

# Strategic Capital Investment, Performance Measurement, and Risk Management

- Capital investment decision-making
- Capital project investment appraisal using accounting rate of return (ARR) and payback, and the DCF methods of net present value (NPV), internal rate of return (IRR), modified internal rate of return (MIRR), and equivalent annual cost (EAC)
- Capital rationing and budgeting using the profitability index (PI)
- Sensitivity analysis, scenario analysis, and simulation to evaluate capital project investment risk
- Product cost cross-subsidization
- Activity-based costing (ABC) and activity-based management (ABM)
- Refining the costing systems and measurement systems to support financial decision-making
- Linking strategic objectives to key performance indicators (KPIs) using the balanced scorecard
- Uncertainty and risk – business risk and financial risk
- Mitigating and minimising financial risk: insurance and hedging of exposures to interest rate and foreign currency exchange rate fluctuations