

Specification of Competency Standards
for the Automotive Industry
Unit of Competency

Functional Area - Corporate Management

Title	Formulate financial management plans
Code	108562L5
Range	This unit of competency is applicable in workplaces relevant to the operation management of the automotive industry. Practitioners should be able to analyze various kinds of financial management issues as well as formulating financial management plans with reference to the respective information/data such as cost, expenditure and profit, facilitating the organisation to achieve maximum financial return.
Level	5
Credit	6 (For Reference Only)
Competency	<p>Performance Requirements</p> <p>1. Knowledge (Financial management theory and strategy)</p> <ul style="list-style-type: none"> • Master financial management theory and strategy. <ul style="list-style-type: none"> ○ The objectives of financial management ○ The functions of the monetary market • Master the analysis of financial statements, including: <ul style="list-style-type: none"> ○ Balance sheet ○ Profit and loss statements ○ Cash flow statements ○ Forecast statements • Good understanding of the methods of financial planning and forecast. • Good understanding of capital budget, such as: <ul style="list-style-type: none"> ○ Principles of investment ○ Net present value method ○ Discounted payback period method ○ Internal rate of return method ○ Profitability index • Master the calculation of project cash flow, including: <ul style="list-style-type: none"> ○ Relevant cash flow ○ Additional cash flow ○ Working cash flow • Good understanding of the risk and return <ul style="list-style-type: none"> ○ System risk and non-system risk ○ The relation between risk and expected return ○ The risk in foreign exchange • Good understanding of government policy on vehicle tax. • Good understanding of risk management concept. • Good understanding of the application of information technology. <p>2. Performance (Formulate relevant financial management plans applicable to the automotive industry)</p> <ul style="list-style-type: none"> • Analyse financial statements. • Formulate capital budget strategy • Formulate cost control strategy. • Formulate risk and return management strategy. • Implement financial planning, such as: <ul style="list-style-type: none"> ○ Control the business cycle and cash flow ○ Understand cash budgeting • Formulate the management strategy of working capital, such as:

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	<ul style="list-style-type: none"> ○ Control cash income and expenses ○ Control inventory ○ Draw up credits policy and conduct analysis ● Draw up risk management plans. ● Formulate plans to apply information technology in financial management.
Assessment Criteria	<p>The integrated outcome requirements of this unit of competency are that the practitioner being assessed shall prove that he/she is:</p> <ul style="list-style-type: none"> ● Capable of master financial management theory; and ● Capable of effectively formulating financial management plans by employing information technology and risk management strategy with respect to the actual operation.
Remark	