

وزارة التربية والتعليم



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

امتحان دبلوم التعليم العام للمدارس الخاصة (ثنائية اللغة)

الفصل الدراسي الأول - الدور الأول

للعام الدراسي ١٤٤٧/ ١٤٤٨ هـ - ٢٠٢٥ / ٢٠٢٦ م

تنبيه:
- المادة: دراسات الأعمال
- الأسئلة في (١٠) صفحات.
- زمن الإجابة:ساعتان.
- 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** ▭ ◉ ◔ ✗ ✓

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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. "The long-term bonds issued by companies to raise debt finance, often with a fixed interest rate" is the definition of:

- ⬭ leasing
- ⬭ debenture
- ⬭ hire purchase
- ⬭ venture capital

2. Which of the following is an example of capital expenditure?

- ⬭ Buying raw materials to fulfil a customer's order.
- ⬭ Repainting the office walls to maintain their appearance.
- ⬭ Purchasing new delivery trucks to expand the company's distribution network.
- ⬭ Paying for the company's internet service monthly to support daily operations.

3. In a cash flow forcast, the net cash flow represents the:

- ⬭ profit made after all expenses.
- ⬭ amount of sales made in cash.
- ⬭ total revenue earned during the month.
- ⬭ difference between cash inflows and outflows.

4. Which of the following is an example of production overheads?

- ⬭ Commission paid to sales agents.
- ⬭ Rent paid for the factory building.
- ⬭ Interest paid on business loans.
- ⬭ Salary of an office manager.

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Question One: (continued)

5. Profit before tax is calculated by:

- ⬭ adding overhead expenses to gross profit.
- ⬭ adding overhead expenses to operating profit.
- ⬭ subtracting interest costs from operating profit.
- ⬭ subtracting overhead expenses from gross profit.

6. Which term refers to:"Profit after tax retained in a company rather than paid out to shareholders as dividends"?

- ⬭ Paid-in capital
- ⬭ Deferred income
- ⬭ Accrued revenue
- ⬭ Retained earnings

7. A company has a revenue of OMR 50,000, a gross profit of OMR 20,000 and an operating profit of OMR 10,000.

What is the Gross Profit Margin ratio for the company?

- ⬭ 20%
- ⬭ 40%
- ⬭ 45%
- ⬭ 50%

8. What does liquidity measure in a business?

- ⬭ Capacity to pay short-term debts or liabilities.
- ⬭ Reduction in day-to-day operating expenses.
- ⬭ Profit earned from sales activities.
- ⬭ Growth in long-term revenue.

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Question Two: Extended Response (Items 9 - 17) (32 Marks)

Answer ALL questions in the space provided.

9. GreenTech Supplies is a medium-sized company that manufactures eco-friendly home appliances. Recently, the company has faced cash flow challenges, which have affected its ability to meet short-term obligations. After a financial review, the management identified that high inventory levels are tying up a significant portion of the company's working capital.

a. Give **ONE** example of an internal source of finance for GreenTech Supplies.

_____ [1]

b. Suggest **THREE** ways that can help GreenTech to manage the level of its working capital through managing inventory.

1 - _____

_____

2 - _____

_____

3 - _____

_____

[3]

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Question Two: (continued)

10. Al Noor Logistics LLC is a large public company that provides transport and warehousing services across the GCC region. The company plans to expand its operations by acquiring a regional competitor for OMR 300 million.

Al Noor Logistics board supports the expansion plan but decided not to increase the company's debt because existing loans are planned to be paid over the next five years. As a public limited company, it can raise additional permanent capital through equity finance.

Recommend **TWO** suitable sources of finance for this purchase and provide **TWO** justifications for your selection.

[5]

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Question Two: (continued)

11. Yasir owns a logistics business that delivers packages for online retailers.

The following table represents an extract from his cash flow forecast for March:

	OMR
Cash Inflows	
Cash sales	6,000
Payments by trade receivables	2,000
Total cash in	8,000
Cash Outflows	
Rent	1,000
Payments to trade payables	4,000
Labour	3,000
Other costs	1,000
Total cash out	9,000
a. ?	(1,000)
Opening balance	500
Closing Balance	?
Figures in brackets are negative	

a. Name the missing item (**a**) in the cash flow forecast statement shown in the table above.

_____

[1]

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Question Two: (continued)

b. Using the data in the table, **calculate** the closing balance for March.

Then, **comment** on what the results of the cash flow statement show about Yasir's business in relation to the two aspects shown in the table below:

The calculation of the closing balance of March		
Comments on the results of the cash flow statement		
1.	The adequacy of cash inflows to cover cash outflows	
2.	The closing cash position at the end of March	

[5]

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Question Two: (continued)

12. Identify whether the following costs are **fixed** or **variable**:

The Cost	Type of cost (Fixed or Variable)
a. Monthly rent for a warehouse	_____ [1]
b. Wages paid to part-time delivery drivers	_____ [1]

13. Suha owns a small business that produces handmade bags made of wool.
The following information shows the costs and selling price for Suha's business:

- Selling price per bag: OMR 6
- Total variable cost for producing 100 bags per month: OMR 300
- Monthly fixed costs: OMR 1,800

Recently, the price of the materials increased, raising the variable cost per bag by OMR 0.500.

a. Calculate the break-even point in units after considering the increase in the variable cost.

_____

_____

_____

_____

_____

_____ [2]

b. Analyze **ONE** benefit of using break-even analysis for Suha's business.

_____

_____

_____

_____

_____ [2]

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Question Two: (continued)

14. At the year-end, the board of a manufacturing company receives two financial statements:

1. The first statement shows the company's revenues and expenses over a period of time indicating net profit or loss.
2. The second statement lists company's assets and liabilities and owners' equity at a specific date. Some assets listed are cash, inventory and accounts receivable.

Identify which financial statement (1 or 2) you would use to assess the following, and justify your choice:

The company's profitability.

The company's financial position.

[3]

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Question Two: (continued)

15. Sun Retail and Gulf Bazar are two mid-sized retailers in Muscat.

The companies report the following figures for the financial year 2024:

Item	Sun Retail	Gulf Bazaar
Revenue	1,000,000	800,000
Cost of Goods Sold	600,000	350,000
Operating expenses	150,000	180,000
Operating Profit	250,000	270,000
All Figures are in OMR		

Based on the given data, calculate the Operating Profit Margin (%) for both companies.

[2]

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Question Two: (continued)

16. A Café reports the following Statement of Profit and Loss for the month.

Write the missing figures (**a**) and (**b**):

Item	OMR
Sales	10,000
Cost of Sales	4,000
Gross Profit	**a.** _____
Expenses (wages 1,500; rent 800)	2,300
Net Profit	**b.** _____

[1]

[1]

17. Two important accounting ratios used by businesses to assess liquidity position are the **current ratio** and the **acid test ratio**.

a. Differentiate between the current ratio and acid test ratio in terms of what each ratio reveals about liquidity.

_____

_____

_____

_____ [2]

b. The following data shows the end-of-month balances of Sahara foods LLC:

Current assets	170,000
Inventories	80,000
Current liabilities	220,000
All Figures are in OMR	

Using the data above, calculate the **acid test ratio** for the company.

_____

_____

_____ [2]

[End of Examination]

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Formula Sheet

Total cost	$= \text{Fixed cost} + \text{Variable cost}$
Average Cost	$= \frac{\text{Total Cost of producing this product}}{\text{Number of units produced}}$
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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مركز القياس والتقويم التربوي
The Center for Educational Assessment and Measurement (CEAM)

وزارة التربية والتعليم

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

Semester One – First Session

Academic Year: 2025/2026

Subject: Business Studies

Note: There are 8 pages in this guide

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

Item N.	Answer	Mark	Learning Outcome	Assessment Objective	Page Reference
1	debenture	1	3.1.23	AO1	492
2	Purchasing new delivery trucks to expand the company's distribution network.	1	3.1.20	AO2	488
3	difference between cash inflows and outflows	1	3.2.1.d	AO1	504
4	Rent paid for the factory building	1	3.2.11	AO1	517
5	Subtracting interest costs from operating profit	1	3.3.5.a	AO1	548
6	Retained Earnings	1	3.3.6	AO1	547-548
7	40%	1	3.3.9	AO2	567
8	Capacity to pay short-term debts or liabilities	1	3.3.8.a	AO1	564

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.

Item N.	Correct Answer	Mark	Guidance	Learning Outcome	Assessment Objective	Page Reference
9. a	**Any one of the following should be accepted as correct:** • Retained earnings • Sale of assets • Owner's capital (personal savings) • Reducing working capital (e.g. reducing inventory or receivables)	1	-	3.1.18	AO1	489
9.b	**Any Three of the following:** 1. Keeping smaller inventory levels: Smaller stock quantities mean less money is tied up in unsold goods. This frees up working capital to meet short-term liabilities such as wages, rent, or supplier payments. 2. Efficient inventory control: monitoring inventory levels closely ensures that stock is replenished only when needed. This prevents overstocking and waste, improving cash availability. 3. Minimize the working capital tied up in inventories: Lowering the amount of capital invested in inventory increases liquidity and improves the firm's ability to cover short-term costs. 4. Getting goods to customers as quickly as possible: Faster delivery means quicker sales, which turns inventory into cash faster. This improves working capital by increasing cash inflow and reducing the amount held in finished goods. 5. Using the computer system to record sales and inventory of the GreenTech: Helps automate inventory control, avoiding over-ordering or stock outs. Enables real-time decisions about stock purchasing, keeping working capital more available.	3	• Students should discuss **three valid strategies for managing inventory**, each with a **clear explanation of how it relates to the GreenTech situation** (high inventory levels tying up working capital), **each is worth 1 mark, 1*3=3 marks.** • Answer that **only lists or states strategies** without providing a **relevant explanation or contextual link** to the GreenTech should be awarded **reduced marks**.	3.1.18	AO2	488-489

10	**A sample Answer:** **Two examples of short-term external sources of finance (AO1 [1*2=2 marks]):** 1. Issue of new shares 2. Venture capital **Justification (AO2 [1 mark], AO3 [1*2 = 2 marks]):** Since the company decided **not to borrow**, so equity-based sources like the issue of new shares and venture capital are the most appropriate. Issuing of new shares provides large permanent capital without increasing the company's debt, matching the board's decision to avoid further borrowing [AO3-1, AO2-0.5]. And venture capital brings specialist investors who can supply both funds and strategic expertise to support expansion into new regional markets [AO3-1, AO2-0.5].	5	**The two examples of short-term external sources of finance (AO1- 2 marks):** each example is worth 1 mark (1*2=2marks). The examples must be the most suitable to the given context. The identification of irrelevant and unsuitable sources must not be accepted. **The Justification of each of the two selections (AO3-2 marks):** Each is worth 1 mark (1*2=2 marks). **Linking the justification to the given context (AO1-1 mark).**	3.1.25 3.1.27 3.1.28	AO1 [2], AO2 [1], AO3 [2]	489-491
11.a	Net Cash flow	1	-	3.2.3	AO1	504-505



<table>
<tr>
<td>11.b</td>
<td>
<table>
<tr><td colspan="2">The calculation of the closing balance of March</td><td>Closing Balance = Opening Balance + Net Cash Flow
= 500 + (1000)
= OMR (500)</td><td>[1]</td><td>AO2</td></tr>
<tr><td colspan="5">Comments on the results of the cash flow statement</td></tr>
<tr><td>1.</td><td>The adequacy of cash inflows to cover cash outflows</td><td>Cash inflows (OMR 8,000) are not sufficient to cover outflows (OMR 9,000), leading to a cash deficit [1]. This shows that Yasir’s business is spending more than it is receiving, which could lead to liquidity issues if sustained [1].</td><td>[2]</td><td>AO3</td></tr>
<tr><td>2.</td><td>The closing cash position at the end of March</td><td>With a closing balance of (0.5) OMR ‘000, the business ends March in a negative cash position [1]. This means it may not have enough cash on hand for upcoming expenses, requiring overdrafts or emergency funds [1].</td><td>[2]</td><td>AO3</td></tr>
</table>

Acceptable analytical variations include:
• Inflows are lower than outflows: leads to cash shortfall
• Closing balance in brackets shows the business has negative cash position
</td>
<td>5</td>
<td>Calculation [1 mark]:
If the student omits the negative sign or brackets for the closing balance, the entire calculation is incorrect and scores 0 mark for this part.

Comments on the results of the cash flow statement [4 marks]:
• Award 2 marks for each valid and relevant comment on the results of the cash flow forecast in relation to the two aspects:
• Each comment must include a valid interpretation and explain its business implication in context.
• The provided answer in this part is just a sample answer, any other correct answers must be accepted.</td>
<td>3.2.3
3.2.4</td>
<td>AO2
[1]
AO3
[4]</td>
<td>504-505</td>
</tr>
</table>

12.a	Fixed cost	1	-	3.2.9.a ,b	AO1	515
12.b	Variable Cost	1	-	3.2.9.a ,b	AO1	515
13.a	**Break-even point = fixed cost/ (selling price-variable cost)** **Given:** Fixed cost = OMR 1800 Selling price = OMR 6 **Calculate the variable cost after the increase in materials' price [1 mark]:** Variable cost per unit = total variable cost/total number of units = 300/100 = OMR 3 [0.5] variable cost after the increase in materials' price = 3+ 0.5 = OMR 3.5 [0.5] **Calculate the break-even point [1 mark]:** Break-even point = 1800/ (6-3.5) = 720 bags [1]	2	• A final correct value for the break-even point **without the full working** should receive **only 1 mark.** • The break-even point must be expressed as a **positive number of units**. • No penalty for omission of units as long as the answer is clear and correct.	3.2.16	AO2	525

13.b	**A sample correct answer:** Break-even analysis helps Suha understand the minimum number of bags she needs to sell to cover all her costs [1]. This can support better pricing decisions and help avoid losses, especially important for a small business with limited resources [1]. Another correct answer: It allows Suha to assess the financial viability of her business as costs change. For example, since her material costs have increased, break-even analysis helps her evaluate whether she needs to increase the price or reduce fixed costs.	2	The provided answers are only sample answers; any other answers should be marked based on the following rubric: 2 – Clearly identifies a valid benefit of break-even analysis and provides a reasoned explanation of its relevance to Suha's business context. 1 – Identifies a benefit but provides a limited, or generic explanation, with minimal or no contextual application to Suha's situation. 0 – No valid benefit is identified, or the response is irrelevant or not linked to break-even analysis.	3.2.17	AO3	527
14.a	I would consult the **income statement** [0.5 AO2], because it shows total revenues and expenses during the year and calculates the **net profit or loss**, which directly reflects profitability [1 AO3].	1.5	-	3.3.2 3.3.4	AO2, AO3	546,552
14.b	I would consult the **statement of financial position** [0.5 AO2]**,** because it lists **assets, liabilities, and equity** at the year-end, helping assess the company's overall financial health [1 AO3].	1.5	-	3.3.2 3.3.4	AO2, AO3	546,552
15	Operating profit margin ratio = (Operating profit / Revenue) × 100 **Al Noor Retail LLC.:** (250,000 / 1,000,000) × 100 = 0.25 × 100 [0.5]	2	Full working is required for full marks.	3.3.9-a	AO2	568

	= 25.00% [0.5] **Gulf Bazaar :** (270,000 / 800,000) × 100 = 0.3375 × 100 [0.5] = 33.75% [0.5]					
16.a, b	a. OMR 6000 [1] b. OMR 3700 [1]	2		3.3.7	AO2	546-547
17.a	The **current ratio** includes the inventory as part of current assets and gives a **broader view of liquidity [1]**, while the **acid test ratio** excludes the inventory and gives a **stricter view** of a company's ability to pay short-term debts. The acid test ratio is considered more reliable for liquidity assessment because inventory may not be easily converted to cash [1]. **Another correct answer:** **Current Ratio** indicates the overall short-term liquidity including less liquid items [1]. **Acid test** Ratio indicates more immediate liquidity focusing on assets that can be quickly converted into cash [1].	2	-	3.3.10. b	AO1	564,565
17.b	**Acid Test Ratio** = Liquid assets / Current liabilities Liquid assets= current assets- inventories =170,000-80,000 [0.5] = 90,000 [0.5] Acid test ratio= 90,000 / 220,000 [0.5] = 0.41 :1 [0.5]	2	Full working is required for full marks.	3.3.9-c 3.3.10	AO2	564,565

[The End of the Marking Guide]

وزارة التعليم

امتحان دبلوم التعليم العام للمدارس الخاصة (ثنائية اللغة)

الفصل الدراسي الأول - الدور الثاني

للعام الدراسي ١٤٤٨/١٤٤٧ هـ - ٢٠٢٥ / ٢٠٢٦ م

تنبيه:
- المادة: دراسات الأعمال
- الأسئلة في (٨) صفحات.
- زمن الإجابة: ساعتان.
- الإجابة في الورقة نفسها.

تعليمات مهمة:

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- 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. Purchasing buildings and machinery is an example of:

- ○ Profit expenditure.
- ○ Sales expenditure.
- ○ Capital expenditure.
- ○ Revenue expenditure.

2. What is the name of the method used to receive cash more quickly from its debtors when a business sells goods on credit?

- ○ Trade credit
- ○ Debt factoring
- ○ Venture capital
- ○ Retained profit

3. The estimated difference between a business's total cash inflow and total cash outflow during a specific period is called:

- ○ Net Profit.
- ○ Gross Profit.
- ○ Net Cash Flow.
- ○ Working Capital.

4. Which of the following is an example of an indirect cost for a manufacturing business?

- ○ Raw materials used in production.
- ○ Wages paid to machine operators.
- ○ Electricity used to light the factory.
- ○ Delivery costs paid to transport goods to customers.

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Question One: (continued)

5. What does Cost of Sales represent?

- ☐ The company's retained earnings at year-end.
- ☐ The total operating cost of the business for the period.
- ☐ The selling price of goods multiplied by the quantity sold.
- ☐ The direct cost of goods that were sold during the financial year.

6. "A company chooses not to distribute profit after tax to shareholders, and instead keeps it for future use".

What is this profit called?

- ☐ Dividends
- ☐ Gross profit
- ☐ Current assets
- ☐ Retained earnings

7. Which of the following is a liquidity ratio?

- ☐ Acid test ratio
- ☐ Gross profit margin ratio
- ☐ Operating profit margin ratio
- ☐ Return on capital employed ratio

8. Al Hayat industries have current assets of OMR 1,440 and current liabilities of OMR 720.

What is the current ratio of the company?

- ☐ 0.5:1
- ☐ 1:1
- ☐ 2:1
- ☐ 3:1

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

Answer ALL questions in the space provided.

9. Which financial term is defined as "the difference between a business's current assets and its current liabilities"?

_____ [1]

10. Use the following grid to select the source of finance being used in each of the below cases:

Debt factoring	Hire purchase	Venture capital
Bank overdraft	Microfinance	Long-term Loan

a. A small business in a developing region needs a small amount of money to buy materials and start production. The owner borrows from a local financial institution that provides loans to small entrepreneurs who lack access to banks:

_____ [1]

b. A medium-sized company buys new equipment and agrees to pay in regular instalments over three years. Ownership transfers after the final payment:

_____ [1]

c. An entrepreneur with a new mobile app idea seeks funding from investors who are willing to take a high risk in exchange for partial ownership and future profits:

_____ [1]

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Question Two: (continued)

11. A medium-sized bakery in Oman needs an amount of OMR 100,000 to buy new industrial ovens. The business already has several outstanding loans.
Analyze **TWO** factors that may affect this business's decision on how to finance the purchase.

Make your answer relevant to the given context.

Factors	Analysis
_____	_____ _____ _____ _____ _____ _____ _____ _____
_____	_____ _____ _____ _____ _____ _____ _____ _____

[5]

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Question Two: (continued)

12. Salim owns a café located close to a busy business district. The café buys ingredients daily, pays rent and staff monthly, and receives some sales income in cash while many customers pay using cards, which take several days to be processed.
Recently, Salim noticed that even though sales were strong, the café sometimes struggled to have enough cash available to pay daily expenses, so he decided to prepare a cash flow forecast to manage his finances more effectively.

a. State **ONE** element that could appear under cash outflow in the café's cash flow forecast.

_____ [1]

b. Analyze **TWO** benefits of preparing a cash flow forecast for Salim's cafe.

Make your Answer relevant to the business context.

Benefits	Analysis of benefits

[5]

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Question Two: (continued)

13. Amal runs a small bakery that sells cupcakes and pastries.
The following data relates to her business:

Monthly fixed costs	OMR 1,200
Selling price per one piece of cupcake	OMR 3
Variable cost per one piece of cupcake	OMR 1.50
Monthly sales volume	1,000 cupcakes.

a. Define the following terms:

(i) Contribution per unit.

_____

_____ [1]

(ii) Margin of safety.

_____

_____ [1]

b. Calculate the margin of safety in units for Amal's bakery.

_____

_____

_____

_____

_____ [2]

c. Interpret the result of part (**b**) in relation to Amal's business performance.

_____

_____

_____

_____ [2]

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Question Two: (continued)

14. Rashid runs a construction firm in Muscat. The firm does not have proper financial records of expenses, profits, and payments.
Explain **THREE** reasons why maintaining proper financial records would help Rashid make better business decisions.

_____

_____

_____

_____

_____

_____ [3]

15. The statement of financial position of Sunrise Bakery is given in the table below.
Write the missing figures (**a**) and (**b**):

Item	**OMR**
Assets	
Non-current assets (Equipment)	4000
Current assets:	
Inventory	1500
Trade receivables	900
Cash	**a.** _____
Total Assets	8100
Equity	
Opening Capital	3500
Current Net Profit	900
Closing Equity (Total Equity)	4400
Liabilities	
Current liabilities	2600
Non-current liabilities	**b.** _____
Total Liabilities	3700

[1]

[1]

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Question Two: (continued)

16. Fab Plus is a furniture manufacturer that custom-make tables and cabinets. The following are some financial data for the year ended 31 December 2023:

Operating Profit	OMR 28,000
Capital Employed	OMR 175,000

Calculate the Return On Capital Employed ratio (ROCE) for Fab Plus.

[2]

17. Describe what is meant by profitability and why it is important for a business.

[2]

18. From the statement of Profit and loss of a stationary shop in Muscat, the sales revenue is OMR 28,000, and the cost of sales is OMR 13,000. The overhead expenses are found to be OMR 5000.

Calculate the Gross Profit and Operating Profit.

[2]

[End of Examination]

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Formula Sheet

Total cost	$= \text{Fixed cost} + \text{Variable cost}$
Average Cost	$= \frac{\text{Total Cost of producing this product}}{\text{Number of units produced}}$
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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مركز القياس والتقويم التربوي
The Center for Educational Assessment and Measurement (CEAM)

وزارة التربية والتعليم

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

Semester One – Second Session

Academic Year: 2025/2026

Subject: Business Studies

Note: There are 9 pages in this guide

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

Item N.	Answer	Mark	Learning Outcome	Assessment Objective	Page Reference
1	Capital expenditure	1	3.1.20	AO1	488
2	Debt factoring	1	3.1.26-a	AO2	490
3	Net Cash Flow	1	3.2.1	AO1	504
4	Electricity used to light the factory	1	3.2.9	AO1	515

5	The direct cost of goods that were sold during the financial year.	1	3.3.3	AO1	547
6	Retained earnings	1	3.3.6-c	AO1	489
7	Acid test ratio	1	3.3.9-c	AO1	565
8	2:1	1	3.3.9-c	AO2	564-565

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.

Item N.	Correct Answer	Mark	Guidance	Learning Outcome	Assessment Objective	Page Reference
9	Working capital	1	-	3.1.13	AO1	487
10.a	Microfinance	1	-	3.1.23	AO2	494
10.b	Hire Purchase	1	-	3.1.23	AO2	491
10.c	Venture Capital	1	-	3.1.23	AO2	493

<table>
<tr>
<td>11</td>
<td>A sample Answer:

<table>
<tr><th>Factor</th><th>Analysis</th></tr>
<tr><td>Level of existing borrowing [1-AO1]</td><td>If the bakery already has a high level of debt, taking an additional bank loan would increase its gearing ratio, making lenders less willing to provide more credit. This could make leasing a safer option, since it does not add to total liabilities and reduces financial risk.[0.5-AO2, 1-AO3]</td></tr>
<tr><td>Amount required [1-AO1]</td><td>Since the bakery needs a large amount (OMR 100,000), internal sources like retained earnings are insufficient. A bank loan may provide the full amount at once, but leasing could spread payments over time, improving cash flow management. The final choice depends on the firm’s ability to repay and its preference for asset ownership. [0.5-AO2, 1-AO3]</td></tr>
</table>
</td>
<td>5</td>
<td>The provided answer is just a sample answer. A full mark answer must include the following:

1. Identification of TWO factors that influence the choice of the source of finance, each worth 1 mark [1*2=2 marks – AO1]
2. Analytical explanation of each factor’s impact, each is worth 1 mark [1*2 = 2 marks –AO3]
3. A clear link of the analysis of each factor to the given business context, the link of each factors analysis is worth 1 mark [0.5*2 = 1 mark- AO2]</td>
<td>3.1.27
3.1.28</td>
<td>AO1 [2]
AO2 [1]
AO3 [2]</td>
<td>497</td>
</tr>
</table>

<table>
<tr>
<td>12.a</td>
<td>Accept ONE from the following as correct answers:
1. Purchase of ingredients
2. Rent
3. Staff wages / Salaries</td>
<td>1</td>
<td>-</td>
<td>3.2.3</td>
<td>AO1</td>
<td>504-505</td>
</tr>
<tr>
<td>12.b</td>
<td>A sample Answer:
One benefit is that Salim can identify periods when the café may face a cash shortage, such as when sales income from card payments is delayed. This allows him to plan in advance, such as arranging short-term finance to cover daily expenses.

Another benefit is that it helps Salim monitor and control spending on items like ingredients or staff wages. By comparing forecasted and actual cash flows, he can spot where costs are higher than expected and take corrective action before the business runs out of cash.</td>
<td>5</td>
<td>The provided answer is just a sample answer. Any other answers should be marked based on the following rubric:
<table>
<tr><th>Mark</th><th>Criteria: Using Salim’s specific business context.

AO2 [1 mark]</th></tr>
<tr><td>1</td><td>Both benefits are explicitly linked to Salim’s café context.</td></tr>
<tr><td>0.5</td><td>Only one benefit is clearly applied to the café context.</td></tr>
<tr><td>0</td><td>No relevant link to the café is made, or the context is missing.</td></tr>
</table>
<table>
<tr><th>Mark</th><th>Criteria: Analyzing TWO benefits of preparing cash flow forecasts statement for Salim’s Café

AO3 [4 marks]</th></tr>
<tr><td>4</td><td>Two clearly explained benefits, each with clear analysis of how the forecast helps Salim’s café</td></tr>
<tr><td>3</td><td>Two benefits identified and analyzed, but One may be less developed.</td></tr>
<tr><td>2</td><td>One benefit is clearly analyzed, or two benefits are listed with only basic explanation.</td></tr>
<tr><td>1</td><td>One benefit is identified but not analyzed, or only a vague/general explanation with no real reasoning or context</td></tr>
<tr><td>0</td><td>No answer or irrelevant answer is provided.</td></tr>
</table>
</td>
<td>3.2.17</td>
<td>AO2 [1]
AO3 [4]</td>
<td>504-505</td>
</tr>
</table>

13.a.i	The price of a product less the direct (variable) costs of producing it.	1	Accept any answer that gives the same meaning.	3.2.13	AO1	525
13.a.ii	The amount by which the current output level exceeds the break-even level of output.	1	Accept any answer that gives the same meaning	3.2.13	AO1	525
13.b	Margin of safety = break-even level of output – current output level Break-even point= fixed cost/ contribution per unit = 1200/ (3-1.5) =1200/1.5 =800 units [1] Margin of safety = 1000-800 = 200 units [1]	2	• Break-even written as "800" without "units" is acceptable. • Margin of safety must be clearly labeled.	3.2.19	AO2	525
13.c	**A sample Answer:** The margin of safety of 200 units shows that Amal is producing and selling 200 units more than the break-even point [1]. This means the business is making a profit and can afford a drop in sales of up to 200 cupcakes before it starts making a loss [1].	2	The provided answer is just a sample answer; any other answer should be marked based on the following guidance: • The answer should contain a meaning of the margin in relation to the context [1], and an implication for the performance or risk [1]. • Award the mark if the meaning is correct, regardless of phrasing, or grammar mistakes.	3.2.20	AO3	525

14	**Any THREE of the following:** By maintaining proper financial accounts, Rashid can: • Track whether he has enough funds to pay for materials, wages, or overheads. • Evaluate which projects are profitable and make decisions accordingly. • Follow up on late payments from clients and plan based on expected income. • Know how much he owes to his suppliers. Suppliers need to be paid on time, or they may refuse to send further deliveries. • Forecast expenses and allocate resources efficiently. • Identify unnecessary expenses or rising costs so he can take corrective action.	3	1 mark each reason [1*3=3 marks] Any other correct reasons should be accepted.	3.3.1	AO2	546
15.a, b	a= 8,100 − (4,000 + 1,500 + 900) = OMR 1,700 [1] b= 3,700 – 2,600 = OMR 1,100 [1]	2	-	3.3.7	AO2	551
16	**ROCE for Fab Plus:** = 28,000 ÷ 175,000 × 100 [1] = 16.0% [1]	2	Full working is required for full marks.	3.3.9-b	AO2	568
17	Profitability is a relative measure of a business's ability to make a profit from sales or capital investment. [1]	2	1 mark for explaining the concept of profitability and 1 mark for explaining its importance.	3.3.8	AO1	567

	Profitability matters because it funds a business's future and protects it in downturns. The profitability measures business performance more effectively than the overall level of profit. The greater the profitability, the greater the chance of high returns to investors [1].					
18	**Gross Profit:** = 28,000 − 13,000 [0.5] = OMR 15,000 [0.5] **Operating Profit:** =15,000 − 5,000 [0.5] = OMR 10,000 [0.5]	2	Full working is required for full marks.	3.3.4	AO2	547

[The End of the Marking Guide]