

Specification of Competency Standards
for the Jewellery Industry
Unit of Competency

Functional Area - Operational Management

Title	Formulate financial management plans
Code	108860L5
Range	This unit of competency is applicable to senior management personnel responsible for duties related to operational management in the jewellery industry. Practitioners should be capable of analyzing various kinds of financial management problems of the organization in a business environment with possibility of changes. They should also be able to formulate financial management plans by means of relevant information/data such as cost, expenditure and profit, enabling the organization to achieve maximum economic return.
Level	5
Credit	9
Competency	<p>Performance Requirements</p> <p>1. Understand financial management strategies</p> <ul style="list-style-type: none"> • Understand the theory and strategies of financial management, such as: <ul style="list-style-type: none"> ○ The objectives of financial management ○ The functions of the monetary market • Understand the analysis of financial reports, including: <ul style="list-style-type: none"> ○ The balance sheet ○ The profit and loss statements ○ The cash flow statements and ratio analysis ○ The forecasting statements • Understand financial planning and forecasting • Understand capital budgeting, such as: <ul style="list-style-type: none"> ○ Principles of investment ○ Net present value method ○ Discounted payback period method ○ Internal rate of return ○ Profitability index ○ Operational cash flow • Understand the calculation of project cash flow, including: <ul style="list-style-type: none"> ○ Relevant cash flow ○ Additional cash flow • Understand risk and return <ul style="list-style-type: none"> ○ System risk and non-system risk ○ The relation between risk and expected return (Capital Asset Pricing Model - CAPM) ○ The risk in foreign exchange • Understand the taxation policies of the local and foreign governments regarding the jewellery industry • Understand the concept of risk management • Understand the application of information technology <p>2. Formulate relevant financial management plans for the jewellery industry</p> <ul style="list-style-type: none"> • Analyze financial statements accurately • Formulate the capital budgeting strategy • Formulate the cost control strategy • Formulate the project risk and return management strategies • Implement financial planning, such as: <ul style="list-style-type: none"> ○ Control the business cycle and cash flow

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	<ul style="list-style-type: none"> ○ Master cash budgeting ● Formulate the management strategy of operating capital, such as: <ul style="list-style-type: none"> ○ Control cash income and expenses ○ Control inventory ○ Draw up credit policy and analysis ● Compile business turnover reports, such as: <ul style="list-style-type: none"> ○ Current business turnover ○ Estimated future business turnover ○ Comparison of the business turnover with the previous ones ○ Comparison of the actual business turnover with the estimated one ○ Conduct regular reviews based on the actual situations ○ Update the business targets and estimated expenditure ● Draw up risk management plans ● Formulate plans to apply information technology in financial management <p>3. Professionalism</p> <ul style="list-style-type: none"> ● Ensure to take into account the long-term interests of the organization and each stakeholder group when formulating the financial management plans of the organization ● Prevent any abuse or corrupt practices through financial management with a professional attitude ● Ensure that the financial information/data provided is accurate
Assessment Criteria	<p>The integrated outcome requirement of this unit of competency is:</p> <ul style="list-style-type: none"> ● Able to employ financial management knowledge in a business environment with possibility of changes to tie in with the actual operational situation of the jewellery organization, so as to effectively draw up relevant financial management plans for the industry.
Remark	