



# ECFS877

## Project Finance

AFC Term 4 City 2018

*Archive (Pre-2019) - Dept of Applied Finance and Actuarial Studies*

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#### **Disclaimer**

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## General Information

Unit convenor and teaching staff

Lecturer

Cosmas Kapsanis

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Contact via Email

Credit points

2

Prerequisites

(Admission to MAppFin or MAppFin(Adv) or GradDipAppFin or GradCertPost-MAppFin) and ECFS866

Corequisites

Co-badged status

Unit description

Project Finance typically involves an independent legal entity operating as a vehicle for owning and funding large scale projects. Capital sources for the entity will be a combination of equity from sponsors and debt from the bank or capital markets. The application of this financing approach is most commonly seen in the fields of infrastructure (both social and economic) and natural resource financing. Examples include the financing of toll roads, power stations, mines, pipelines, telecommunications networks, hospitals and public buildings such as courts and prisons. This course considers the financial techniques applied to solving such funding requirements in both the domestic and international context, and the business rationale for project finance. A comprehensive risk system is introduced for the identification and systematic allocation of risk in the various approaches to structuring a project financing. Funding, political-risk structuring, and recent capital-market developments are highlighted in class and through practical case studies. A heavy emphasis is placed on the international character of the project finance industry. The skills gained in this course will be relevant for corporate executives, bankers, lawyers, consultants and government officials who may be involved in large scale infrastructure and resource developments.

## 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:

Development of a thorough grounding in the characteristics that make a large scale investment a candidate for Project Finance.

Development of skills to (i) identify and evaluate risks in large scale investments and (ii) to structure transactions in mitigation of those risks.

Able to make an analytical assessment (including valuations and cash flow modeling) of a proposed investment from the perspective of different stakeholders, including lenders, sponsors and investors and other involved parties such as governments.

Exposure to notable contemporary transactions that inform developments in the policy and practice of project and infrastructure funding.

An understanding of sources of finance and the requirements to obtain funding from different providers.

## General Assessment Information

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

## Assessment Tasks

Name	Weighting	Hurdle	Due
<a href="#"><u>Pre-course Assignment</u></a>	10%	No	11 Oct before class starts
<a href="#"><u>Case Prep &amp; Class Participation</u></a>	15%	No	Ongoing
<a href="#"><u>Major Assignment</u></a>	25%	No	Refer to iLearn
<a href="#"><u>Final Exam</u></a>	50%	Yes	Refer to Timetable

### Pre-course Assignment

Due: **11 Oct before class starts**

Weighting: **10%**

#### Summary of Assessment Task

**Individual / Group:** Individual.

**Due Date:** Thursday 11<sup>th</sup> October before class commences.

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

**Submission Method:** In class.

#### Extension Requests:

- No extensions will be granted unless prior arrangements have been made with the lecturer. No submission will be accepted after solutions have been provided.

- In the absence of such arrangements, late submission will result in zero marks, unless an application for Special Consideration is made and approved. Refer to MAFC Program Rules at [www.mafc.mq.edu.au](http://www.mafc.mq.edu.au) for information on the University's Special Consideration Policy.

### Pre-unit Assignment Task Description

Write a paper with a word limit of 1500 addressing the following:

Sydney is developing a light rail project. See [sydneylightrail.transport.nsw.gov.au](http://sydneylightrail.transport.nsw.gov.au) for details.

Recently there has been considerable press coverage around a dispute that has arisen between the construction contractor Acciona and the government of NSW as represented by Transport NSW and the Minister for Transport.

Some articles that reference the problems include:

- No finish date for Sydney's light rail as company takes NSW to court - Sydney Morning Herald 10 April 2018 - A. Smith (<https://www.smh.com.au/politics/nsw/no-finish-date-for-sydney-s-light-rail-as-company-takes-nsw-to-court-20180410-p4z8uh.html>)
- Spanish contractor vows to finish Sydney's light rail project - Sydney Morning Herald 16 April 2018 - M. O'Sullivan (<https://www.smh.com.au/national/nsw/spanish-contractor-vows-to-finish-sydney-s-light-rail-project-20180416-p4z9tx.html>)
- Sydney's light rail is one year behind schedule, now set for 2020 finish - ABC 19 April 2018 - S. Gerathy (<http://www.abc.net.au/news/2018-04-19/sydney-light-rail-is-one-year-behind-schedule/9674512>)
- Sydney light rail sub-contractor Acciona seeking \$1.1 billion after claiming it was misled - ABC 13 April 2018 - N. Haydar & B. Wylie (<http://www.abc.net.au/news/2018-04-13/sydney-light-rail-contractor-says-it-was-misled-by-government/9652652>)

The dispute relates to the pace and cost of construction and the probable date of operational commencement.

Write a paper with a limit of 1500 words that addresses the following points:

- A) Describe the basis of the dispute.
- B) Based on publicly available information, how have the elements of project risk around construction been allocated to the various counterparts to the transaction?
- C) Comment on the appropriateness of the risk allocation and suggest ways that the parties might have contracted to avoid the disputes currently being experienced.
- D) Describe the possible implications for Australia's reputation as an investment destination.

This paper is required by the beginning of the first evening session on **Thursday 11th October**. Submissions should be made by hard copy handed to me at the commencement of the class. This paper is worth 10% of your course grade.

On successful completion you will be able to:

- Development of a thorough grounding in the characteristics that make a large scale investment a candidate for Project Finance.
- An understanding of sources of finance and the requirements to obtain funding from different providers.

## Case Prep & Class Participation

Due: **Ongoing**

Weighting: **15%**

### Summary of Assessment Task

**Individual / Group:** Individual.

**Due Date:** Ongoing.

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

**Submission Method:** In class.

### Extension Requests:

- No extensions will be granted unless prior arrangements have been made with the lecturer.
- In the absence of such arrangements, late submission will result in zero marks, unless an application for Special Consideration is made and approved. Refer to MAFC Program Rules at [www.mafc.mq.edu.au](http://www.mafc.mq.edu.au) for information on the University's Special Consideration Policy.

### Other Information:

Classroom sessions have a heavy component of case work. In order to participate effectively in class, it is critical that cases are prepared properly.

**Students should allow at least 3 hours per case of reading and analysis time and come to class prepared to be called on at random to present and defend answers to the case questions. Note: many questions require numerical analysis which is impossible to complete at short notice or 'on-the-fly'.**

**The timetabling of the classroom case study sessions is given below in the Unit Schedule by session.**

On successful completion you will be able to:

- Development of a thorough grounding in the characteristics that make a large scale investment a candidate for Project Finance.
- Development of skills to (i) identify and evaluate risks in large scale investments and (ii)

to structure transactions in mitigation of those risks.

- Exposure to notable contemporary transactions that inform developments in the policy and practice of project and infrastructure funding.
- An understanding of sources of finance and the requirements to obtain funding from different providers.

## Major Assignment

Due: **Refer to iLearn**

Weighting: **25%**

### Summary of Assessment Task

**Individual / Group:** Individual.

**Due Date:** Refer to iLearn.

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

**Submission Method:** Via iLearn.

### Extension Requests:

- No extensions will be granted unless an application for Special Consideration is made and approved. If you have extenuating circumstances that prevent you from submitting your assignment by the due date, you must apply for Special Consideration as soon as reasonably possible. Refer to MAFC Program Rules at [www.mafc.mq.edu.au](http://www.mafc.mq.edu.au) for information on the University's Special Consideration Policy.
- Unless such prior arrangements have been made, any late submission of assignments will automatically be penalised. There will be a deduction of 10% of the total available marks made from the total awarded mark for each 24 hour period or part thereof that the submission is late (for example, 25 hours late in submission – 20% penalty).
- No submissions will be accepted after solutions have been posted.

### Other Information:

- There are two components to your assessment: (1) a financial model; (2) a written report detailing the conclusions of your analysis including a Terms Sheet detailing the principal transaction terms and conditions.
- Your model must be built in MS Excel. Your written report and Terms Sheet should be MS Word documents.
- All information required for this assignment is provided in the question paper, with the exception of forward interest rates, which may be sourced online through financial websites such as Bloomberg.

- Submit your work via the unit iLearn site and ensure you keep your own copy.

On successful completion you will be able to:

- Development of a thorough grounding in the characteristics that make a large scale investment a candidate for Project Finance.
- Development of skills to (i) identify and evaluate risks in large scale investments and (ii) to structure transactions in mitigation of those risks.
- Able to make an analytical assessment (including valuations and cash flow modeling) of a proposed investment from the perspective of different stakeholders, including lenders, sponsors and investors and other involved parties such as governments.

## Final Exam

Due: **Refer to Timetable**

Weighting: **50%**

**This is a hurdle assessment task (see [assessment policy](#) for more information on hurdle assessment tasks)**

### Summary of Assessment Task

**Individual / Group:** Individual.

**Due Date:** Refer to Timetable.

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

**Submission Method:** As per MAFC Program Rules at [www.mafc.mq.edu.au](http://www.mafc.mq.edu.au)

**Duration:** 2 hours plus 10 minutes reading time.

### Examination Conditions:

- Exam times and locations are noted in the unit timetable at [www.mafc.mq.edu.au](http://www.mafc.mq.edu.au).
- Refer to MAFC Program Rules at [www.mafc.mq.edu.au](http://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](http://www.mafc.mq.edu.au).
- Deferral of an examination is not permitted unless an application for Special Consideration is made and approved.
- Refer to MAFC Program Rules at [www.mafc.mq.edu.au](http://www.mafc.mq.edu.au) for information on the University's Special Consideration Policy or non-attendance at an examination.

### Other Information:

- Please submit your completed assignment via iLearn one week before the Final Exam

- The final exam is Open Book.
- The Final Examination will be in two parts: Section A will be a case study with essays responses worth 55% of the exam total and Section B will be short and multi-choice questions and will be worth 45%.
- The exam Case will be available via iLearn one week in advance of the Final Exam.
- An exam booklet will be provided.
- Checklist for Open-Book Final Exam:
  - Unit Binder
  - Unit notes
  - Calculator. Permitted calculators are noted under 'Calculators' below.
- NOTE: Laptop computers are not permitted.

On successful completion you will be able to:

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- Development of skills to (i) identify and evaluate risks in large scale investments and (ii) to structure transactions in mitigation of those risks.
- Able to make an analytical assessment (including valuations and cash flow modeling) of a proposed investment from the perspective of different stakeholders, including lenders, sponsors and investors and other involved parties such as governments.
- Exposure to notable contemporary transactions that inform developments in the policy and practice of project and infrastructure funding.
- An understanding of sources of finance and the requirements to obtain funding from different providers.

## Delivery and Resources

### CLASSES

**Face-to-Face Teaching:** Generally 20 hours.

**Timetable:** Detailed timetable for classes are on the Centre's website at [www.mafc.mq.edu.au](http://www.mafc.mq.edu.au)

**Consultation Times:** Students who wish to contact any of the teaching staff may do so through individual consultation with the lecturer by email in the first instance, if necessary.

### REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

**Text:** Nil.

**Additional Readings:**

- The unit notes contain all the requisite reading material for the classes, class



assignments, final examination, and case studies, as well as background articles, and reference material/glossary.

- **Students should assume these readings are examinable unless otherwise advised.**

**Lecture Slides:** Available via iLearn after the relevant class.

**Pre-unit Materials:**

- Information papers on statistics, regression, accounting and other material may be found at <http://mafcstudents.mq.edu.au/new-to-mafc/pre-course-materials/>. Students should work through this material prior to commencing the degree. The material will remain a useful reference as students progress through the program.
- By the first class, students must have read the designated pre-course materials included and referenced in the course binder and prepared for the class case discussions.

**Useful References:**

- Brealey & Myers, *Principals of Corporate Finance*, 7<sup>th</sup> Edition or later.
- Tinsley, *Advanced Project Financing: Structuring Risk*, 2nd Ed., Euromoney Books, London, 2014.
- Tinsley, *Practical Introduction to Project Finance*, DCGardner/Euromoney Workbook, 2nd Ed., London, 2000.
- Fabozzi & deNahlik, *Project Financing*, Euromoney, 8th Ed., London, 2012.
- 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.

**Calculators:** Any ordinary calculator will be sufficient for classwork and the Final Exam.

**Assumed Knowledge:**

- ECFS866 Corporate Finance is a pre-requisite.
- Basic Excel modelling.

**Assumed Access:** Access to a computer with word processing and spreadsheet capability is assumed, as is general student computer literacy.

## **TECHNOLOGY USED AND REQUIRED**

**Unit iLearn Site:**

- Found by logging on to iLearn [ilearn.mq.edu.au](http://ilearn.mq.edu.au), then clicking on **ECFS877 Project Finance**.

- This is where you will find forums, downloadable resources and links to important pages.

**Important Notice:**

- It is important that you familiarise 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

### UNIT DESCRIPTION

- Large Scale Investments are challenging to value, risk manage, structure and finance. Typical examples include economic and social infrastructure such as toll roads or hospitals, tunnels, mines and petroleum developments.
- Project Finance is the discipline of crafting bespoke financial structures to meet the needs of stakeholders including equity and debt investors, host governments, suppliers, consumers and affected communities to enable finance for LSIs to be raised.
- This course examines Project Financing's rationale and methodologies through case studies, readings, lectures and class discussions.
- Four main themes run through the course: Valuing Projects, Structuring Projects, Managing Risk in Projects and Financing Projects.
- A major assignment allows students to develop skills in project evaluation through financial modelling and deal structuring.
- Case studies develop critical thinking and illustrate how the different stakeholders (sponsors, lenders, hosts and community) see value and risk in a transaction.
- Funding, risk structuring and recent transactions are highlighted in class and through practical case studies.

### SESSION 1

**Pre-Course Required Reading:**

1. An Overview of Project Finance and Infrastructure Finance – 2014 Update, Esty, Chavich & Sesia, Ref: HBS 9-214-083.
2. Recent Developments In The Australian Project Finance Market Doyle & Gifford-Moore, King & Wood Mallesons, Australia.

**Topics:**

- Introduction to Project Finance and Large Scale Investments
  - Course plan, expectations & assessments
  - Defining 'Project Finance'
  - Sectors, scope and scale
- Structure & Risk
  - The stakeholders
  - Identifying risks
  - Structuring consequences of risk allocations

## **SESSION 2**

### **Topics:**

- Valuing Projects
  - DCF analysis
  - Banking analysis: CF ratios and debt sizing
  - Financial models
  - Introduction to modeling assignment

### **Case:**

- **Aquasure: Victorian Desalination Project**

**Questions for this case are included in the case study**

## **SESSION 3**

### **Topics:**

- Managing Risky Projects
  - Avoiding failure – Discussion based on assigned readings
  - Due diligence
  - Equator principals
  - International projects

### **Case:**

- **Absheron Project: BP's Production Sharing Agreement in Azerbaijan**

**Questions for this case are included in the case study**

## **SESSION 4**

### **Topics:**

- Financing Projects
- Sources of Funds

- Equity investors/sponsors
- Debt investors/banks and specialised lenders
- Capital markets
- Governments and multilateral bodies

## **SESSION 5**

### **Topics:**

- Transaction Lifelines and Tools
  - Information memorandum
  - Terms sheets

### **Case:**

- **The Sydney Cross City Tunnel**

**Questions for this case are in the Section 1 notes**

## **SESSION 6**

### **Topics:**

- Practice & Review
  - Group presentation
  - Class quiz
  - Revision

# **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 term. 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 and analysing the case studies scheduled, (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 \(https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central\)](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- [Academic Appeals Policy](#)
- [Academic Integrity Policy](#)
- [Academic Progression Policy](#)
- [Assessment Policy](#)
- [Fitness to Practice Procedure](#)
- [Grade Appeal Policy](#)
- [Complaint Management Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#) (**Note:** *The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.*)

Undergraduate students seeking more policy resources can visit the [Student Policy Gateway \(https://students.mq.edu.au/support/study/student-policy-gateway\)](https://students.mq.edu.au/support/study/student-policy-gateway). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit [Policy Central \(https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central\)](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/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/study/getting-started/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](http://ask.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](http://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 enquiries, please contact [studentsupport@mafc.mq.edu.au](mailto: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/](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](http://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/](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

- Development of a thorough grounding in the characteristics that make a large scale investment a candidate for Project Finance.

- Development of skills to (i) identify and evaluate risks in large scale investments and (ii) to structure transactions in mitigation of those risks.
- Able to make an analytical assessment (including valuations and cash flow modeling) of a proposed investment from the perspective of different stakeholders, including lenders, sponsors and investors and other involved parties such as governments.
- Exposure to notable contemporary transactions that inform developments in the policy and practice of project and infrastructure funding.
- An understanding of sources of finance and the requirements to obtain funding from different providers.

## **Assessment tasks**

- Pre-course Assignment
- Case Prep & Class Participation
- Major 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**

- Development of a thorough grounding in the characteristics that make a large scale investment a candidate for Project Finance.
- Development of skills to (i) identify and evaluate risks in large scale investments and (ii) to structure transactions in mitigation of those risks.
- Able to make an analytical assessment (including valuations and cash flow modeling) of a proposed investment from the perspective of different stakeholders, including lenders, sponsors and investors and other involved parties such as governments.
- Exposure to notable contemporary transactions that inform developments in the policy and practice of project and infrastructure funding.
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## Assessment tasks

- Pre-course Assignment
- Case Prep & ClassParticipation
- Major 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

- Development of a thorough grounding in the characteristics that make a large scale investment a candidate for Project Finance.
- Development of skills to (i) identify and evaluate risks in large scale investments and (ii) to structure transactions in mitigation of those risks.
- Able to make an analytical assessment (including valuations and cash flow modeling) of a proposed investment from the perspective of different stakeholders, including lenders, sponsors and investors and other involved parties such as governments.
- Exposure to notable contemporary transactions that inform developments in the policy and practice of project and infrastructure funding.
- An understanding of sources of finance and the requirements to obtain funding from different providers.

## Assessment tasks

- Pre-course Assignment
- Case Prep & ClassParticipation
- Major 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

- Development of a thorough grounding in the characteristics that make a large scale investment a candidate for Project Finance.
- Development of skills to (i) identify and evaluate risks in large scale investments and (ii) to structure transactions in mitigation of those risks.
- Able to make an analytical assessment (including valuations and cash flow modeling) of a proposed investment from the perspective of different stakeholders, including lenders, sponsors and investors and other involved parties such as governments.
- Exposure to notable contemporary transactions that inform developments in the policy and practice of project and infrastructure funding.
- An understanding of sources of finance and the requirements to obtain funding from different providers.

## Assessment tasks

- Pre-course Assignment
- Case Prep & Class Participation
- Major Assignment
- Final Exam

## 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 Hurdle to High Distinction; and
  - A numerical Mark which is a summation of the individual assessment components, 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
  - Grades for all individual assessment items will be released to students, but Marks may not necessarily be released.

### Specific Unit Grading:

- To pass this unit (i.e. requires a Mark of 50 or better) the student must pass the final examination.
  - Students who have attained a total raw mark of 50% or greater in a unit, but have failed the unit’s exam requirement and who have demonstrated “sufficient effort” in the exam, will be granted a single opportunity to sit a Supplementary Exam which will be graded on a pass/fail basis. The unit mark and grade for students who pass this examination will be those corresponding to the original total raw mark of all their assessment tasks, including the original exam. That is, the Supplementary Hurdle Exam only determines the meeting of the hurdle requirement. Students who have attained a raw mark of 50% or greater in a unit, yet failed all attempts at the requirement, will be awarded an Fail Hurdle grade with a final Mark of 49.
- All final Marks and Grades in the Applied Finance Centre are determined by a grading committee and are not the sole responsibility of the unit convenor.

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.
Fail Hurdle	Student has obtained a raw mark over 50, yet failed all available attempts of at least one hurdle assessment.

**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 at <http://www.mafc.mq.edu.au>.