

Specification of Competency Standards for the Jewellery Industry
Unit of Competency

1. Title	Formulate financial management plans	
2. Code	JLZZOM503A	
3. Range	This unit of competency is applicable in workplaces relevant to the operational management of the jewellery industry. Practitioners should be capable to analyze various kinds of financial management problems in a business environment with possibility of changes. They should also be capable 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.	
4. Level	5	
5. Credit	9	
6. Competency	<p>6.1 Understand financial management strategy</p>	<p style="text-align: center;"><u>Performance Requirements</u></p> <ul style="list-style-type: none"> ◆ Understand financial management strategy <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

		<ul style="list-style-type: none"> ◆ Understand the calculation of project cash flow, including: <ul style="list-style-type: none"> • Relevant cash flow • Additional cash flow • Operational 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 concept of risk management ◆ Understand the application of information technology
6.2	Formulate relevant financial management plans for the jewellery industry	<ul style="list-style-type: none"> ◆ Formulate relevant financial management plans for the jewellery industry in a business environment with possibility of changes <ul style="list-style-type: none"> • Analyze financial statements • Formulate capital budgeting • Formulate cost control strategy • Formulate project risk and return management strategy • Implement financial planning, such as: <ul style="list-style-type: none"> ▸ Control the business cycle and cash flow ▸ 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 • Draw up risk management plans • Formulate plans to apply information technology in financial management

7. Assessment Criteria	<p>The integrated outcome requirement of this unit of competency is:</p> <p>(i) Capable to employ financial management knowledge in a business environment with possibility of changes to tie in with the actual operational situation of the jewellery company, so as to effectively draw up relevant financial management plans for the industry.</p>
8. Remarks	<p>This unit of competency is applicable to the organization's senior operational management. The credit value of this unit of competency is set on the presumption that the person concerned already possesses the knowledge of accounting and finance.</p>