

You will manage cash using active cash management and treasury systems. Your management of cash will seek to optimise returns and minimise charges, within an acceptable level of risk.

TO PERFORM EFFECTIVELY YOU NEED TO:

- understand and apply finance knowledge to optimise returns for cash held on deposit
- where appropriate, manage cash on a centralised basis to both maximise returns and minimise charges
- minimise risk by ensuring that deposits are appropriately spread
- ensure that any financial instruments held to meet liabilities mature on a timely basis
- minimise charges associated with both short-term and long-term finance options.

Achievement of this performance objective requires consistent performance over a period of time.

EXAMPLES OF RELEVANT ACTIVITIES INCLUDE:

- pooling cash from various sources to place on deposit
- setting up an overseas deposit to meet a future overseas liability
- setting up and using “sweep” accounts to maximise cash available at any given time
- negotiating overdrafts or other short-term sources of finance
- exploring the availability and cost of long-term sources of finance to offset persistent or long-term deficits.

These examples illustrate how you might demonstrate this performance objective. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

KEY KNOWLEDGE AND UNDERSTANDING: FINANCE AND FINANCIAL MANAGEMENT

- Recognise, manage and control financial risk, using relevant tools, techniques and instruments.

Linked exam papers

Paper F9, Financial Management

Paper P4, Advanced Financial Management.