

**Specification of Competency Standards**  
**for the Logistics Industry**  
**Unit of Competency**

Functional Area - Operations Management

Title	Capital and financial management
Code	LOCUOM519B
Range	This unit of competency is applicable to air and sea freight forwarders, courier and express companies. Practitioners should be capable to master knowledge of financial management, and can analyse the questions of different types of financial reports. Can also formulate financial management solution according to the foundation to help the enterprises to achieve the greatest effect on financial aspect.
Level	5
Credit	6 (For Reference Only)
Competency	<p>Performance Requirements</p> <p>1. Possess the knowledge of financial management and related matters</p> <ul style="list-style-type: none"> <li>• Understand the flow and procedures of freight and logistics operations</li> <li>• Understand funds and financial management matters in the freight and logistics industry</li> <li>• Understand the concepts of financial management, including: <ul style="list-style-type: none"> <li>○ The goals of financial management</li> <li>○ Functions of the financing market</li> </ul> </li> <li>• Master the concepts, tools and methods of financial statement analysis, including: <ul style="list-style-type: none"> <li>○ Balance Sheet</li> <li>○ Income statement</li> <li>○ Cash Flow Statement and ratio analysis</li> <li>○ Forecast report</li> <li>○ Financial planning and forecasting</li> </ul> </li> <li>• Understand the concepts and methods of asset budgeting, including: <ul style="list-style-type: none"> <li>○ Investment rules</li> <li>○ Net present value method</li> <li>○ Repayment period method</li> <li>○ Internal rate of return method</li> <li>○ Profitability Index</li> </ul> </li> <li>• Understand calculation of cash flow of a project, including: <ul style="list-style-type: none"> <li>○ Related cash flow</li> <li>○ Incremental cash flow</li> <li>○ Operating cash flow</li> </ul> </li> <li>• Understand the concepts and analysis of risk and return, including: <ul style="list-style-type: none"> <li>○ Idiosyncratic risks and non-systematic risk</li> <li>○ Identify the relationship between risk and expected return</li> </ul> </li> </ul> <p>2. Formulate financial management solution</p> <ul style="list-style-type: none"> <li>• Apply financial statement to analysis</li> <li>• Develop capital budget</li> <li>• Evaluate and calculate cash flow of project</li> <li>• Estimate project risks and returns</li> <li>• Understand the company's financial policy and conduct financial planning according to the policy <ul style="list-style-type: none"> <li>○ Control the business cycle process and cash flow</li> <li>○ Master the cash budget</li> </ul> </li> <li>• Develop working capital management <ul style="list-style-type: none"> <li>○ Control cash income and expenditure</li> <li>○ Formulate credit policy and analysis</li> </ul> </li> </ul>

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Assessment Criteria	The integrated outcome requirement of this unit of competency is: <ul style="list-style-type: none"><li>• Capable to applying financial management and related knowledge to analyse the contents of different financial reports, can also formulate the effective financial management solution based on fundamental evidence</li></ul>
Remark	This UoC is adopted from Logistics UoC LOCUOM409A. The QF level is adjusted from level 4 to level 5.