assignment Coversheet

Extension Requests:

- If you have extenuating circumstances that prevent you from submitting your assignment by the due date, please make arrangements with your lecturer prior to the due date.
- Unless prior arrangements have been made, any late submission of assignments will automatically be penalised. In the absence of special circumstances, the penalty will be 10% of the available marks for the assessment for each business day (or part thereof) they are late.

Other Information:

- The assignment is included in the Unit notes.
- It will give Students the opportunity to apply the techniques used in the unit. It is *expected* there will be a choice of applications, to cater for individual student interests.
- The requirements of the assignment will be further reviewed in class.

On successful completion you will be able to:

- Understand the range of decision making situations that require valuations, and how to develop an appropriate valuation approach
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- Able to develop and critically assess financial models used to support a valuation
- Demonstrate technical proficiency in the use of valuation models, be able to critically assess the merits and pitfalls of alternatives valuation approaches, and be able to apply appropriate valuations techniques to real world situations

Final Exam

Due: **Refer to Timetable**
Weighting: **55%**

Summary of Assessment Task

Individual / Group: Individual

Due Date: Refer to Timetable.

Assessments: Different Class Groups have different deadlines. Students should find the timetable and dates relevant to their group at www.mafc.mq.edu.au

Grading Method: Refer to 'Standards Required to Complete the Unit Satisfactorily' section

Submission Method: As per MAFC Program Rules & Procedures at www.mafc.mq.edu.au

Duration: 2 hours plus 10 minutes reading time

Examination Conditions:

- All examinations are closed book. However, permitted materials and aids are:
  - A study sheet, prepared by the Student (one double-sided A4 page), to be advised by the Lecturer prior to the Exam.
  - Calculators. Permitted calculators are noted under 'Calculators' below.
- Exam times and locations are noted in the unit timetable at www.mafc.mq.edu.au.
- Refer to MAFC Program Rules & Procedures at www.mafc.mq.edu.au.

Extension Requests:

- You are expected to present yourself for examination at the time and place designated in

the relevant MAFC Timetable at www.mafc.mq.edu.au.

- Deferral of an examination is not permitted, unless special consideration has been approved by the Director of Studies under the University's Disruption to Studies Policy.
- Refer to MAFC Program Rules & Procedures at www.mafc.mq.edu.au for information on the University's Disruption to Studies Policy or non-attendance at an examination.

On successful completion you will be able to:

- Understand the range of decision making situations that require valuations, and how to develop an appropriate valuation approach
- Apply appropriate valuation techniques, particularly DCF, multiples and real options models, to assess and value projects, business segments and companies
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Delivery and Resources

CLASSES

Face-to-Face Teaching: Generally 20 hours

Timetable: Detailed timetable for classes are on the Centre's web site www.mafc.mq.edu.au

Consultation Times:

Students who wish to contact any of the teaching staff may do so through:

- The Unit's iLearn site, in relation to general queries (so that all students may benefit); or
- Individual consultation with the lecturer by email in the first instance, if necessary.

REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

Text: Nil

Course Resources:

- The unit notes and iLearn contain all the requisite material for the classes, assignments and final examination. The value of the unit will be maximised if you are able to review

unit notes and readings prior to classes. Please critically assess the material in these readings, in particular the case studies.

- iLearn contains spreadsheet solutions for the problems in the notes, and additional discussion on a number of items. Students should download the spreadsheets prior to class, and you should bring printouts or a laptop to help you follow them in class.

- Students should assume any additional readings are examinable unless otherwise advised.

Lecture Notes: Available in printed form and electronically via iLearn.

Case Studies:

- There are a number of case studies in the notes (Trees and Portes). Please read these cases before classes, as they will be discussed in class.
- ***Students are not required to solve the cases – this will be done in class.***

Pre-Unit Materials:

- Your time in class will benefit from having read the course material prior to class
- The pre-unit assignment draws on your Corporate Finance material, so should be regarded as an opportunity for quick revision of Corporate Finance notes on valuation.

Useful References:

- Tim Koller, Marc Goedhardt and David Wessels, *Valuation: Measuring and Managing the Value of Companies*, Wiley, 2011, 5th edition.
- Tom Copeland and Vladimir Antikarov, *Real Options: a practitioners guide*, Thomson Texere, 2003, ***Updated edition***
- Titman, S and J.D. Martin., *Valuation: The Art & Science of Corporate Investment Decisions,* Pearson, 2007
- There are books available to help develop your Excel skills, which are needed for assignments. Two helpful books are:
    - Craig W. Holden, Excel *Modelling in Corporate Finance*, 2nd ed., Pearson Prentice Hall, 2005; or
    - Michael Rees, *Financial Modelling in Practice*, Wiley, 2008.
- For those of you with an engineering background, or more interested in the technical aspects of evaluation procedures, the journal The Engineering Economist is an excellent source.

Calculators:

- A financial calculator that can handle time value of money calculations is required.

- In examinations, hand held calculators are permitted. Mobile phones and computers are not permitted.

Assumed Knowledge: Mathematical content

- This Unit relies heavily on present value techniques. Students should be able to use the general formula for calculating the present value of a series of cash flows, as shown below:

$$\text{Present Value} = \Sigma^n_{t=0} \left((\text{Cash Flow}_t) / (1+K_t)^t \right)$$

as well as alternate expressions for calculating the present value of a series of cash flows using level and growing perpetuities and annuities.

You should review Chapter 4 of the textbook if you are not comfortable with this material.

- Students should also be familiar with option valuation, including the Black Scholes model and binomial valuation.
- There are minimum mathematical and statistical knowledge requirements to undertake the Master of Applied Finance degree. Information papers on statistics, regression, accounting and other material may be found at http://www.mafc.mq.edu.au/applications/minimum-knowledge-requirement/pre-course-materials1/. All students should work through this material prior to commencing the degree. The material will remain a useful reference as you progress through the program.

Assumed Access:

- Access to a computer with word processing and spreadsheet capability is assumed, as is general student computer literacy.
- Access to a laptop, taken to class, is desirable.
- The @Risk software is available for downloading from iLearn.

TECHNOLOGY USED AND REQUIRED

Unit iLearn Site:

- Found by logging on to iLearn ilearn.mq.edu.au, then clicking on *Advanced Valuation for Corporate Finance*.
- This is where you will find links to forums, downloadable resources and other important pages.
- The forum allows you to communicate with other students and lecturer(s) and may provide supplementary material.
- You are requested to post your questions to the forum at least 24 hours prior to the assignment submission date or the examination date. Questions posted after that time

may not be answered. **Please try to not leave your questions to the last few days.**

Important Notice:

- It is important that you familiarize yourself with the Unit's iLearn site.
- Students should check the Unit's iLearn site regularly (minimum twice a week and prior to all lectures) and look for updates and distribution of materials (including case studies) related to the unit or assessments and, if relevant, participate in forum discussions.

Unit Schedule

0: Pre-reading: FINANCIAL MODELLING AND FORECASTING TOOLS

This Topic reviews financial modelling best practice, and procedures for establishing key relationships in a financial model, including multiple regression.

Key learning outcomes for this reading (time available in class to discuss questions arising from the material):

- Be able to identify and address issues in developing practical and reliable financial models;
- Determining and estimating relationships in financial modelling;
- Understand issues in applying a range of forecasting techniques, including regression techniques;
- Incorporating Monte Carlo simulation into financial modelling using @risk;
- Modelling issues: tax losses, circularity, modeling incorporating financial covenants.

1: REVIEW OF VALUATION FRAMEWORK

Taking the basic DCF model as the starting point the topic presents some extensions of the valuation models introduced in pre-requisite subjects and demonstrates how they can be used in practice to inform strategy development and decision making.

Key learning outcomes for this topic:

- Be able to evaluate the validity of chosen decision criteria in context of shareholder value maximization objective;
- Critically analyse the link between value, value creation and value drivers;
- Have a working knowledge of typical valuation models, understand the nature of assumptions made using different valuation models and assess their similarities and differences;
- Start to critically assess usefulness of alternative models;

- Understand the consistency principal as applied to valuation models;
- Understand and apply Incremental IRR and EAC methods.

2: ALTERNATIVE VALUATION MODELS

The Topic examines the linkages between the various models, similarities and differences and how to determine the appropriate model for a range of valuation scenarios. Special attention is paid to the Residual Income valuation method as a forerunner to linking it with strategy development.

Key learning outcomes:

- Understand the different valuation methods, the nature of assumptions made, the inputs required and assess their similarities and differences;
- Critically assess the usefulness of alternative models;
- Understand how simultaneous solution to market value gearing and market values can be assessed i.e. how the circularity problem can be solved using a numerical method;
- Critically analyse the link between value, value creation and value drivers;
- Understand the benefit of using a Residual Income model for valuation and business management.

3: USING THE VALUATION MODELS

The wide ranging applications of valuation techniques used in practice will be reviewed. The material includes a critical analysis of the types of valuation issues which often arise in practice, especially around the estimate of the terminal value which generally represents the largest component of a valuation. [NOTE: this unit does NOT consider the legal or other regulatory issues involved in preparing a valuation, nor issues such as marketability or other discounts. These matters are covered in Applied Valuation].

Key learning outcomes for this topic:

- Students should feel comfortable to be thrown into any valuation situation and be able to develop a strategy for undertaking the necessary valuation;
- Technical proficiency in application of various valuation models;
- Understand practical issues in estimating Terminal Value, incremental cash flows, and how best to value financial strategy.

4: RISK AND VALUATION

How to address risk in the different contexts of valuation is considered. Various ways to assess and measure risk and whether each risk can be assessed by a valuation adjustment (i.e. cash

flows or discount rate), deal structure or decision making process (e.g. more information, decision criteria under risk) is considered. Also examined is how to assess the source of a project's NPV, and how it can be incorporated into risk appraisal.

Key learning outcomes for this topic:

- Students able to critically assess the impact of risk on value, and on the relevant decision;

- Be able to implement and critically evaluate various methods for measuring risk in the context of valuation;

- Be able to undertake a risk assessment of a business or project, appropriate to the relevant valuation and decision making context.

5: PREPARING A COST OF CAPITAL RECOMMENDATION

This Topic extends the discussion of cost of capital from Corporate Finance and discusses the practical application of the cost of capital concepts in the range of valuation situations.

Key learning outcomes for this topic:

- Be able to prepare a defensible cost of capital recommendation in most valuation situations;

- Students should be familiar with key reference sources for various valuation parameters;

- Introduce the concept of implied cost of capital;

- Understand difference between hurdle rates and cost of capital, and issues in determining hurdle rates.

6: STRATEGIC FLEXIBILITY AND VALUE

The impact of strategic flexibility on value is reviewed to introduce the use of option valuation techniques to value this flexibility. An approach for introducing real options into a valuation is considered along with and comparing the use of decision trees and option valuation approaches. It presents a number of straightforward scenarios which demonstrate the impact of introducing real options into the traditional DCF framework.

Key learning outcomes for this topic:

- Understand the impact that strategic flexibility can have on the risk and return profile of a project or business;

- Ability to discern presence of strategic flexibility in a project or business, and map real option characteristics into option valuation models;

- Ability to evaluate simple growth and divestment options using binomial and Black

Scholes models;

• Understand the impact of presence of real options on traditional investment criteria, and the traditional approach the capital investment;

• Evaluating whether to invest in the option.

7: REAL OPTIONS: ADVANCED VALUATION ISSUES

This topic examines advanced issues in using option pricing methods in real option applications. It will examine in detail the robustness of real options methodology in practice. It will look at the impact of early exercise on option value, projects whose value declines prior to exercise, how to incorporate multiple options within one project and the impact of different project risk profiles on option value. This topic will concentrate on understanding of issues and identifying the appropriate modelling techniques available.

Key learning outcomes for this topic:

• Critically assess the practical application of option pricing methodology in valuation applications;

• Understand and critically assess how to approach a more complex, and realistic, real option situation.

8: SPECIAL TOPICS IN VALUATION

If time is available, this topic will address emerging or interesting issues in the application of valuation techniques. It can vary from class to class, depending on interests of class, issues of the day and time available. The focus will be on using existing knowledge of finance to resolve interesting valuation problems.

Key learning outcomes for this topic:

• Be able to use understanding of the valuation theories and frameworks to solve and critically assess a new valuation issue, or a contentious issue of the day;

• Understand available reference sources to stay current on valuation issues.

Learning and Teaching Activities

Strategy

The Master of Applied Finance degree adopts a deep teaching and learning strategy, in which Students acquire and retain knowledge and also are able to make sense of the issues and concepts and apply them in the "real world". The degree relies heavily on student engagement and participation by: (a) Continuous learning throughout the semester. This is encouraged through a combination of students undertaking prescribed reading throughout the units and / or completion of practice problems, case studies, assignments, class presentations etc and

interaction via forums in the unit's iLearn site; and (b) Assessments, which enable the student to demonstrate his / her understanding of the learning objectives achieved through the continuous learning.

Student Participation

Students participate in this unit by: (a) Attending lectures and participating in class discussion; (b) Before each class, completing the recommended readings of notes and text, and working systematically through suggested problem sets; (c) Interacting on the unit's iLearn site; and (d) Completing all assessment tasks and exams. On average the unit will require students to complete, for every hour of class time, approximately 3 hours private study.

Policies and Procedures

Macquarie University policies and procedures are accessible from Policy Central. Students should be aware of the following policies in particular with regard to Learning and Teaching:

Academic Honesty Policy http://mq.edu.au/policy/docs/academic_honesty/policy.html

New Assessment Policy in effect from Session 2 2016 http://mq.edu.au/policy/docs/assessment/policy_2016.html. For more information visit http://students.mq.edu.au/events/2016/07/19/new_assessment_policy_in_place_from_session_2/

Assessment Policy prior to Session 2 2016 http://mq.edu.au/policy/docs/assessment/policy.html

Grading Policy prior to Session 2 2016 http://mq.edu.au/policy/docs/grading/policy.html

Grade Appeal Policy http://mq.edu.au/policy/docs/gradeappeal/policy.html

Complaint Management Procedure for Students and Members of the Public http://www.mq.edu.au/policy/docs/complaint_management/procedure.html

Disruption to Studies Policy http://www.mq.edu.au/policy/docs/disruption_studies/policy.html *The Disruption to Studies Policy is effective from March 3 2014 and replaces the Special Consideration Policy.*

In addition, a number of other policies can be found in the Learning and Teaching Category of Policy Central.

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: https://students.mq.edu.au/support/student_conduct/

Results

Results shown in *iLearn*, or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in eStudent. For more information visit ask.mq.edu.au.

Students should also consult the MAFC Program Rules & Procedures found at http://www.mafc.mq.edu.au

Student Support

Macquarie University provides a range of support services for students. For details, visit http://students.mq.edu.au/support/

Learning Skills

Learning Skills (mq.edu.au/learningskills) provides academic writing resources and study strategies to improve your marks and take control of your study.

- Workshops
- StudyWise
- Academic Integrity Module for Students
- Ask a Learning Adviser

Student enquiry service (MAFC-specific)

For all student enquires, please contact studentsupport@mafc.mq.edu.au

Student Services and Support

Students with a disability are encouraged to contact the Disability Service who can provide appropriate help with any issues that arise during their studies.

Learning Skills

Learning Skills (http://www.students.mq.edu.au/support/learning_skills/) provides academic writing resources and study strategies to improve your marks and take control of your study.

- Workshops
- StudyWise
- Academic Integrity Module for Students
- Ask a Learning Adviser

Student Enquiries

For all student enquiries, visit Student Connect at ask.mq.edu.au

IT Help

For help with University computer systems and technology, visit http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/.

When using the University's IT, you must adhere to the Acceptable Use of IT Resources Policy. The policy applies to all who connect to the MQ network including students.

Graduate Capabilities

PG - Capable of Professional and Personal Judgment and Initiative

Our postgraduates will demonstrate a high standard of discernment and common sense in their professional and personal judgment. They will have the ability to make informed choices and decisions that reflect both the nature of their professional work and their personal perspectives.

This graduate capability is supported by:

Learning outcomes

- Understand the range of decision making situations that require valuations, and how to develop an appropriate valuation approach
- Apply appropriate valuation techniques, particularly DCF, multiples and real options models, to assess and value projects, business segments and companies
- Ability to critically assess a valuation, and assess the link between value, value drivers and underlying economics of project or business
- Understand how to assess impact of risk on the value of a project or business, and how to respond to the presence of risk in the relevant decision making situation
- Able to develop and critically assess financial models used to support a valuation
- Demonstrate technical proficiency in the use of valuation models, be able to critically assess the merits and pitfalls of alternatives valuation approaches, and be able to apply appropriate valuations techniques to real world situations

Assessment tasks

- Pre-Unit Assignment
- Assignment
- Final Exam

PG - Discipline Knowledge and Skills

Our postgraduates will be able to demonstrate a significantly enhanced depth and breadth of knowledge, scholarly understanding, and specific subject content knowledge in their chosen fields.

This graduate capability is supported by:

Learning outcomes

- Understand the range of decision making situations that require valuations, and how to develop an appropriate valuation approach
- Apply appropriate valuation techniques, particularly DCF, multiples and real options

models, to assess and value projects, business segments and companies

- Ability to critically assess a valuation, and assess the link between value, value drivers and underlying economics of project or business

- Understand how to assess impact of risk on the value of a project or business, and how to respond to the presence of risk in the relevant decision making situation

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- Demonstrate technical proficiency in the use of valuation models, be able to critically assess the merits and pitfalls of alternatives valuation approaches, and be able to apply appropriate valuations techniques to real world situations

Assessment tasks

- Pre-Unit Assignment

- Assignment

- Final Exam

PG - Critical, Analytical and Integrative Thinking

Our postgraduates will be capable of utilising and reflecting on prior knowledge and experience, of applying higher level critical thinking skills, and of integrating and synthesising learning and knowledge from a range of sources and environments. A characteristic of this form of thinking is the generation of new, professionally oriented knowledge through personal or group-based critique of practice and theory.

This graduate capability is supported by:

Learning outcomes

- Understand the range of decision making situations that require valuations, and how to develop an appropriate valuation approach

- Apply appropriate valuation techniques, particularly DCF, multiples and real options models, to assess and value projects, business segments and companies

- Ability to critically assess a valuation, and assess the link between value, value drivers and underlying economics of project or business

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Assessment tasks

- Pre-Unit Assignment
- Assignment
- Final Exam

PG - Research and Problem Solving Capability

Our postgraduates will be capable of systematic enquiry; able to use research skills to create new knowledge that can be applied to real world issues, or contribute to a field of study or practice to enhance society. They will be capable of creative questioning, problem finding and problem solving.

This graduate capability is supported by:

Learning outcomes

- Understand the range of decision making situations that require valuations, and how to develop an appropriate valuation approach
- Apply appropriate valuation techniques, particularly DCF, multiples and real options models, to assess and value projects, business segments and companies
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Assessment tasks

- Pre-Unit Assignment
- Assignment
- Final Exam

PG - Effective Communication

Our postgraduates will be able to communicate effectively and convey their views to different social, cultural, and professional audiences. They will be able to use a variety of technologically supported media to communicate with empathy using a range of written, spoken or visual formats.

This graduate capability is supported by:

Learning outcomes

- Understand the range of decision making situations that require valuations, and how to develop an appropriate valuation approach
- Apply appropriate valuation techniques, particularly DCF, multiples and real options models, to assess and value projects, business segments and companies
- Ability to critically assess a valuation, and assess the link between value, value drivers and underlying economics of project or business
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Assessment tasks

- Pre-Unit Assignment
- Assignment
- Final Exam

PG - Engaged and Responsible, Active and Ethical Citizens

Our postgraduates will be ethically aware and capable of confident transformative action in relation to their professional responsibilities and the wider community. They will have a sense of connectedness with others and country and have a sense of mutual obligation. They will be able to appreciate the impact of their professional roles for social justice and inclusion related to national and global issues

This graduate capability is supported by:

Learning outcomes

- Understand the range of decision making situations that require valuations, and how to develop an appropriate valuation approach
- Apply appropriate valuation techniques, particularly DCF, multiples and real options models, to assess and value projects, business segments and companies
- Ability to critically assess a valuation, and assess the link between value, value drivers and underlying economics of project or business
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Changes from Previous Offering

The Academic Policies section of this Unit Guide was updated in March 2014.

The Extension Requests section of this Unit Guide was updated in June 2014.

The Unit Schedule section of this Unit Guide was updated in January 2015.

Important Notice

This Unit Guide may be subject to change. The latest version is on the Centre's web site www.mafc.mq.edu.au.

Students should read the Unit Guide carefully at the start of semester. It contains important information about the unit. If anything is unclear, please consult one of the unit lecturers.

Standards Required to Complete the Unit Satisfactorily

University Policy on Grading:

- Macquarie University's Academic Senate has established a Grading Policy available at http://www.mq.edu.au/policy/docs/grading/policy.html. Your final result will include:
  - A grade ranging from Fail to High Distinction; and
  - A Standardised Numerical Grade (SNG). A SNG is not a summation of the individual assessment components, but is allocated on the basis of the performance in all assessment items, providing the examination component is passed.
- It is important to note:
  - The Policy does not require that a minimum or maximum number of students are to be failed in any unit;
  - Grades will not be allocated to fit a predetermined distribution; and
  - The process of allocating SNGs does not change the rank order of marks among students who pass the unit.

Specific Unit Grading:

- To pass this unit (requires a Standardised Numerical Grade of 50 or better) the student must pass the final examination.
- All final grades in the Applied Finance Centre are determined by a grading committee

and are not the sole responsibility of the unit convenor.

- The core criteria used to assess student work in this unit are:
    - Knowledge and understanding: Understanding key ideas, knowledge and use of concepts.
    - Application: Ability to apply theoretical ideas and frameworks in practice and in a critically reflective way.
    - Reasoning and analysis: Ability to analyse, use critical reasoning and principles to formulate a position, balancing theory and personal reflection.
    - Professional literacy and research: Understanding of professional factors (language and landscape) and ability to undertake appropriate research.
    - Communication and presentation: Ability to communicate and present effectively (written and oral, as relevant).
    - Use of mathematical and statistical ideas: Ability to use mathematical and statistical ideas, methods and formulae appropriately.
- Performance in relation to each of these criteria are assessed against the University's grading descriptors:

Grade	Expectation
High Distinction	Provides consistent evidence of deep and critical understanding in relation to the learning outcomes. There is substantial originality and insight in identifying, generating and communicating competing arguments, perspectives or problem solving approaches; critical evaluation of problems, their solutions and their implications; creativity in application as appropriate to the discipline.
Distinction	Provides evidence of integration and evaluation of critical ideas, principles and theories, distinctive insight and ability in applying relevant skills and concepts in relation to learning outcomes. There is demonstration of frequent originality in defining and analysing issues or problems and providing solutions; and the use of means of communication appropriate to the discipline and the audience.
Credit	Provides evidence of learning that goes beyond replication of content knowledge or skills relevant to the learning outcomes. There is demonstration of substantial understanding of fundamental concepts in the field of study and the ability to apply these concepts in a variety of contexts; convincing argumentation with appropriate coherent justification; communication of ideas fluently and clearly in terms of the conventions of the discipline.
Pass	Provides sufficient evidence of the achievement of learning outcomes. There is demonstration of understanding and application of fundamental concepts of the field of study; routine argumentation with acceptable justification; communication of information and ideas adequately in terms of the conventions of the discipline. The learning attainment is considered satisfactory or adequate or competent or capable in relation to the specified outcomes.
Fail	Does not provide evidence of attainment of learning outcomes. There is missing or partial or superficial or faulty understanding and application of the fundamental concepts in the field of study; missing, undeveloped, inappropriate or confusing argumentation; incomplete, confusing or lacking communication of ideas in ways that give little attention to the conventions of the discipline.

Review of Grade and final examination Script viewing:

- A student who has been awarded a final grade for a unit and who does not believe it is an accurate reflection of their performance, and has grounds for such a claim and can

demonstrate those grounds, may apply to have their grade reviewed.

- For information on requesting a review of grade and/or viewing your final exam script, please refer to the University's Grade Appeal Policy at http://www.mq.edu.au/policy/docs/gradeappeal/policy.html and MAFC Program Rules & Procedures at http://www.mafc.mq.edu.au.