CIMA MANAGING FINANCE IN A DIGITAL WORLD (E1) PRACTICE EXAM (SAMPLE)

STUDY GUIDE

SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

• Practice answering questions under realistic conditions,

• Improve accuracy and speed,

• Review explanations to strengthen weak areas, and

• Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

1. Which of the following is an example of secondary data?

A. Data from a system

B. Focus groups

C. Questionaries

D. Experiments

2. Which of the following is a finance-supported activity for the Production (Operations) Team?

A. Market research

B. Advertising campaign

C. Cost measurement, allocation and absorption

D. Customer invoicing

3. Which term describes the Finance Function as the subject matter expert contributing to strategic decision making and developing the business model?

A. Value Enabling

B. Stewardship

C. Data Integrity

D. Value Analysis

4. Which statement best describes a hierarchical structure?

A. A flat structure with many equal levels

B. A structure where decision rights are decentralized

C. A structure that is wholly informal

D. Big at the bottom, narrow at the top (Correct)

5. Which of the following is a basic digital literacy skill?

A. Create Digital Content

B. Code Software from Scratch

C. Explain Cloud Architecture

D. Configure Network Hardware

6. Full Nest II is best described as which of the following?

A. Better off; less influenced by advertising; Larger sized grocery packs, cleaning materials, bicycles

B. Poor; highly influenced by advertising; Luxury items

C. Drastic income drops; Medicines

D. Travel-driven lifestyle

7. MRP1 is described as which of the following?

A. A computerised system that incorporates a single database used by many different areas of the organisation. Enables optimal inventory control based on matching of supply and demand

B. A method to forecast demand for finished goods

C. Calculate the quantity of materials required for each type of material and when they will be required

D. A method of benchmarking against the best in the industry

8. NOT a quality of information

A. Timely

B. Ambiguous

C. Accurate

D. Relevant

9. In the four V's framework, which factor describes how much of the operation is visible to the customer?

A. Volume

B. Variety

C. Variation in Demand

D. Visibility

10. Which option is NOT one of the 7 P's of the marketing mix?

A. Advertising campaigns

B. People interactions

C. Pricing strategy

D. Packaging

Answers

1. A
2. C
3. B
4. D
5. A
6. A
7. C
8. B
9. D
10. D

Explanations

1. Which of the following is an example of secondary data?

- A. Data from a system
- B. Focus groups
- C. Questionaries
- D. Experiments

Secondary data consists of information that has already been collected by someone else for a purpose other than the current analysis and is reused. Data from a system is secondary because it is generated by routine operations and stored in the organization's information systems, ready to be pulled for analysis without new data collection. In contrast, focus groups, questionnaires, and experiments involve collecting new information directly from people or observing new trials, which makes them primary data collection methods. Therefore, data from a system is the example of secondary data.

2. Which of the following is a finance-supported activity for the Production (Operations) Team?

- A. Market research
- B. Advertising campaign
- C. Cost measurement, allocation and absorption
- D. Customer invoicing

Finance supports Production by providing costing information that helps plan, control, and evaluate how a product is produced. Cost measurement, allocation and absorption is the process of determining the cost of producing goods, assigning overheads (both fixed and variable) to products, and absorbing those costs into product costs. This directly informs production decisions, helps set standard costs, monitors efficiency, and evaluates profitability across different products or production runs. Market research and advertising are marketing activities focused on demand and promotion, not on production cost control. Customer invoicing belongs to revenue and cash processes, not production operations. So the activity that best reflects finance supporting the Production team is cost measurement, allocation and absorption.

3. Which term describes the Finance Function as the subject matter expert contributing to strategic decision making and developing the business model?

- A. Value Enabling
- B. Stewardship
- C. Data Integrity
- D. Value Analysis

Stewardship captures the finance function's role as custodian of the organization's resources, providing governance, risk management, and strategic input. When finance acts as the subject matter expert contributing to strategic decision making and helping develop the business model, it's guiding how value is created and sustained across the enterprise. This means offering authoritative financial insight, challenging assumptions, and shaping decisions that affect capital allocation, long-term plans, and the overall model of how the business creates and captures value. Value enabling would focus more on enabling value through information and support, but it doesn't inherently emphasize governance and strategic shaping. Data integrity centers on the quality and reliability of data, not on strategic influence. Value analysis is about evaluating specific options or benefits, rather than guiding broad strategy and resource stewardship.

4. Which statement best describes a hierarchical structure?

A. A flat structure with many equal levels

B. A structure where decision rights are decentralized

C. A structure that is wholly informal

D. Big at the bottom, narrow at the top (Correct)

Hierarchy means authority is arranged in levels with a clear chain of command from top to bottom. A tall, formal structure is often depicted as a pyramid: many people at the bottom, progressively fewer at higher levels, ending with a small number of senior managers. The description "Big at the bottom, narrow at the top" captures this idea because it shows a large base of employees reporting upward to a small apex of decision-makers, which is the essence of a hierarchical organization. In contrast, a flat structure would have few levels and a broad base, indicating less layering of authority; decentralization spreads decision rights, reducing centralized control; and an informal structure lacks formal reporting lines, so it isn't truly hierarchical.

5. Which of the following is a basic digital literacy skill?

A. Create Digital Content

B. Code Software from Scratch

C. Explain Cloud Architecture

D. Configure Network Hardware

Digital literacy centers on using digital tools to access, evaluate, create, and share information. The best choice shows the ability to produce digital content—like documents, presentations, or multimedia—using common software and devices. Creating content is a foundational skill because it demonstrates practical, everyday use of technology to generate outputs and communicate ideas. The other tasks require deeper technical expertise: coding from scratch involves programming, explaining cloud architecture touches on system design, and configuring network hardware deals with setting up physical networking equipment. These are important skills, but they go beyond basic digital literacy.

6. Full Nest II is best described as which of the following?

A. Better off; less influenced by advertising; Larger sized grocery packs, cleaning materials, bicycles

B. Poor; highly influenced by advertising; Luxury items

C. Drastic income drops; Medicines

D. Travel-driven lifestyle

The concept tested here is how family life cycle stages shape buying behavior. Full Nest II describes households with dependent children at home—typically school-age—and with growing household needs and income compared with earlier stages. Because there are two or more children, these families buy in larger pack sizes to save money and meet family demands, and they routinely purchase household essentials like groceries and cleaning products in bigger quantities. They also invest in family-oriented, practical items such as bicycles for recreation. With a steadier, higher income, their purchasing is more driven by practical needs and budgeting, so they are less swayed by advertising than earlier, more cash-constrained stages. The other descriptions don't fit this profile: they imply poorer status or luxury focus, drastic income drops, or a travel-oriented lifestyle, which aren't characteristics of Full Nest II.

7. MRP1 is described as which of the following?

A. A computerised system that incorporates a single database used by many different areas of the organisation. Enables optimal inventory control based on matching of supply and demand

B. A method to forecast demand for finished goods

C. Calculate the quantity of materials required for each type of material and when they will be required

D. A method of benchmarking against the best in the industry

Material Requirements Planning focuses on working out the quantities of each material needed and the timing of their availability to support the master production schedule. It uses the bill of materials, the production schedule, and current stock levels to calculate net requirements and generate orders so materials arrive just in time for production. This makes it the best description because MRP1 is about planning material quantities and when they are required, translating the production plan into actionable procurement and manufacturing actions. The other descriptions describe demand forecasting for finished goods, benchmarking, or broader system features rather than the specific purpose of planning material requirements.

8. NOT a quality of information

A. Timely

B. Ambiguous

C. Accurate

D. Relevant

Ambiguity is not a quality you want in information. Good information is clear and exact, so everyone interprets it the same way and can act on it confidently. Ambiguity introduces multiple possible meanings, which leads to inconsistent decisions and errors. Think of information like a set of instructions: if terms or figures aren't precise, people will disagree on what to do. Timely information means it arrives when needed, so decisions aren't delayed. Accurate information means the data are correct and reliable. Relevant information means it directly supports the decision at hand. These qualities help decision makers, whereas ambiguity undermines them, making ambiguity the standout element that does not belong as a quality.

9. In the four V's framework, which factor describes how much of the operation is visible to the customer?

A. Volume

B. Variety

C. Variation in Demand

D. Visibility

Visibility is the factor that describes how much of the operation is visible to the customer. In the four V's framework, this dimension focuses on what the customer can actually observe as the service or product is produced—watching the steps, the pace, and the flow of work. When processes are visible, customers can see the progress and sometimes even influence perceptions of speed and quality. Contrast with the other dimensions: Volume is about the amount of output produced; Variety concerns the range of different products or services offered; Variation in Demand relates to how demand levels fluctuate over time. These describe different aspects of operations performance, not how much of the operation the customer can see. So, the factor that matches "how much of the operation is visible to the customer" is visibility.

10. Which option is NOT one of the 7 P's of the marketing mix?

A. Advertising campaigns

B. People interactions

C. Pricing strategy

D. Packaging

The seven Ps cover Product, Price, Place, Promotion, People, Process, and Physical Evidence. Packaging isn't listed as its own P; it's usually treated as part of the product offering, or, in some service models, as part of physical evidence, but not a separate element among the seven. Advertising campaigns relate to Promotion, reflecting how a product is communicated to customers. People interactions align with People, capturing the human element of service delivery. Pricing strategy maps to Price, reflecting the monetary aspect of the mix. Since packaging isn't one of the seven defined Ps, it is the option that isn't part of the list.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

https://cimae1.examzify.com

We wish you the very best on your exam journey. You've got this!