

Specification of Competency Standards
for the Logistics Industry
Unit of Competency

Functional Area - Operations Management

Title	Formulate financing strategy
Code	LOCUOM602B
Range	The unit of competency is applicable to transport logistics companies. Practitioners should be capable to analyse the cost effectiveness of finance and financing to better use the capital of the company.
Level	6
Credit	9 (For Reference Only)
Competency	<p>Performance Requirements</p> <p>1. Knowledge of financing</p> <ul style="list-style-type: none"> • Understand the financing concepts and the time value and cost of capital • Master the concepts and major valuation methods of the cost of capital • Understand the difference between capital input and loan made by the investor • Understand the channels and methods of financing such as leveraged leasing • Understand the capital acquisition principles of the transport logistics industry • Understand views of the banks or financing consultants on the transport logistics industry <p>2. Formulate financing strategy</p> <ul style="list-style-type: none"> • Assess the credit condition of the company • Assess the condition and stability of the company's income or profits • Estimate the financing need of the company and time to use the capital • Analyse the arrangements and proportion of short- and long-term financing • Collect and analyse different financing methods and arrangements • Work out different financing options such as the proportion of different financing methods • Assess the advantages and disadvantages of different financing options • Assess the risks and flexibility of different financing methods • Compile reports to illustrate the recommended financing option
Assessment Criteria	<p>The integrated outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> • Capable to analyse independently and impartially the financial or financing issues related to transport logistics in accordance with the financial and accounting information; • Capable to communicate with finance and accounting departments of the company and formulate suitable financing plans; and • Capable to compile reports to illustrate the formulation and implementation of the financing plan
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