## TSC Category
Investment and Financial Management

## TSC
Capital Expenditure and Investment Evaluation

## TSC Description
Assess investments based on alignment with strategies, affordability, acceptable returns and prioritisation of options

<table>
<thead>
<tr>
<th>TSC Proficiency Description</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
<th>Level 5</th>
<th>Level 6</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FSE-MAC-3002-1.1-1</td>
<td>FSE-MAC-4002-1.1-1</td>
<td>FSE-MAC-5002-1.1-1</td>
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<tr>
<td>Perform investment appraisal techniques on capital expenditure investments</td>
<td>Evaluate investments, capital expenditures and financing projects according to defined policies and organisation’s strategic needs</td>
<td>Review and direct investment appraisals and investment decisions for organisational capital management</td>
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### Knowledge
- Payback, and discounted payback techniques
- Accounting rate of return (ARR)
- Net present value (NPV)
- Internal rate of return (IRR) and modified IRR
- Investment appraisal techniques
- Organisation’s capital investment portfolio
- Risk weighted assessment approaches for identifying risks
- Investment appraisal techniques
- Relevant strengths and weaknesses of investment appraisal techniques
- Records of capital expenditures, investments and financing projects within organisation
- Organisation’s capital allocation strategies
- Capital reserves
- Organisation’s capital investment portfolio
- Risk weighted assessment approaches for identifying risks
- Legal regulations surrounding capital investments
- Strategies for capital management, expenditure and investment
- Organisation’s strategic direction and business objectives
- Capital management policies and capital allocation strategies
- Investment appraisal techniques
- Relevant strengths and weaknesses of investment appraisal techniques

### Abilities
- Perform payback and discounted payback techniques for investments
- Calculate ARR for investments
- Analyse the strengths and weaknesses of payback and discounted payback techniques to assess investments
- Evaluate the strengths and weaknesses of payback, discounted payback, accounting rate of return (ARR), net present value (NPV),
<table>
<thead>
<tr>
<th>Technical Skills &amp; Competencies (TSC) Reference</th>
<th>SKILLS FRAMEWORK FOR FINANCIAL SERVICES</th>
<th>Effective Date: August 2019, Version 1.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Calculate NPV for investments</td>
<td>• Analyse the strengths and weaknesses of accounting rate of return (ARR) technique to assess investments</td>
<td>• Analyse the strengths and weaknesses of net present value (NPV) technique to assess investments</td>
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<tr>
<td>• Calculate IRR and modified IRR for investments</td>
<td>• Conduct risk assessments for capital expenditures and investment portfolios</td>
<td>• Analyse the strengths and weaknesses of internal rate of return (IRR) and modified IRR technique to assess investments</td>
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<tr>
<td>• Document and articulate findings to relevant stakeholders</td>
<td>• Review recommendations regarding acceptability of IRR and affordability of options in line with organisational needs and strategic directions</td>
<td>• Evaluate capital investment returns and financial health against organisation’s capital management policies</td>
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<tr>
<td>• Analyse the strengths and weaknesses of accounting rate of return (ARR) technique to assess investments</td>
<td>• Provide views and recommendations to address the impact of the various investment appraisal techniques on investment projects</td>
<td>• Propose refinements to capital allocation strategies and investment decisions</td>
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<tr>
<td>• Analyse the strengths and weaknesses of net present value (NPV) technique to assess investments</td>
<td>• Conduct preliminary analysis of capital investment health against organisation’s capital management policies</td>
<td>• Identify misalignment with organisation’s capital reserve requirements</td>
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<tr>
<td>• Analyse the strengths and weaknesses of internal rate of return (IRR) and modified IRR technique to assess investments</td>
<td>• Determine acceptability of IRR and affordability of options</td>
<td>• Evaluate risk exposure of capital expenditure and investment portfolio and recommend action steps to manage risks</td>
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</tbody>
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