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CIMA summary

Introduction

CIMA is the Chartered Institute of Management Accountants. It provides professional qualifications in management accounting. It is the leading provider in the world. Management accountants are the people in business that use financial information to make key decisions. It supports students and members through all stages of their careers, with a focus on lifelong learning.

Financial accounting

Financial accounting refers to the figures and accounts used by a business to measure its performance. It relates to the historical performance of the business. Small businesses may have quite simple accounts, but they must still be accurate. Once a business becomes a limited company, there are legal requirements to produce certain accounts. These are:

- Balance sheets show assets and liabilities.
 - Profit and loss account
- and for plcs
- Cashflow statements show flows of cash into and out of the business in the past year

Management accounting

Management accountants look forward to the future. They use financial information to advise companies on forward planning. They use the internal financial information to help with planning. The main tools they use are ratios, budgets and forecasts. The main ratios they use are:

- efficiency ratios, that show the ability of the business to pay its debts;
- gearing, showing the long term position of the business;
- performance ratios . showing how much profit is being made.

Other tools used include:

- cashflow forecasts which look at likely future flows of costs and revenues.
- budgets, help planning for the future and help to co-ordinate the different parts or activities of a business.
- variances which show the difference between what was forecast to happen and what actually happened.
- investment appraisal to decide if an investment is worthwhile

Strategy

Strategic decisions are the major ones taken at the highest level of management. They are the most wide ranging decisions about the future of the business. Other types are tactical, made by senior managers and operational. These concern the day-to-day running of the business. Management accountants help a business make strategic decisions. They collect and analyse information. They communicate their findings, plan change and then monitor outcomes.

CIMA members in practice

CIMA qualified management accountants are found in the top layers of many leading companies. Some examples are:

- Matthew Parker is Retail Finance Manager at Topshop. He enjoys being involved in shaping the future direction of the business.
- Gajen Ganandran is a financial analyst with Aviva, which owns Norwich Union. He travels widely and uses his degree knowledge of computers to analyse data.
- Tom Pearce is Finance Director of Nintendo UK. He is responsible for decisions affecting sales of over £600 million.
- Sharon Bhachu is a Training Coordinator at Cadbury Schweppes, a CIMA Training Quality Partner. She



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makes strategic decisions about products and ranges.

Conclusion

Financial accountants are vital to keeping business accounts and records. Management accountants focus on making forecasts. They play a more strategic role in management. It is an exciting and forward-looking career and can lead to top roles in business.