Practical experience guidelines

These Practical Experience Guidelines have been put together to make it easier for students and their employers to plan training. Under each heading are examples of the activities in which students will be expected to gain experience. Although it is not expected that students will work in all areas, they should be given the opportunity to gain a broad balance of experience across the different areas.

For your information, cross check which of the areas of experience are available to CIMA students in your organisation.

Area 1: Basic experience

Experience gained in this area should be at a ‘hands-on’ level.

Examples of suitable experience in this area are listed below:

1a Preparing and maintaining accounting records
   - Updating the organisation’s ledgers.
   - Maintaining payroll procedures.
   - Preparation and review of a trial balance.
   - Reconciliations of debtors, creditors, bank balances.
   - Computation of depreciation charges, VAT returns, accruals and prepayments.

1b Statutory and regulatory reporting
   - Involvement in the preparation of annual or interim financial statutory accounts, regulatory, or compliance information for the organisation and stakeholders.
   - Consolidation of the results of subsidiary organisations.
   - Preparation and review of other government financial returns.

1c IT desktop skills
   - Developing computer literacy using proprietary software packages, including spreadsheets and databases.
   - Using the internet and corporate intranets.

1d Systems and procedure development
   - Involvement in the design, development and implementation of new or replacement systems and procedures.
   - Review of existing systems and processes as part of an internal or operational audit.
Area 2: Core experience

Experience gained in this area should be as ‘hands-on’ as possible. Students may be contributing to the activities without necessarily having ultimate responsibility for the output.

Examples of suitable experience in this area are listed below:

2a Preparation of management accounts
- Preparation, presentation and interpretation of regular management accounts and related reports; KPIs, flash reporting, dashboard, and periodic P&Ls.
- Comparison of actual performance with budget and/or forecast; analysis and interpretation of variances.
- Preparation of regular reports on capital expenditure, outstanding debtors/creditors, inventory etc.

2b Planning, budgeting and forecasting
- Preparation, in conjunction with line management, of annual budgets and forecasts.
- Preparation of departmental budgets and forecasts.
- Working with other departments to develop corporate budgets and forecasts.
- Preparation of business plans, balanced scorecards, capital expenditure budgets and forecasts, and ‘zero based’ budgets.

2c Management reporting for decision making
- Preparation of non-routine reports that analyse and interpret financial/numerical data.
- Evaluating alternative courses of action and making specific recommendations; following up results of reports.
- Preparation of briefing papers for management.
- Oral presentation of reports using visual aids.
- Assisting with the drafting of expert witness reports.

2d Product and service costing
- Application of appropriate principles and techniques, for example overhead allocation, marginal costing, break-even analysis and ABC, in order to establish the current and future costs of the organisation’s products, services and activities.
- Identification of costs and revenues relating to specific business decisions, for example the introduction, amendment or deletion of a product or service; pricing, make or buy comparisons.
2e Information management
- Defining the information requirements of the organisation.
- Identifying and evaluating appropriate information systems.
- Managing the process of information gathering, processing, storage and retrieval.

2f Project appraisal
- Using investment appraisal techniques for the evaluation of capital expenditure, long term contracts and other projects.
- Evaluating other investments or acquisitions using appropriate techniques.
- Post-completion audit of projects and investments.

2g Project management
- Management of a project or working as part of a project team, for example the introduction of a new system or procedures to the organisation, business process re-engineering or quality improvement, capital expenditure projects or any other non-routine activity with a defined output, such as the launch of a new product or an office move.
- Internal or external consultancy assignments.

2h Working capital control
- Debt collection, inventory and expense commitment control, recording and forecasting foreign currency transactions, cash flow forecasting and monitoring.
- Periodic stock takes, the identification of slow moving and redundant stock, negotiation of credit terms with customers, suppliers and bankers.
- Supply chain management.

2i Risk management and business assurance
- Identifying, assessing and managing business risks.
- Disaster recovery planning.
Area 3: Supplementary experience

Experience gained in this area might include responsibility for research, analysis and evaluation of activities, assisting with activities or contributing as part of a team.

Examples of suitable experience in this area are listed below:

3a Financial strategy
- Identifying the organisation’s funding position, future funding requirements, costs and sources of funds, options for investment, cost of capital and leasing decisions.
- Contributing to longer term balance sheet and capital structure management.
- Involvement with distribution of earnings policy.

3b Corporate finance
- Involvement with company acquisitions, disposals, management buy-outs or buy-ins and corporate restructuring.
- Involvement with take-overs of public companies and defence against unwelcome bids.
- Involvement with corporate governance and the resolution of ethical issues.
- Company secretarial work, contract evaluation/negotiation.

3c Treasury management
- Negotiation and management of bank accounts and loan facilities.
- Management of foreign exchange and currency exposure.
- Dealing with export finance, for example documentary credits, bills of exchange.
- Valuation of financial instruments.

3d Taxation
- Establishing the organisation’s liability for corporation tax and other obligations to revenue authorities (e.g. VAT in the UK).
- Establishing, planning and applying the impact of other taxes and charges, such as sales, regional and payroll taxes collected by the employer.
- Examination of transfer pricing issues.

3e Business evaluation and appraisal
- Review of other organisations’ performance based on published accounts and other available information for example competitor review, potential investment or customer creditworthiness.
• Review of subsidiary or associated company performance.

3f Business strategy
• Contributing to the establishment of the organisation’s long term business objectives, for example:
  o identifying and evaluating external factors which may impact on the organisation
  o identifying and appraising the organisation’s skills and resources
  o identifying and defining business options; evaluating these options, performing risk assessments and recommending strategies for adoption
  o analysing the economic impact of environmental change upon the organisation
  o analysing market and competitive developments in relation to marketing strategy
  o advising managers on critical economic and financial developments
  o contributing to the development of the organisation’s information systems strategy as a complement to its business strategy.

3g External relationships
• Dealing with the organisation’s customers, suppliers, external advisors, auditors, bankers and investors.
• Dealing with representative bodies and trade associations (for example CBI, ABPI, Chambers of Commerce), Government departments and other regulatory authorities, stock exchange and