

**Unit of Competency****Functional Area: Operational Management**

Title	Formulate Financial Management Strategies
Code	104896L5
Range	This unit of competency (UoC) is applicable in timepiece companies. It covers the abilities to analyze various kinds of financial management problems; 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 (for reference only)
Competency	<p>Performance Requirements</p> <ol style="list-style-type: none"> <li>1. Possess the knowledge of financial management <ul style="list-style-type: none"> <li>• Understand financial management concept <ul style="list-style-type: none"> <li>• The objectives of financial management</li> <li>• The functions of the monetary market</li> </ul> </li> <li>• Understand the analysis of financial reports, including: <ul style="list-style-type: none"> <li>• The balance sheet</li> <li>• The profit and loss statements</li> <li>• The cash flow statements and ratio analysis</li> <li>• The forecasting statements</li> </ul> </li> <li>• Understand financial planning and forecasting</li> <li>• Understand capital budgeting, e.g.: <ul style="list-style-type: none"> <li>• Principles of investment</li> <li>• Net present value method</li> <li>• Discounted payback period method</li> <li>• Internal rate of return</li> <li>• Profitability index</li> </ul> </li> <li>• Understand the calculation of project cash flow, including: <ul style="list-style-type: none"> <li>• Relevant cash flow</li> <li>• Additional cash flow</li> <li>• Operational cash flow</li> </ul> </li> <li>• Understand risk and return <ul style="list-style-type: none"> <li>• System risk and non-system risk</li> <li>• The relation between risk and expected return (Capital Asset Pricing Model - CAPM)</li> <li>• The risk in foreign exchange</li> <li>• Understand the application of information technology</li> </ul> </li> </ul> </li> <li>2. Formulate financial management strategies <ul style="list-style-type: none"> <li>• Formulate financial management strategies in a business environment with possibility of changes <ul style="list-style-type: none"> <li>• Analyze financial statements</li> <li>• Formulate capital budgeting</li> <li>• Formulate cost control strategy</li> <li>• Formulate project risk and return management strategy</li> <li>• Implement financial planning, such as: <ul style="list-style-type: none"> <li>• Control the business cycle and cash flow</li> <li>• Master cash budgeting</li> </ul> </li> <li>• Formulate the management strategy of operating capital, e.g.: <ul style="list-style-type: none"> <li>• Control cash income and expenses</li> <li>• Control inventory</li> <li>• Draw up credit policy and analysis</li> </ul> </li> <li>• Formulate plans to apply information technology in financial management</li> </ul> </li> <li>3. Exhibit professionalism <ul style="list-style-type: none"> <li>• Ensure that the financial information/data provided is accurate and correct</li> <li>• Prevent any abuse of power or corruption by the manipulation of financial management</li> </ul> </li> </ul></li></ol>

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Assessment Criteria	The integrated outcome requirement of this UoC is the ability to: <ul style="list-style-type: none"><li>• Employ financial management knowledge in a business environment with possibility of changes to tie in with the actual operational situation of the organization, so as to draw up financial management strategies.</li></ul>
Remark	