



امتحان دبلوم التعليم العام للمدارس الخاصة (ثنائية اللغة)

الفصل الدراسي الأول - الدور الأول

للعام الدراسي ١٤٤٦/ ١٤٤٧ هـ - ٢٠٢٤ / ٢٠٢٥ م

تنبيه:
- المادة: دراسات الأعمال
- الأسئلة في (٩) صفحات.
- زمن الإجابة: ثلاث ساعات.
- الإجابة في الورقة نفسها.

تعليمات مهمة:

- يجب الحضور إلى قاعة الامتحان قبل عشر دقائق على الأقل من بدء زمن الامتحان.
- يجب إحضار أصل ما يثبت الهوية وإبرازها للعاملين بالامتحانات.
- يجب الالتزام بالزي (الدشداشة البيضاء والمصر أو الكمة للذكور) والزي المدرسي للطالبات ، ويستثنى من ذلك الدارسون من غير العمانيين بشرط الالتزام بالذوق العام، ويمنع على جميع المتقدمات ارتداء النقاب داخل المركز وقاعات الامتحان.
- يحظر على الممتحنين اصطحاب الهواتف النقالة وأجهزة النداء الآلي وآلات التصوير والحواسيب الشخصية والساعات الرقمية الذكية والآلات الحاسبة ذات الصفة التخزينية والمجلات والصحف والكتب الدراسية والدفاتر والمذكرات والحقائب اليدوية والآلات الحادة أو الأسلحة أياً كان نوعها وأي شيء له علاقة بالامتحان.
- يجب على الممتحن الامتثال لإجراءات التفتيش داخل المركز طوال أيام الامتحان.
- يجب على الممتحن التأكد من استلام دفتر امتحانه، مغلفاً بغلاف بلاستيكي شفاف وغير ممزق ، وهو مسؤول عنه حتى يسلمه لمراقبي اللجنة بعد الانتهاء من الإجابة.
- يجب الالتزام بضوابط إدارة امتحانات دبلوم التعليم العام وما في مستواه وأية مخالفة لهذه الضوابط تعرضك للتدابير والإجراءات والعقوبات المنصوص عليها بالقرار الوزاري رقم ٥٨٨ / ٢٠١٥.
- يقوم المتقدم بالإجابة عن أسئلة الامتحان المقالية بقلم الحبر (الأزرق أو الأسود).
- يقوم المتقدم بالإجابة عن أسئلة الاختيار من متعدد بتظليل الشكل (○) وفق النموذج الآتي:

س – عاصمة سلطنة عمان هي:

○ القاهرة ○ الدوحة

● مسقط ○ أبوظبي

ملاحظة: يتم تظليل الشكل (●) باستخدام القلم الرصاص وعند الخطأ، امسح بعناية لإجراء التغيير.

صحيح ● **غير صحيح** ⊖ ◉ ◔ ⊗ ✓

مُسَوَّدَة، لا يتم تصحيحها

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Question One: Multiple Choice (Items 1 – 8) (8 marks)

Shade in the bubble (○) next to the **correct** answer for each of the following items.

1. Which of the following is an example of internal sources of finance?

- ○ Bank Loan
- ○ Overdrafts
- ○ Hire Purchase
- ○ Retained earnings

2. A company has an inventory of OMR 80,000, accounts receivable of OMR 50,000, equipment of OMR 100,000, and current liabilities of OMR 90,000.

What is the company's working capital?

- ○ 40,000
- ○ 30,000
- ○ 60,000
- ○ 140,000

3. "The difference between total cash inflows and total cash outflows over a specific period" is the definition of:

- ○ Cash inflow
- ○ Cash outflow
- ○ Net cash flow
- ○ Cash flow forecast

4. Which of the following is an example of **a variable indirect cost**?

- ○ Rent for factory premises
- ○ Salaries of administrative staff
- ○ Electricity consumed in a factory
- ○ Raw materials used in production

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Question One: (continued)

5. Which term is used to describe the total assets of a business less its total liabilities?

- ☐ Net assets
- ☐ Corporation tax
- ☐ Net current assets
- ☐ Shareholder's funds

6. A business has an obligation to pay its suppliers within the next 30 days. This obligation is classified as:

- ☐ Current asset
- ☐ Current liability
- ☐ Non-current asset
- ☐ Non-current liability

7. If the revenue of XYZ LLC is OMR 50,000 and the gross profit is OMR 20,000, what is the gross profit margin?

- ☐ 30%
- ☐ 40%
- ☐ 70%
- ☐ 250%

8. A company reports a total revenue of OMR 160,000, an operating profit of OMR 120,000 and has a total capital employed of OMR 800,000. What is the Return on Capital Employed (ROCE) for this company?

- ☐ 10%
- ☐ 12%
- ☐ 15%
- ☐ 20%

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Question Two: Extended Response (Items 9 – 17) (32 marks)

Answer ALL questions in the space provided.

9. "All business' activities require finance. However, some activities need short-term finance while others require long-term finance."

a. Define long-term finance.

_____

_____ [1]

b. For each of the following business situations, identify whether the type of finance used is short-term finance or long-term finance.

	Type of finance/ Short-term or Long-term
A business takes out a 5-year bank loan to purchase new machinery for expansion.	
A retailer uses trade credit to purchase inventory, payable within 30 days.	
A company issues shares to raise capital for a new factory construction.	

[3]

10. A business has the following two balances for November 2023:

OMR 5,000 cash at the start of the month.
OMR 3,000 cash at the end of the month.

What is the **opening balance** for December 2023?

_____ [1]

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Question Two: (continued)

11. "A retail store selling sports clothing experiencing a significant increase in sales after a social media influencer promoted its products on Instagram. To benefit from this success, the owner plans to open a new branch to meet the growing demand. This expansion will require substantial investment in securing a larger retail space, purchasing additional inventory, and hiring new staff. However, the store is not generating enough profit to self-finance the expansion, and the owner cannot afford high financing costs that must be repaid in the short term."

State TWO factors that may affect the business's choice of financing and **analyze** how each factor would impact this store owner's choice of finance.

Remember: Make your answer relevant to the provided context.

The factor	The Analysis

[5]

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Question Two: (continued)

12. "A popular restaurant is facing cash flow problems despite having high demand. The restaurant has recently expanded the seating capacity without updating the cash flow projections, and it has also experienced an unexpected increase in the costs of the raw materials."

Describe TWO major causes of cash flow problems in this case and **discuss** how they impact the restaurant's working capital.

In your answer, you should adhere to the following guidance:

- Make sure you read the case well and describe TWO causes of cash flow problems that are directly related to the provided context.
- Discuss ONE possible impact of each cause on the restaurant's working capital.

The first cause of the cash flow problem:

The impact:

The second cause of the cash flow problem:

The impact:

[5]

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Question Two: (continued)

13. A small home business that produces and sells handmade clay cups has the following costs:

Fixed costs	OMR 150 per month
Variable costs per cup	OMR 3 per cup for raw materials
	OMR 2 per cup for packaging and shipping
Selling price per cup	OMR 7 per cup (for individual sales)
	OMR 6 per cup for bulk orders (400 cups and above)

Based on the given data, answer the following questions:

a. Calculate the **break-even point in units** if this business sells all the produced cups at the **bulk price**.

[2]

b. If the business is selling the product at the bulk price, identify whether it is making a profit or a loss at the following production levels.

(i) 75 cups: [1]

(ii) 150 cups: [1]

c. Analyze **ONE** limitation of using the break-even analysis by this business.

[2]

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Question Two: (continued)

14. A bookshop has provided you with a partially completed financial position statement. Based on the data given below, **complete** the missing values.

	OMR
Assets	
Property & Equipment	25,000
Cash balance	5,000
Inventory	4,000
Receivables	a. _____ [1]
Others	2,500
Total assets	**39,500**
Equity and Liabilities	
Share Capital	20,000
Retained Earnings	b. _____ [1]
Total Equity	c. _____ [1]
Total Liabilities	10,000
Total Equity and Liabilities	**39,500**

15. "Profit is the major objective of any business."

a. What is meant by the term "profitability"?

_____

_____ [1]

b. Diffrentiate between **Gross Profit Margin** and **Operating Profit Margin** in terms of definition?

_____

_____

_____ [2]

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Question Two: (continued)

16. The accounting data for **Yummy Foods** and **Delico LLC** is provided in the table below.

Company	Current Assets (including inventories)	Inventories	Current Liabilities
Yummy Foods	5,000	1,500	2,500
Delico LLC	3,000	500	1,000
All figures are in OMR.			

Calculate the following, ensuring all calculation steps are shown clearly:

a. The current ratio for **Yummy Foods:**

[1]

b. The Acid test ratio for **Delico LLC:**

[1]

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Question Two: (continued)

17. "In the financial year 2022, Erica LLC achieved sales of 1,000 units of their product at a selling price of OMR 25 per unit. The company's total cost of sales is amounted to OMR 18,000. Overheads and expenses, including administrative and selling costs, totalled OMR 2,000."

Calculate **the Operating Profit** for Erica based on the given data.

Show all calculation steps.

[3]

[End of Examination]

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Formula Sheet

Total cost	$=$ Fixed cost + Variable cost
Average Cost	$= \frac{\text{Total Cost of producing the product}}{\text{Number of units produced}}$
Break-even level of output	$= \frac{\text{Fixed Cost}}{\text{Contribution per unit}}$
Margin of safety	$=$ Current output level – Break-even level of output
Production over break-even point (%)	$= \frac{\text{Margin of safety}}{\text{Break even output}} \times 100$
Revenue	$=$ Selling price $\times$ Quantity Sold
Working capital	$=$ Current assets – Current liabilities
Acid test ratio	$= \frac{\text{Liquid assets}}{\text{current liabilities}}$
Current ratio	$= \frac{\text{Current assets}}{\text{current liabilities}}$
Gross profit	$=$ Revenue – Cost of sales
Gross profit margin ratio (%)	$= \frac{\text{Gross profit}}{\text{Revenue}} \times 100$
Liquid assets	$=$ Current assets – Inventories
Operating profit margin ratio (%)	$= \frac{\text{Profit from operation}}{\text{Revenue}} \times 100$
Return on capital employed ratio (%)	$= \frac{\text{Operating profit}}{\text{Capital employed}} \times 100$

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Marking Guide for General Education Diploma for Private Schools (Bilingual)

Semester One - First Session

Academic Year: 2024/2025

Subject: Business Studies

Note: There are 10 pages in this guide

First: Answers for the Multiple-Choice Items (8 Marks):

N.	Answer	Mark	Learning Outcome	Assessment Objective
1	D Retained earnings	1	List the types of internal and external sources of finance.	AO1
2	A 40,000	1	Calculate the working capital.	AO2
3	C Net cash flow	1	Define net cash flow.	AO1
4	C Electricity consumed in a factory.	1	Provide examples of each type of cost.	AO1
5	A Net assets	1	Explain the following term: Net assets.	AO1
6	B Current liability.	1	Explain the following concept: Current liabilities (trade payables, bank overdraft).	AO1
7	B 40%	1	Calculate the following: Profitability ratios including Gross profit margin and operating profit margin.	AO2
8	C 15%	1	Calculate the following: Return on capital employed ratio (RoCE).	AO2

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Second: Answers for the Extended Response Items (32 Marks):

General Notes

- There may be different ways of answering questions, but a basic requirement for all answers is that they are RELEVANT.
- If the answer is clearly not relevant, and the student has clearly made no attempt to answer the question that was set, NO marks should be awarded. However, if the student has genuinely attempted the answer, but his answer is only partly relevant, then a reduced mark (not zero) should be awarded.

N.	Answer	Mark
9.a	Money required for many years or even permanently. Assessment Objective: AO1 Page Reference: 486 Learning Outcome: Distinguish between short and long-term need for finance.	1

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9.b

	Type of finance Short-term/long-term
A business takes out a 5-year bank loan to purchase new machinery for expansion.	Long-term finance [1]
A retailer uses trade credit to purchase inventory, payable within 30 days.	Short-term finance [1]
A company issues shares to raise capital for a new factory construction.	Long-term finance [1]

3

Marking Guidance:
*The correct identification of the type of each source is worth 1 mark (1*3=3 marks)*

Assessment Objective	AO2
Page Reference	486
Learning Outcome	List the types of short and long-term external sources of finance

10

OMR 3,000

Assessment Objective	AO1
Page Reference	504
Learning Outcome	Define opening cash balance, closing cash balance.

1

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11

A sample Answer:

The factor	The Analysis
Cost of finance	Since the store is not generating enough profit and cannot afford high financing costs that need to be repaid in the short term, the owner will need to choose a low-cost financing option. A financing option with low interest rates and longer repayment terms would ease the financial burden on the business, allowing it to manage payments while continuing operations. High-cost finance, on the other hand, would create additional strain on the cash flow and may threaten the store's ability to meet its obligations.
Amount of finance required	As the expansion involves high upfront costs such as securing a larger retail space, purchasing additional inventory, and hiring new staff. The store owner will need to ensure that the source of finance chosen can provide enough capital to cover these large expenses. If the amount of finance provided is too small, it may lead to underfunding, causing operational issues during the expansion process. A financing option that allows for a substantial sum would be critical to successfully open the new branch.

5

Marking Guidance:

- **AO1 (Identification):** 2 marks for identifying two relevant factors affecting the choice of finance. (1 mark for each)
- **AO3 (Impact Analysis):** 2 marks for explaining the impact of the two factors on the store owner's decision-making process (1 mark for each)
- **AO2 (Contextual Application):** 1 mark for linking the analysis of both factors to the specific context of the retail store's expansion and limited profits. (0.5 for each factor analysis)

The provided answer is just a sample answer; other factors may be:

- Form of Business Ownership
- Why finance is needed.
- Flexibility.
- Level of existing borrowing.

Assessment Objective	2 AO1, 1 AO2, 2 AO3
Page Reference	497 - 499
Learning Outcome	1. State the factors influencing the choice of sources of finance. 2. Evaluate the factors influencing the choice of sources of finance.

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12.	**A sample Answer:** **The first cause of the cash flow problem:** The expansion of seating capacity without updating cash flow projections likely increased the restaurant's costs. The restaurant may now have to pay for more staff, higher utility bills, and other extra costs. These additional costs may not have been planned for, leading to cash shortages. **The impact:** These higher costs used up the restaurant's working capital more quickly than expected. If the restaurant doesn't make enough money to cover these new costs, it could run out of cash, leading to problems paying bills or suppliers, and making it difficult to keep the restaurant open. **The second cause of the cash flow problem:** Unexpected events, such as supplier price increases, can lead to unplanned expenses. The restaurant's costs for essential items, such as ingredients, will increase unexpectedly. **The impact:** Unplanned expenses from unexpected events reduce the amount of cash available for other needs. The restaurant may be forced to use its working capital to cover these unexpected costs, leaving less cash available for regular operations. This can lead to difficulties in paying bills on time or purchasing necessary supplies, which can disrupt business operations.	5

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Marking Guidance:

AO3 (Impact Discussion): 4 marks for discussing the impact of each cause on the restaurant's working capital (2 mark for each).

AO2 (Contextual Application): 1 mark for linking the analysis of both causes to the specific context of the restaurant's expansion (0.5 marks for each cause analysis).

The provided answer is just a sample answer; all other answers should be marked based on the following rubric:

Mark	**Criteria:** The description of TWO relevant causes directly linked to the case. **AO2 (Application)**	Mark	**Criteria:** The discussion of the TWO causes and their impact on working capital **AO3 (Reasoning)**
1	The student correctly applies information from the case context, describing two relevant causes of cash flow problems directly linked to the provided scenario.	4	The student provides well-reasoned discussion for both causes. There is a clear, in-depth analysis of how both causes impact the restaurant's working capital, demonstrating a strong understanding of the case.
0	The student does not apply any relevant information from the case or misunderstands the context. No connection between the case details and the answer is made.	3	The student provides reasonable discussion for both causes, with clear but not fully developed reasoning on how these causes impact working capital.
		2	The student provides basic explanations for both causes, but the reasoning is underdeveloped. The link to the impact on working capital is weak or superficial.
		1	The student attempts to explain one of the causes but shows limited understanding. The explanation is incomplete, vague, or lacks clear reasoning.
		0	No reasoning or discussion is provided, or the answer is completely irrelevant to the case.

Assessment Objective	1 AO2 4 AO3
Page Reference	507-508
Learning Outcome	Evaluate the major causes of cash flow problems and their impact on working capital

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13.a

The break-even point can be calculated using the formula:

$$\text{The break even point} = \frac{\text{Fixed costs}}{\text{The selling price} - \text{variable costs}}$$

Given:

- Fixed costs = OMR 150
- Variable cost = OMR 3 (materials) + OMR 2 (packaging) = OMR 5 [0.5]
- Selling price for bulk orders = OMR 6

Break-even point=150 ÷ (6–5) [0.5]

=150 clay cups [1]

Assessment Objective	AO2
Page Reference	525
Learning Outcome	Calculate the break-even point in terms of number of units

2

13. b.i

The business is operating at a loss.

Assessment Objective	AO1
Page Reference	525
Learning Outcome	Describe the break-even point concept.

1

13. b.ii

Neither profit nor loss.

Assessment Objective	AO1
Page Reference	525
Learning Outcome	Describe the break-even point concept.

1

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13.c

A sample Answer:

One limitation of break-even analysis is that it assumes all units produced are sold, which may not always happen in this small business. For instance, if the entrepreneur produces 400 clay cups, but due to fluctuating demand, they can only sell 300 cups, the entrepreneur will not meet the expected revenue to cover their costs. This means that even though the break-even point suggests profitability, unsold inventory can lead to a cash flow problem, and the business may still experience losses despite producing enough units to break even.

Marking guidance:

1 mark for the identification and explanation of the limitation in relation to the business context and 1 mark for the analysis of the impact.

The provided answer is just a sample answer; all other answers should be marked based on the following rubric:

Mark	**Criteria:** Clear analysis of limitation and its effect on the business **(AO3 Reasoning)**
2	The student correctly identifies a limitation of break-even analysis (e.g., assumes all units are sold) and clearly explains how this limitation affects this small business. The response highlights specific impacts, such as unsold inventory or fluctuating costs leading to cash flow issues or an inaccurate break-even point.
1	The student identifies a limitation of break-even analysis but provides minimal or unclear explanation of its impact on the business. The answer lacks depth or specific relevance to the small business context.
0	No response or irrelevant response

Assessment Objective	AO3
Page Reference	527
Learning Outcome	Assess the limitation of a break-even analysis

2

14:a ,b,c

a. Receivables = OMR 3,000 [1]

b. Retained Earnings = OMR 9,500 [1]

c. Total Equity= OMR 29,500 [1]

Assessment Objective	AO2
Page Reference	550- 551
Learning Outcome	Prepare a statement of financial position (Balance Sheet).

3

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15. a

Profitability is a relative measure of a business's ability to make a profit from sales or a capital investment.

Assessment Objective	AO1
Page Reference	567
Learning Outcome	Explain the concept of profitability and liquidity

1

15. b

Gross Profit Margin is the ratio that compares gross profit with revenue while **operating profit margin** compares operating profit for the year with revenue.

Assessment Objective	AO1
Page Reference	567-568
Learning Outcome	Distinguish between: a. Gross profit margin and operating profit margin.

2

16.a

Current ratio for Yummy Foods = current assets ÷ current liabilities

= 5000 ÷ 2500 [0.5]

= 2:1 [0.5]

Assessment Objective	AO2
Page Reference	564
Learning Outcome	Calculate the following: c. liquidity ratios including current ratio and acid test ratio.

1

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16. b

Acid Test Ratio for Delico LLC = (Current Assets–Inventories) ÷ Current Liabilities
= (3000-500) ÷ 1000 [0.5]
= 2.5:1 [0.5]

Assessment Objective	AO2
Page Reference	565
Learning Outcome	Calculate the following: c. liquidity ratios including current ratio and acid test ratio.

1

17

Revenue= Selling Price × Quantity sold
= 25*1000
= OMR 25,000 [1]
Gross Profit= Revenue – Cost of sales
=25, 000 – 18,000
= OMR 7,000 [1]
Operating Profit=Gross Profit – Overhead/Expenses
=7,000 – 2,000
= OMR 5,000 [1]

Assessment Objective	AO2
Page Reference	546-547
Learning Outcome	Prepare a Profit or Loss (Income Statement) & Statement of financial position using the data provided.

3

[The End of the Marking Guide]





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مركز القياس والتقويم التربوي
The Center for Educational Assessment and Measurement (CEAM)

امتحان دبلوم التعليم العام للمدارس الخاصة (ثنائية اللغة)

الفصل الدراسي الأول - الدور الثاني

للعام الدراسي ١٤٤٧/١٤٤٦ هـ - ٢٠٢٥/٢٠٢٤ م

تنبيه:
- المادة: دراسات الأعمال
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- زمن الإجابة: ثلاث ساعات.
- الإجابة في الورقة نفسها.

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- يحظر على الممتحنين اصطحاب الهواتف النقالة وأجهزة النداء الآلي وآلات التصوير والحواسيب الشخصية والساعات الرقمية الذكية والآلات الحاسبة ذات الصفة التخزينية والمجلات والصحف والكتب الدراسية والدفاتر والمذكرات والحقائب اليدوية والآلات الحادة أو الأسلحة أياً كان نوعها وأي شيء له علاقة بالامتحان.
- يجب على الممتحن الامتثال لإجراءات التفتيش داخل المركز طوال أيام الامتحان.
- يجب على الممتحن التأكد من استلام دفتر امتحانه، مغلفاً بغلاف بلاستيكي شفاف وغير ممزق ، وهو مسؤول عنه حتى يسلمه لمراقبي اللجنة بعد الانتهاء من الإجابة.
- يجب الالتزام بضوابط إدارة امتحانات دبلوم التعليم العام وما في مستواه وأية مخالفة لهذه الضوابط تعرضك للتدابير والإجراءات والعقوبات المنصوص عليها بالقرار الوزاري رقم ٥٨٨ / ٢٠١٥.
- يقوم المتقدم بالإجابة عن أسئلة الامتحان المقالية بقلم الحبر (الأزرق أو الأسود).
- يقوم المتقدم بالإجابة عن أسئلة الاختيار من متعدد بتظليل الشكل (○) وفق النموذج الآتي:

س – عاصمة سلطنة عمان هي:

○ القاهرة ○ الدوحة
● مسقط ○ أبوظبي

ملاحظة: يتم تظليل الشكل (●) باستخدام القلم الرصاص وعند الخطأ، امسح بعناية لإجراء التغيير.

صحيح ● **غير صحيح** ⊖ ◉ ◔ ⊗ ✓

مُسَوَّدَة، لا يتم تصحيحها

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Question One: Multiple Choice (Items 1 – 8) (8 Marks)

Shade in the bubble (⬭) next to the **correct** answer for each of the following items.

1. An example of **external sources of finance** is:

- ⬭ Retained earnings
- ⬭ Government grants
- ⬭ Sales of unwanted asset
- ⬭ Reduction in working capital

2. A company has total assets of OMR 300,000, non-current assets of OMR 200,000, and current liabilities of OMR 80,000.
What is the company's working capital?

- ⬭ 20,000
- ⬭ 120,000
- ⬭ 220,000
- ⬭ 420,000

3. The money that a business receives from customers is considered as:

- ⬭ Opening cash balance
- ⬭ Net cash flow
- ⬭ Cash outflow
- ⬭ Cash inflow

4. Which of the following is an example of **fixed costs**?

- ⬭ Cost of raw materials
- ⬭ Rent for factory premises
- ⬭ Wages of production workers paid per unit
- ⬭ Electricity costs directly tied to production levels

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Question One: (continued)

5. Trade Receivables is an example of:

- ☐ Current assets
- ☐ Current liabilities
- ☐ Non-current assets
- ☐ Non-current liabilities

6. The total value of capital raised from shareholders by issuing shares is called:

- ☐ Trade receivables
- ☐ Human Capital
- ☐ Share Capital
- ☐ Equity

7. If the operating profit of Techno LLC is OMR 2,500 and its revenue is OMR 5,000, what is the operating profit margin?

- ☐ 25%
- ☐ 30%
- ☐ 50%
- ☐ 200%

8. A company reports an operating profit of OMR 150,000 and has a total capital employed of OMR 1,000,000.

What is the Return on Capital Employed (RoCE) for this company?

- ☐ 10%
- ☐ 12%
- ☐ 15%
- ☐ 20%

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Question Two: Extended Response (Items 9 – 18) (32 Marks)

Answer ALL questions in the space provided.

9. State **ONE** strategy of managing business's trade receivables.

_____ [1]

10. "The expenditures incurred by businesses can be divided into two categories, the capital expenditures, and the revenue expenditures."

Identify the type of expenditure in each of the following cases:

a. A restaurant purchases a new refrigerator for OMR 3,000.

_____ [1]

b. A bakery spends OMR 500 on purchasing flour, sugar, and other ingredients.

_____ [1]

c. A software development company invests OMR 75,000 in developing a new application.

_____ [1]

11. State the term that represents the following definition:
"An estimate of the future cash inflows and outflows of the business".

_____ [1]

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Question Two: (continued)

12. "Green Thumb Gardening Supplies is a small business that sells gardening tools and plants. The business experiences high demand during spring and early summer but faces a decline in sales during the winter. To manage its cash flow during the off-season and prepare for the busy period, the owners decided to finance their seasonal expenses using a bank overdraft."

Identify **TWO** advantages of using an overdraft to finance this business and explain how each advantage can positively affect Green Thumb Gardening Supplies' financial health and its operations.

Remember: Make your answer relevant to the provided business context.

The advantages	The explanation

[5]

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Question Two: (continued)

13. "A clothing manufacturing company has been growing rapidly over the last year. However, it has been experiencing cash flow issues despite high demand for its products due to the following reasons:

1. Expanding its production lines to meet increased orders without updating its cash flow forecasts.
2. Signing several large contracts without deciding on customer payments due dates."

Analyze **TWO** ways in which cash flow forecasting can help this company to avoid future cash flow problems.

The analysis of the first way:

The analysis of the second way:

[5]

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Question Two: (continued)

14. A small business producing and selling handmade wooden bowls has reported the following data:

Fixed costs	OMR 300 per month
The contribution per unit	OMR 6
Quantity produced	85 bowls

Based on the given data, answer the following questions:

a. What is meant by the following terms:

(i) Contribution per unit.

_____

_____ [1]

(ii) Margin of safety.

_____

_____ [1]

b. Calculate the following:

(i) The break-even point for the business.

_____

_____ [1]

(ii) The margin of safety in units and percentage at an output level of 85 bowls.

_____

_____ [1]

c. Interpret the result of the margin of safety.

_____

_____

_____ [2]

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Question Two: (continued)

15. "Company XYZ is preparing the financial statements for the year 2024 as it seeks to secure a new loan for expansion."
Describe **THREE** reasons why it is important for Company XYZ to keep accurate financial records in this context.

1. _____

_____

2. _____

_____

3. _____

_____

[3]

16. Match each definition with the correct term provided in the following grid:

Profitability	Gross Profit Margin	Current Liabilities
Assets	Operating Profit Margin	Retained Earnings

a. The ratio that compares profit before deduction of overhead expenses with revenue.

_____ [1]

b. The ratio that measures how successful a business is in converting sales into profit from its operations.

_____ [1]

c. The profit after tax retained in a company rather than paid out to shareholders as dividends.

_____ [1]

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Question Two: (continued)

17. The accounting data of Prime Tech Solutions and Blue-Chip industries are provided in the following table:

Company Name	Current Assets (including inventories)	Inventories	Current Liabilities
Prime Tech Solution	6,000	2,500	2,000
Blue chip industries	4,000	1,000	1,100
All figures are in OMR			

Calculate the following, ensuring all calculation steps are shown clearly:

a. The current ratio for **Prime Tech Solution**:

_____

_____

_____ [1]

b. The Acid test ratio for **Blue-Chip industries**:

_____

_____

_____ [1]

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Question Two: (continued)

18. The table below shows the Profit and Loss statement of Fads and Fashion LLC, complete the missing values in the table:

Profit & Loss Statement of Fads and Fashion LLC	
Revenue	15,000
Cost of Goods Sold	**a.** _____ [1]
Gross Profit	10,000
Admin Expenses	2,500
Sales & Distribution Expense	1,500
Operating Profit	**b.** _____ [1]
Interest Cost	1,000
Profit Before Tax	**c.** _____ [1]
Corporate Tax 15%	750
Net Profit After Tax	4,250
All figures are in OMR	

[End of Examination]

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Formula Sheet

Total cost	$= \text{Fixed cost} + \text{Variable cost}$
Average Cost	$= \frac{\text{Total Cost of producing the product}}{\text{Number of units produced}}$
Break-even level of output	$= \frac{\text{Fixed Cost}}{\text{Contribution per unit}}$
Margin of safety	$=$ Current output level – Break-even level of output
Production over break-even point (%)	$= \frac{\text{Margin of safety}}{\text{Break even output}} \times 100$
Revenue	$= \text{Selling price} \times \text{Quantity Sold}$
Working capital	$=$ Current assets – Current liabilities
Acid test ratio	$= \frac{\text{Liquid assets}}{\text{current liabilities}}$
Current ratio	$= \frac{\text{Current assets}}{\text{current liabilities}}$
Gross profit	$=$ Revenue – Cost of sales
Gross profit margin ratio (%)	$= \frac{\text{Gross profit}}{\text{Revenue}} \times 100$
Liquid assets	$=$ Current assets – Inventories
Operating profit margin ratio (%)	$= \frac{\text{Profit from operation}}{\text{Revenue}} \times 100$
Return on capital employed ratio (%)	$= \frac{\text{Operating profit}}{\text{Capital employed}} \times 100$

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Marking Guide for General Education Diploma for Private Schools (Bilingual)

Semester One - Second Session

Academic Year: 2024/2025

Subject: Business Studies

Note: There are 9 Pages in this guide

First: Answers for the Multiple-Choice Items (8 Marks):

N.	Answer	Mark	Learning Outcome	Assessment Objective
1	B Government grants.	1	List the types of external and internal sources of finance.	AO1
2	A 20,000	1	Calculate the working capital.	AO2
3	D Cash inflow	1	Define cash inflow.	AO1
4	B Rent for factory premises.	1	Provide examples of fixed costs.	AO1
5	A Current assets	1	Explain the following terms: Current Assets.	AO1
6	C Share Capital	1	Define the following concepts: - share capital.	AO1
7	C 50%	1	Calculate the following: a. Profitability ratios including Gross profit margin and operating profit margin.	AO2
8	C 15%	1	Calculate the following: Return on capital employed ratio (RoCE).	AO2

Second: Answers for the Extended Response Items (32 Marks):

General Notes

- There may be different ways of answering questions, but a basic requirement for all answers is that they are RELEVANT.
- If the answer is clearly not relevant, and the student has clearly made no attempt to answer the question that was set, NO marks should be awarded. However, if the student has genuinely attempted the answer, but his answer is only partly relevant, then a reduced mark (not zero) should be awarded.

N.	Answer	Mark
9	**ONE of the following strategies:** • Only selling products for cash and not on credit. • Reducing the credit period offered to customers. • Offering early payment discounts. Assessment Objective: AO1 Page Reference: 488 Learning Outcome: Analyze the ways of managing working capital including managing trade receivables, trade payables, and managing inventory.	1
10 a,b, c	a. Capital expenditure [1] b. Revenue Expenditure [1] c. Capital expenditure [1] Assessment Objective: AO2 Page Reference: 488 Learning Outcome: Explain the differences between revenue expenditure and capital expenditure.	3

<table>
<tr>
<td>11</td>
<td>Cash flow forecasts
<table>
<tr><td>Assessment Objective</td><td>AO1</td></tr>
<tr><td>Page Reference</td><td>503-504</td></tr>
<tr><td>Learning Outcome</td><td>Define cash flow forecast, net cash flow.</td></tr>
</table>
</td>
<td>1</td>
</tr>
<tr>
<td>12</td>
<td>A sample Answer:
<table>
<tr><th>The advantages</th><th>The explanation</th></tr>
<tr><td>Flexible access to cash (AO1)</td><td>Explanation (AO2): Overdrafts provide Green Thumb Gardening Supplies with quick and flexible access to funds during their off-season in winter when cash inflows are low. This flexibility allows the business to cover ongoing expenses, such as rent and wages, without delay.
Impact on Financial Health and Operations (AO3): By having funds available when sales are slow, Green Thumb can maintain smooth operations year-round. This stability reduces the risk of cash shortages that could disrupt business functions and helps build a reliable relationship with suppliers, supporting operational sustainability.</td></tr>
<tr><td>Interest is only paid on the amount used (AO1)</td><td>Explanation (AO2): With an overdraft, Green Thumb only incurs interest on the specific amount borrowed, which aligns well with their seasonal demand pattern. They can borrow more during winter and early spring and reduce borrowing once sales pick up in the peak season.
Impact on Financial Health and Operations (AO3): This arrangement allows Green Thumb to manage costs effectively by minimizing unnecessary interest payments, preserving cash flow for essential purchases, such as inventory for the spring season. This controlled expense can improve overall profitability, aiding long-term financial health and supporting business growth.</td></tr>
</table>
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<td>5</td>
</tr>
</table>

Marking Guidance and rubric:

AO1 (2 marks): Identifying two relevant advantages of using an overdraft. *(1 mark for each, 1*2=2 marks)*

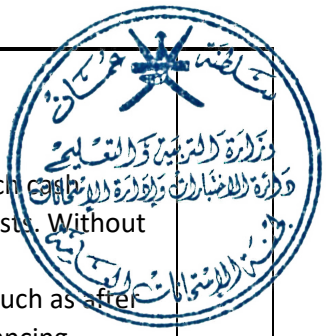
AO2 (1 mark): Explaining how each advantage applies to Green Thumb Gardening Supplies based on its seasonal sales fluctuations. *(0.5 mark for each, 0.5*2=1 mark)*

AO3 (2 marks): Discussing the impact of each advantage on the business's financial health and operational sustainability. *(1 mark for each, 1*2=2 marks)*

The provided answer is just a sample answer; all other answers should be marked based on the following rubric:

Mark	Criteria: Identifying two relevant advantages of using an overdraft. **AO1**	Mark	Criteria: Explaining how each advantage applies to Green Thumb Gardening Supplies based on its seasonal sales fluctuations. **AO2**	Mark	Criteria: Discussing the impact of each advantage on the business's financial health and operational sustainability. **AO3**
2	Correctly identifies two advantages of using an overdraft.	1	Clearly explains how both advantages apply to *Green Thumb Gardening Supplies*, considering its seasonal sales fluctuations.	2	Provides a clear discussion of how both advantages impact the business's financial health and operational sustainability.
1	Correctly identifies one advantage of using an overdraft.	0.5	Provides a basic explanation of how one advantage applies to the business.	1	Provides a basic discussion of how one advantage impacts the business financial health and operational sustainability.
0	No advantages provided or incorrect answers.	0	No relevant or valid explanation of how the advantages apply to the business.	0	No relevant or valid discussion of the business's financial health and operational sustainability.

Assessment Objective	2 AO1 1 AO2 2 AO3
Page Reference	491
Learning Outcome	Assess the advantages and disadvantages of the following short-term external sources of finance: Bank overdrafts.



13

A sample Answer:

The analysis of the first way:

Identifying Timing of Cash Shortfalls and Planning for Financing:

With the company expanding production lines rapidly, it needs accurate forecasts to match cash inflows with the increased outflows that come with growth, such as material and labor costs. Without this, the company risks unexpected cash shortages (AO2).

Cash flow forecasting allows the company to anticipate periods when cash may run low, such as after adding new production lines. By planning for these shortfalls, the business can secure financing options, such as short-term loans or overdrafts, in advance. This proactive approach helps maintain liquidity and avoids disruptions to operations, allowing production to continue smoothly without delays caused by cash flow interruptions (AO3).

The analysis of the second way:

Improving Management of Receivables and Payables:

Given that the company signed large contracts without setting customer payment dates, cash inflows are uncertain. Effective forecasting can address this by structuring receivables and payables in a way that improves cash flow (AO2).

Forecasting helps the company to create a structured credit policy that encourages prompt customer payments while negotiating favorable terms with suppliers. For example, by knowing when they need cash for operational costs, they can set realistic customer payment deadlines and prioritize collecting receivables. This control over cash flow improves working capital availability, ensuring funds are available to cover ongoing expansion costs and avoid cash crunches (AO3).

Marking Guidance:

AO3 (4 marks): Analyzing TWO ways in which cash flow forecasting can help this company avoid future cash flow problems. *(2 marks for each way, 2*2= 4 marks)*

AO2 (1 mark): Linking the answer (the analysis) to the provided business context. *(0.5 mark for linking the analysis of each way to the provided context, 0.5*2=1 mark)*

The provided answer is just a sample answer; all other answers should be marked based on the following rubric:

Mark	**Criteria:** Linking the answer (the analysis) to the provided business context. **AO2 (Application)**	Mark	**Criteria:** The analysis of TWO ways in which cash flow forecasting can help this company avoid future cash flow problems. **AO3 (Reasoning)**
1	The student correctly applies information from the case context, identifying two relevant ways in which cash flow forecasting can help this company avoid future cash flow problems	4	The student provides well-reasoned analysis for two ways in which cash flow forecasting can help this company avoid future cash flow problems. There is a clear, in-depth analysis of the impact of each way on the company's working capital.
0	The student does not apply any relevant information from the case or misunderstands the context.	3	The student provides reasonable analysis for two ways in which cash flow forecasting can help this company avoid future cash flow problems, with clear but not fully

5

			developed reasoning on how these ways impact cash flow management.	
		2	The student provides basic explanations for two ways in which cash flow forecasting can help this company avoid future cash flow problems, but the reasoning is underdeveloped. The link to how these benefits improves cash flow management is weak or superficial.	
		1	The student attempts to explain two ways in which cash flow forecasting can help this company avoid future cash flow problems, but shows limited understanding. The explanation is incomplete, vague, or lacks clear reasoning.	
		0	No reasoning or analysis is provided, or the answer is completely irrelevant to the case.	

Assessment Objective	1 AO2, 4 AO3
Page Reference	505
Learning Outcome	Analyze the benefits of cash flow forecasting to a business

14.a.i

The revenue gained from selling a product less its marginal (variable direct) costs.

Or

The selling price per unit less the direct variable costs of producing it.

Assessment Objective	AO1
Page Reference	525
Learning Outcome	Define contribution per unit.

1

14.a.ii

The amount by which the current output level exceeds the break-even level of output.

Assessment Objective	AO1
Page Reference	525
Learning Outcome	Define the margin of safety.

1

<table>
<tr>
<td>14.b
.i</td>
<td>
$$\text{Break} - \text{even point (units)} = \text{FixedCosts} \div \text{Contribution per unit}$$
Given:

Fixed costs = OMR 300
Contribution per unit = OMR 6

Break-even point= 300 ÷ 6 [0.5]
= 50 wooden bowls [0.5]
The break-even point 50 wooden bowls.
<table>
<tr><td>Assessment Objective</td><td>AO2</td></tr>
<tr><td>Page Reference</td><td>525</td></tr>
<tr><td>Learning Outcome</td><td>Calculate the break-even Point.</td></tr>
</table>
</td>
<td>1</td>
</tr>
<tr>
<td>14.b
.ii</td>
<td>
Margin of safety= Actual Output − Break-even Output

=85−50
=35 wooden bowls [0.5]

Percentage margin of safety:

= (35÷50)×100%
= 70% [0.5]
<table>
<tr><td>Assessment Objective</td><td>AO2</td></tr>
<tr><td>Page Reference</td><td>525</td></tr>
<tr><td>Learning Outcome</td><td>Calculate the margin of safety</td></tr>
</table>
</td>
<td>1</td>
</tr>
<tr>
<td>14.c</td>
<td>
A sample Answer:
The margin of safety of 35 bowls (or 70%) indicates that the business is producing 35 bowls above the break-even point. This means the company has a 70% buffer over its minimum production requirement to cover costs.
In practical terms, if sales were to drop by up to 35 bowls, the business would still break even and avoid a loss.
</td>
<td>2</td>
</tr>
</table>

Marking Guidance:

The provided answer is just a sample answer; all other answers have to be marked based on the following rubric:

Mark	**Criteria:** Interpreting the margin of safety clearly. **AO3**
2	The student provides a correct interpretation of the margin of safety results, and its impact on the business.
1	The student provides a basic interpretation of the margin of safety but lacks a clear explanation of its impact on the business.
0	No attempt or completely incorrect interpretation of the margin of safety.

Assessment Objective	AO3
Page Reference	525
Learning Outcome	Interpret the margin of safety results

15

1. To determine profit or loss: Accurate financial accounts allow Company XYZ to calculate its annual profit or loss precisely, providing a clear picture of business performance and supporting strategic decision-making.

2. To manage credit obligations: By maintaining accurate financial records, Company XYZ can track amounts owed to suppliers, ensuring timely payments.

3. To comply with legal obligations: Proper financial records are essential for meeting tax and regulatory requirements. Accurate records ensure that Company XYZ calculates taxes correctly, avoiding legal penalties and supporting transparent reporting to stakeholders.

*1 mark for each reason (1*3 = 3 marks)*

3

Assessment Objective	AO2
Page Reference	546
Learning Outcome	Explain the importance of financial accounts for a business

16: a,b, c

a. Gross Profit Margin. [1]
b. Operating Profit Margin. [1]
c. Retained Earnings. [1]

Assessment Objective	AO1
Page Reference	567,568,489
Learning Outcome	Define the following concepts: -Gross profit margin - Operating profit margin - Retained profit/earnings

3

17: a,b

a. The current ratio for Prime Tech Solution:
= Current assets ÷ current liabilities
= 6000 ÷ 2000 [0.5]
= 3:1 [0.5]

b. The acid test ratio for Blue chip industries:
= (Current assets – inventories) ÷ current liabilities
= (4000—1000) ÷ 1,100
= 3000÷1,100 [0.5]
= 2.7:1 [0.5]

Marking Guidance:
If the student did not write the calculation's step, the mark should be reduced by (0.5 mark)

Assessment Objective	AO2
Page Reference	564-565
Learning Outcome	Calculate the following: Liquidity ratios including current ratio and acid test ratio.

2

18: a,b, c

a. OMR 5000 [1]
b. OMR 6000 [1]
a. OMR 5000 [1]

Marking Guidance:
*1 mark each for each missing value (1*3=3 marks)*

Assessment Objective	AO2
Page Reference	546-547
Learning Outcome	Prepare a simple Profit or Loss Statement (Income statement) and Statement of Financial Position (Balance Sheet).

3

[The End of the Marking Guide]