



**REPUBLIC OF KENYA**

**NATIONAL OCCUPATIONAL STANDARDS**

**FOR ACCOUNTANCY TECHNICIAN**

**KNQF LEVEL 6  
CYCLE 3**

**ISCED CODE: 0411 551A**



**TVET CDACC  
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## CONDUCT FINANCIAL MANAGEMENT

UNIT CODE: 0411 551 13A

TVET CDACC UNIT CODE: BUS/OS/AC/CR/06/6/MA

### UNIT DESCRIPTION

This unit specifies the competencies required to conduct financial management. It involves; identifying financial sources, evaluating financial markets and systems, determining time value of money, analysing risk and return, determining cost of capital, managing working capital, evaluating capital budgeting decisions, formulating dividend decisions and applying Islamic finance.

### ELEMENTS AND PERFORMANCE CRITERIA

ELEMENT	PERFORMANCE CRITERIA
These describe the <b>key outcomes</b> which make up <b>workplace function</b> .	These are <b>assessable</b> statements which specify the required level of performance for each of the elements. <i><b>Bold and italicized terms are elaborated in the range.</b></i>
1. Identify financial sources	1.1 Sources of finance are identified as per the capital markets regulatory authority 1.2 Sources of finance are classified as per the capital markets regulatory authority. 1.3 Evaluation criteria are determined as per the capital markets regulatory authority. 1.4 Finance sources are evaluated as per the set criteria.
2. Evaluate financial markets and systems	2.1 <i><b>Financial institutions</b></i> are identified based on the markets. 2.2 Financial institutions roles are determined as per the organizational objectives. 2.3 Financial institutions are analyzed based on financial performance. 2.4 Financial institution is selected as per the organization objectives.

<p>3. Determine time value of money</p>	<p>3.1 Discounting factor is determined as per the prevailing market conditions</p> <p>3.2 Future time value of money is computed based on discounting factor.</p> <p>3.3 Present time values of money are computed based on discounting factor.</p> <p>3.4 Annuities and perpetuities are determined as per the discounting factor.</p> <p>3.5 Loan amortization schedule is prepared discounting and compounding factor.</p>
<p>4. Analyze risk and return</p>	<p>4.1 Risk and return are identified as per organization objective.</p> <p>4.2 Risk and return components are determined as per the organization objective..</p> <p>4.3 Risks are classified as per the standard operating procedures</p> <p>4.4 Risk and return for a single asset is determined.</p> <p>4.5 Investment decisions are determined as per the organizational requirement.</p>
<p>5. Determine cost of capital</p>	<p>5.1 Capital structure is determined as per financial statements.</p> <p>5.2 Component costs of capital are identified as per financial statements.</p> <p>5.3 Component costs of capital are computed as per financial statements.</p> <p>5.4 Cost of capital is analysed in line with financial effects</p> <p>5.5 Weighted average cost of capital is determined in view of applicable rates.</p> <p>5.6 Marginal cost of capital is determined in view of applicable rates.</p>

	5.7 Optimal capital structure is determined based on organizational objectives.
6. Manage working capital	<p>6.1 Components of working capital are identified as per the organization's objective.</p> <p>6.2 Working capital sources are selected as per the organization's objective..</p> <p>6.3 Operating cash cycle is determined as per the organization's objective.</p> <p>6.4 Working capital policies are formulated as per the organization's objective.</p> <p>6.5 Cash and inventory optimal levels are determined as per the organization's objective.</p> <p>6.6 Account payables period is determined as per the organization's objective.</p> <p>6.7 Account receivables collection period is determined organization's objective.</p>
7. Evaluate capital budgeting decisions	<p>7.1. Investment projects are classified organization's objective.</p> <p>7.2. Investment criterion is identified organization's objective.</p> <p>7.3. Investment techniques are selected as per the organizational requirements.</p> <p>7.4. Investment projects are appraised based on the techniques.</p> <p>7.5. Investment project is selected based on the criterion.</p>
8. Formulate dividend decisions	<p>8.1. Dividend policies are formulated as per organization policy</p> <p>8.2. <b>Forms of dividend payments</b> are identified as per organizational policy</p> <p>8.3. Dividend Payment schedules is prepared as per the</p>

	organizational policy.
9. Apply Islamic finance	<p>9.1 Islamic finance principles and trends are determined based on the Sharia Law</p> <p>9.2 Islamic finance sources are selected as per the sharia law.</p> <p>9.3 Islamic finance interest (RIBA) is determined as per Sharia Law</p> <p>9.4 Islamic finance returns are analysed as per the work place objectives.</p> <p>9.5 Islamic finance securities are evaluated as per Sharia Law</p>

## RANGE

This section provides work environments and conditions to which the performance criteria apply. It allows for different work environment and situations that will affect performance.

Variable	Range
1. Financial institutions may include but not limited:	<ul style="list-style-type: none"> <li>• Commercial banks</li> <li>• Merchant banks</li> <li>• Central bank</li> <li>• Sacco's</li> <li>• Pension funds</li> <li>• Mutual funds</li> <li>• Insurance</li> <li>• Micro-finance</li> </ul>
2. Forms of dividend payments may include but not limited:	<ul style="list-style-type: none"> <li>• Cash</li> <li>• Script/stock</li> <li>• Bonus</li> <li>• Rights</li> </ul>

## **REQUIRED KNOWLEDGE AND UNDERSTANDING**

The individual needs to demonstrate knowledge of:

- Mathematics
- Economics
- Financial accounting
- Law
- Statistics

## **SKILLS**

The individual needs to demonstrate the following skills:

- Critical thinking
- Communication
- Analytical.
- Report writing.
- Problem solving
- Innovative
- Creativity

## **EVIDENCE GUIDE**

This provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge and range.

1. Critical Aspects of Competency	Assessment requires evidence that the candidate:  1.1 Identified financial sources as per organizational objectives.  1.2 Evaluated financial markets and systems as per the financial markets authority.  1.3 Determined time value of money as per discounting and compounding factors.  1.4 Analysed risk and return as per organizational objectives.  1.5 Determined cost of capital as per organizational objectives
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	<p>1.6 Managed working capital as per organizational requirements.</p> <p>1.7 Evaluated Capital Budgeting decisions as per organizational objective.</p> <p>1.8 Formulated dividend decisions as per organizational policy</p> <p>1.9 Demonstrated the ability to apply Islamic finance as per Sharia law</p>
2. Resource Implications	<p>The following resources should be provided:</p> <p>2.1 Access to relevant workplace where assessment can take place</p> <p>2.2 Appropriately simulated environment where assessment can take place</p> <p>2.3 Materials relevant to the proposed activity or tasks</p>
3. Methods of Assessment	<p>Competency in this unit may be assessed through:</p> <p>3.1 Practical</p> <p>3.2 Projects</p> <p>3.3 Poe evaluation</p> <p>3.4 Third party reports</p> <p>3.5 Written tests</p>
4. Context of Assessment	<p>4.1 The competency may be assessed in a workplace or a simulated workplace</p>
5. Guidance information for assessment	<p>5.1 Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended.</p>