

Unit of Competency**Functional Area: Finance**

Title	Formulate financial plans
Code	105346L6
Range	This unit of competency is applicable to practitioners in the import and export industry. It involves the formulation of financial plan and establishment of processes to manage financial risk at a company level.
Level	6
Credit	9 (for reference only)
Competency	<p>Performance Requirement</p> <ol style="list-style-type: none"> 1. Possess knowledge of financial planning <ul style="list-style-type: none"> • Identify objectives of financial management • Critically review financial reports (e.g., balance sheet, profit and loss statement, cash flow statement, and ratio analysis) to formulate financial plans • Utilise a range of tools to conduct financial forecasting • Utilise tools of capital budgeting (e.g., principles of investment, net present value method, discounted payback period method, and internal rate of return) to formulate financial plans • Conduct risk analysis in international trade 2.1. Formulate financial plans <ul style="list-style-type: none"> • Analyse relevant financial information to understand the current financial status and determine the desired conditions • Conduct risk analysis to evaluate the level of risk involved in the current and desired conditions • Formulate capital budgeting and cost control strategy • Formulate strategies to allocate income to expenses (e.g., control income and expenditure, control inventory, and draw up credit policy) 2.2. Manage financial risk in international trade <ul style="list-style-type: none"> • Identify loss exposures or financial risk (e.g., commodity price risk, interest rate risk, and currency exchange rate risk) in international transactions • Measure and analyse the loss exposures • Select the appropriate combination of techniques from risk control (e.g., avoidance, loss prevention, and loss reduction) and risk financing (e.g., retention) • Implement and monitor the risk management programme 3. Develop and present financial plan in a professional context <ul style="list-style-type: none"> • Conduct financial analysis to assess the company's profitability, solvency, and stability accurately • Apply relevant methods to evaluate the company's past performance, future performance, and comparative performance (i.e., benchmarking with similar firms) • Produce coherent financial plan and present financial plan professionally
Assessment Criteria	<p>The integrated outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> • Capable of formulating financial plan accurately • Capable of managing financial risk in international trade • Capable of producing and presenting financial plan professionally
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