

MODULE 7: FINANCIAL MANAGEMENT

HKICPA PROFICIENCY LEVELS AND TAXONOMY

The proficiency level indicated in the table below reflects the level at which the topics covered in each particular learning outcome are tested. There are three levels of proficiency:

- Level 1 is the foundational level, covering the skills of knowledge and comprehension.
- Level 2 is the intermediate level, covering the skills of application and analysis.
- Level 3 is the advanced level, covering the skills of integration and evaluation

You are expected to understand which skill is exercised based on the taxonomy verbs with which it is associated. Please note that the list of taxonomy verbs below is for reference only and does not represent an exhaustive list.

Level 1: Foundation	Level 2: Intermediate	Level 3: Advanced
Knowledge The remembering of previously learned material (recall of facts)	Application Using new knowledge. Solve problems to new situations by applying acquired knowledge, facts, techniques and rules in a different way	Integration Compile information together in a different way by combining elements in a new pattern or proposing alternative solutions
Comprehension Demonstrative understanding of facts and ideas by organising, comparing, translating, interpreting, giving descriptions and stating main ideas	Analysis Examine and break information into parts by identifying motives or causes. Make inferences and find evidence to support generalisation	Evaluation The ability to judge the value of material for a given purpose

The syllabus weighting table indicates the relative weightings of the syllabus areas encompassed in this module. It serves as a guide to the percentage of study time spent on each syllabus area. In the long run, the marks allocation in the module examinations would conform to the weightings as shown above. The exact range of marks allocation in each module examination may deviate from the weightings for suitably robust questions to be set.

SYLLABUS AREA		
Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Analyse the Financial Environment in which Businesses Operate	<p>Explain and analyse the financial environment in which a business entity operates, such as:</p> <ul style="list-style-type: none"> - Function of financial markets and their roles in the value-creation process - Role of treasury management - Structure of Hong Kong equity and debt markets and its financial and banking system - The concept of market efficiency and the implications of the Efficient Market Hypothesis for issuers and investors 	2
Apply Financial Risk Framework and Different Methods of Managing Financial Risks	Account for the nature and types of financial risks, explain and compare different methods of managing key financial risks	2
Apply Pricing Strategies and Decisions	Calculate prices for products and services, apply different pricing approaches considering external market factors and internal cost structures	2

SYLLABUS AREA		
Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Analyse the Strategic Management Accounting Framework	Describe the key elements of a strategic management accounting framework	1
	Analyse proposed investment projects	2
	Explain the results of a post-appraisal audit of projects	1
Produce Financial Analysis	Apply techniques of financial analysis	2
	Evaluate a business entity's financial strategy	3
	Produce a forecast cash flow statement for a business entity	3
	Prepare profitability projections	2
	Analyse the liquidity and solvency positions for a business entity	2
Consider and Apply Information for Effective Performance Measurement	Apply information for effective performance management and consider the relationship between non-financial measures and financial measures	3
Explain and Analyse Different Sources of Finance and Capital Structure	Explain and analyse the theories of major capital market models, such as capital asset pricing model, cost of capital, Modigliani Miller theories, and efficient market	2
Apply Appraisal Techniques for Capital Investment Projects	Apply appropriate appraisal techniques to capital investment projects, explain and compare the strengths and weaknesses of project appraisal techniques	2

SYLLABUS AREA		
Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Produce Financial Forecasts and Evaluate Business Plans	Formulate plans and forecasts for a business entity, and explain the role and composition of business plans in helping an entity achieve its objectives	3