



**REPUBLIC OF KENYA**

**COMPETENCY-BASED MODULAR CURRICULUM**

**FOR**

**ACCOUNTANCY**

**KNQF LEVEL 6**

**(CYCLE 3)**

**PROGRAM CODE: 0411 551A**



TVET CDACC  
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NAIROBI

## FINANCIAL MANAGEMENT

**UNIT CODE: 0411 551 13A**

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

**Duration of Unit:** 120 hours

### **Relationship to Occupational Standards**

This unit addresses the Unit of Competency: Conduct Financial Management

### **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.

### **Summary of Learning Outcomes**

<b>S/NO</b>	<b>ELEMENTS</b>	<b>DURATION (HOURS)</b>
1	Identify financial sources	<b>8</b>
2	Evaluate financial markets and system	<b>14</b>
3	Determine time value of money	<b>14</b>
4	Analyse risk and return	<b>10</b>
5	Determine cost of capital	<b>16</b>
6	Manage working capital	<b>10</b>
7	Evaluate Capital Budgeting decisions	<b>16</b>
8	Formulate dividend decisions	<b>16</b>
9	Apply Islamic finance	<b>16</b>
		<b>TOTAL 120 HOURS</b>

### Learning Outcomes, Content and Suggested Assessment Methods

Learning Outcome	Content	Suggested Assessment Methods
1. Identify financial sources	<p>1.1 Nature and purpose of finance</p> <p>1.1.1 Scope of finance</p> <p>1.1.2 Relationship between financial management and other management disciplines</p> <p>1.1.3 Finance and non-finance functions</p> <p>1.1.4 Roles of a finance manager</p> <p>1.1.5 Goals of a firm</p> <p>1.1.6 Agency theory :conflicts and resolutions</p> <p>1.2 Sources of finance</p> <p>1.2.1 Short term sources</p> <p>1.2.2 Long term sources</p> <p>1.2.3 Internal sources</p> <p>1.2.4 External sources</p> <p>1.2.5 Factors to consider when choosing the source of finance</p>	<ul style="list-style-type: none"> <li>• Practical assessment</li> <li>• Project</li> <li>• Portfolio of evidence</li> <li>• Third party reports</li> <li>• Written tests</li> <li>• Oral questions</li> </ul>
2. Evaluate financial markets and systems	<p>2.1 Roles of financial systems</p> <p>2.2 Markets participants and financial innovation</p> <p>2.3 Types of financial markets</p> <p>2.4 Characteristics of a good</p>	<ul style="list-style-type: none"> <li>• Practical assessment</li> <li>• Project</li> <li>• Portfolio of</li> </ul>

	<p>market</p> <p>2.5 Functions of financial markets</p> <p>2.6 The flow of funds and the financial system</p> <p>2.7 Organisation and structure of securities markets</p> <p>2.8 Automation of securities exchanges; automated trading system (ATS), Central depository system(CDS)</p> <p>2.9 Role of government in the financial system; capital markets authority, central bank, central depository and settlement company</p>	<p>evidence</p> <ul style="list-style-type: none"> <li>• Third party reports</li> <li>• Written tests</li> <li>• Oral questions</li> </ul>
3. Determine time value of money	<p>3.1 Time value versus time preference for money</p> <p>3.2 Relevance of time value of money</p> <p>3.3 Discounting techniques</p> <p>3.4 Compounding techniques</p> <p>3.5 Preparation of loan amortisation schedule</p>	<ul style="list-style-type: none"> <li>• Practical assessment</li> <li>• Project</li> <li>• Portfolio of evidence</li> <li>• Third party reports</li> <li>• Written tests</li> <li>• Oral questions</li> </ul>
4. Analyse risk and return	<p>4.1 Meaning of terms</p> <p>4.2 Components of risks and returns</p> <p>4.3 Sources of risk</p> <p>4.4 Measures of risk and return for a single asset</p> <p>4.5 Distinction between risk- free and risky assets-CAPM &amp;</p>	<ul style="list-style-type: none"> <li>• Practical assessment</li> <li>• Project</li> <li>• Portfolio of evidence</li> <li>• Third party reports</li> <li>• Written tests</li> </ul>

	<p>APT</p> <p>4.6 Relationship between risk and return on investments</p>	<ul style="list-style-type: none"> <li>• Oral questions</li> </ul>
5. Determine cost of capital	<p>5.1 Significance of cost of capital to firms</p> <p>5.2 Factors influencing a firms cost of capital</p> <p>5.3 Components costs of capital</p> <p>5.4 Weighted average cost of capital</p> <p>5.5 Marginal cost of capital</p>	<ul style="list-style-type: none"> <li>• Practical assessment</li> <li>• Project</li> <li>• Portfolio of evidence</li> <li>• Third party reports</li> <li>• Written tests</li> <li>• Oral questions</li> </ul>
6. Manage working capital	<p>6.1 Nature and importance of working capital</p> <p>6.2 Determinants of working capital</p> <p>6.3 Working capital operating cycle</p> <p>6.4 Dangers of excessive / inadequate working capital</p> <p>6.5 Working capital management policies</p> <p>6.6 Cash management</p> <p>6.7 Accounts receivable management</p> <p>6.8 Accounts payable management</p> <p>6.9 Inventory management</p>	<ul style="list-style-type: none"> <li>• Practical assessment</li> <li>• Project</li> <li>• Portfolio of evidence</li> <li>• Third party reports</li> <li>• Written tests</li> <li>• Oral questions</li> </ul>
7. Evaluate Capital Budgeting decisions	<p>7.1 Importance, characteristics and types of capital investment decisions</p> <p>7.2 Difficulties of capital budgeting</p>	<ul style="list-style-type: none"> <li>• Practical assessment</li> <li>• Project</li> <li>• Portfolio of evidence</li> </ul>

	<p>7.3 Investment appraisal techniques;</p> <p>7.3.1 Accounting Rate of Return (ARR)</p> <p>7.3.2 Payback period</p> <p>7.3.3 Net Present Value</p> <p>7.3.4 Profitability index</p> <p>7.3.5 Internal Rate of Return</p>	<ul style="list-style-type: none"> <li>• Third party reports</li> <li>• Written tests</li> <li>• Oral questions</li> </ul>
8. Formulate dividend decisions	<p>8.1 Meaning of terms</p> <p>8.2 Forms of dividends payment</p> <p>8.3 Factors influencing dividend decisions of a firm</p> <p>8.4 Dividend policies;</p> <p>8.4.1 Pay-out ratio policy</p> <p>8.4.2 Residual policy</p> <p>8.4.3 Stable predictable policy</p> <p>8.4.4 Low regular plus extra policy</p> <p>8.5 Dividend theories</p> <p>8.5.1 Dividend relevance theories</p> <p>8.5.2 Dividend irrelevance theories</p>	<ul style="list-style-type: none"> <li>• Practical assessment</li> <li>• Project</li> <li>• Portfolio of evidence</li> <li>• Third party reports</li> <li>• Written tests</li> <li>• Oral questions</li> </ul>
9. Apply Islamic finance	<p>9.1 Meaning of terms</p> <p>9.2 Principles and trends in Islamic banking</p> <p>9.3 Differences between Islamic and conventional banking</p> <p>9.4 The concept of interest (riba) and how returns are made by Islamic financial securities</p> <p>9.5 Sources of finance in Islamic</p>	<ul style="list-style-type: none"> <li>• Practical assessment</li> <li>• Project</li> <li>• Portfolio of evidence</li> <li>• Third party reports</li> <li>• Written tests</li> </ul>

	financing: muhabaha, sukuk 9.6 Emerging issues	<ul style="list-style-type: none"> <li>Oral questions</li> </ul>
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### Suggested Delivery Methods

- Demonstration
- Practical work by trainee
- Fieldwork and benchmarking
- Group discussions

### List of Recommended Resources for 30 trainees

S/No.	Category/Item	Description/ Specifications	Quantity	Recommended Ratio (Item: Trainee)
<b>A</b>	<b>Learning Materials</b>			
1.	Charts	<ul style="list-style-type: none"> <li>Flip Charts</li> </ul>	5	1:6
<b>B</b>	<b>Learning Facilities &amp; Infrastructure</b>			
2.	Lecture/Theory Room	(9* 8 sq. metres)	1	1:30
3.	Internet Connection	WI-FI, Dial-Up, Cable, Fixed- wireless,	1	1:30
<b>C</b>	<b>Consumable Materials</b>			
4.	Markers	whiteboard markers and permanent markers	5	1:6
5.	Stationery	Printing Papers,	5 reams	1:6

		Foolscaps		
6.	Files / folders		30	1:1
7.	Flash disks		5	1:6
<b>D</b>	<b>Tools And Equipment</b>			
8.	Computers/Laptops	Any model	30	1:1
9.	Projector	LED.LCD, Laser	1	1:30
10.	Whiteboard	Glass, melamine, porcelain	1	1:30
11.	Staplers		2	1:15
12.	Paper punch		2	1:15
13.	Metallic cabinet		1	1:30
14.	Scanner		2	1:15
15.	Printer		1	1:30
16.	Print toners		2	1:15
17.	Shredding machine		1	1:30

## References

Brigham, E.F., & Ehrhardt, M. C (2019). *Financial Management: Theory & practice* (15<sup>th</sup> ed.). Cengage Learning.