First Semester

Business Studies
(دراسات الاعمال)
(Questions)

سلطنة عُمان
وزارة التربية والتعليم

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

امتحان دبلوم التعليم العام للمدارس الخاصة (ثنائية اللغة)

للعام الدراسي ١٤٤٥/ ١٤٤٦ هـ - ٢٠٢٣ / ٢٠٢٤ م

الدور الأول - الفصل الدراسي الأول

تنبيه:
- المادة: دراسات الأعمال
- الأسئلة في (١٥) صفحة.
- 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** ⬭ ◉ ◣ ☒ ☑

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Question One: Multiple Choice (Items 1 – 12) (12 marks)

There are 12 multiple-choice items worth one mark each.

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

1. Revenue expenditure can be defined as:

- ▢ Costs that often yield long-term benefits to a company.
- ▢ Expenditure on items dedicated to expanding a business.
- ▢ Expenditure associated with acquiring non-current assets.
- ▢ Expense incurred for the daily operational needs of a business.

2. In considering how to fund the expansion of her bakery, Sara decided to avoid debt and maintain full ownership. The source of finance that meets Sara's goal is:

- ▢ A bank loan.
- ▢ Owner's capital.
- ▢ External investors.
- ▢ Government's funds.

3. Which of the following is an example of variable indirect costs?

- ▢ Rent paid for office space.
- ▢ Depreciation on production machinery.
- ▢ Electricity used in the manufacturing process.
- ▢ Administrative salaries for management personnel.

4. The level of output at which the total cost equal to the total revenue is at a point where firms make:

- ▢ A loss.
- ▢ A profit.
- ▢ Neither a profit nor a loss.
- ▢ More profit compared to last year.

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Question One: (continued)

5. The margin of safety can be defined as:

- ▢ The difference between total assets and total liabilities.
- ▢ The level of inventory a company holds to ensure smooth operations.
- ▢ The excess of a company's budgeted sales over its break-even sales.
- ▢ The percentage of revenue that a business allocates to marketing expenses.

6. A company produces X product and incurs a fixed cost of 60,000 OMR per annum. The variable cost of each unit is 5 OMR and the selling price per unit is 15 OMR. The Break-Even point is:

- ▢ 3000 units.
- ▢ 4,000 units.
- ▢ 6,000 units.
- ▢ 8,000 units.

7. ABC Toys company manufactures toy cars. The fixed cost of the production is 40,000. The variable cost per toy car is 30 OMR and the company plans to produce 1,500 toy cars this month. The total variable cost for this production will be:

- ▢ 40,000 OMR.
- ▢ 45,000 OMR.
- ▢ 85,000 OMR.
- ▢ 450,000 OMR.

8. In a cash flow forecast, what is the purpose of the "opening cash balance"?

- ▢ It represents the projected net profit for the period.
- ▢ It shows the cash flow at the end of the forecast period.
- ▢ It represents the total cash flow for the entire forecast period.
- ▢ It indicates the initial amount of cash on hand for the forecasted period.

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Question One: (continued)

9. A positive cash flow indicates that the business is:

- ▢ Facing a cash deficit.
- ▢ Spending more than it is earning.
- ▢ Likely to experience financial distress.
- ▢ Generating more cash than it is spending.

10. How does collecting account receivables impact the cash flow and profit of a business?

- ▢ Increases cash and leads to long-term profit growth.
- ▢ Decreases cash and leads to long-term profit growth.
- ▢ Increases cash, but has no impact on long-term profit growth.
- ▢ Decreases cash, but has no impact on long-term profit growth.

11. The amount of money owed by customers for products that have been supplied but for which payments have not yet been made refers to:

- ▢ Share capital.
- ▢ Trade payables.
- ▢ Intangible assets.
- ▢ Trade receivables.

12. A debenture (also known as a bond) would be recorded in the statement of financial position under:

- ▢ Current assets.
- ▢ Current liabilities.
- ▢ Non-current assets.
- ▢ Non-current liabilities.

Question Two: Extended Response (Items 13 – 24) (48 marks)

There are 12 items within this question.

Answer ALL questions in the space provided.

13. Demonstrate how a startup cleaning service might utilize an external source of finance of your choice. (2 marks)

14. Mahmood is a financial manager at a furniture store that is facing a temporary cash flow challenge due to delayed customer payments. This challenge is risking the business's working capital position. In brief, discuss **TWO** strategies on how Mahmood can manage the trade receivables in the future to control this situation. (2 marks)

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Question Two: (continued)

15. List **TWO** benefits of cash flow forecasting. (2 marks)

16. In the context of financial management, designate each entry listed in the table below and put a tick (✓) under 'cash in' if it denotes an inflow of cash or under 'cash out' if it signifies an outflow of cash. (2 marks)

	Cash in	Cash out
Repayment of loans		
Revenue from the sale of goods		
Payment of dividends to shareholders		
Interest and dividends received		

17. Fatma is the finance manager of Tasty Foods LLC and is responsible for preparing the financial statements. The CEO asked her to prepare a summary of the financial statements to be presented to the employees in the annual meeting. In this context, explain **TWO** reasons why the employees of Tasty Foods LLC might be interested in their company's final accounts. (2 marks)

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Question Two: (continued)

18. Define the term "liquidity". (2 marks)

19. "Touchpoint Innovation" is a newly established technology company that has developed an innovative smart watch. The company is planning to scale up its operations. The founders are considering various sources of finance to fund their growth. Analyze **TWO** factors that Touchpoint Innovation should consider when deciding about the most suitable source of finance. (4 marks)

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Question Two: (continued)

20. A small family-owned restaurant has consulted a financial analyst to determine whether break-even analysis would be beneficial for their business and what limitations they might encounter.
Discuss **TWO** limitations of implementing this analysis in this small family-owned restaurant and elaborate on how each limitation might potentially impact the restaurant's operations. (6 marks)

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Question Two: (continued)

21. "The unexpected cost increase can lead to major inaccuracies in cash flow forecasts". The above sentence represents a notable limitation of cash flow forecasting. Analyze this limitation in the context of any business of your choice. Provide at least **TWO** situations where this limitation may be a challenge and how it affects the business's operations. (4 marks)

22. Describe **FOUR** uses of the statement of profit and loss? (4 marks)

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Question Two: (continued)

23. X and Y are two well-known companies engaged in manufacturing food products. The following table represents the current ratio extracted from the statement of profit and loss for both companies.

Company	X	Y
Current Ratio	3 :1	0.72:1

Answer the following:

a. Analyze the performance of both companies, X and Y, using the current ratio.
(3 marks)

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Question Two: (continued)

b. Evaluate whether the management of both companies will be satisfied with their company's liquidity position and recommend **ONE** development strategy for each company to satisfy a strong liquidity position. (3 marks)

Question Two: (continued)

24. Study the following scenario and answer the following questions in the space provided:

The Expansion Journey of the Alam Perfume Shop

Hamed manages the "Alam Perfume Shop," a unique fragrance boutique that was originally established by his grandfather in Salalah. The store is renowned for creating customized perfumes tailored to the preferences of individual clients. When Hamed's grandfather managed the store, it gained favor with royal patrons, significantly enhancing its brand reputation.

Hamed noticed that while the business performed exceptionally well during the Khareef season, it experienced a significant slowdown in other months, which posed challenges in managing day-to-day expenses like electricity, employee salaries, and raw materials throughout the year. During the leaner months, he often had to secure short-term financing to cover these costs.

Recognizing the store's strong brand recognition and wide customer base across Oman, Hamed decided to expand. He used his personal savings and profits from the existing branch to launch new branches in Muscat and Sohar, which led to an increase in annual revenue. He believed that this strategic expansion would allow him to meet the growing demand for his unique product, and serve a wider customer base, which might contribute to the brand's continued success.

However, he encountered difficulties in coping with the high demand due to production capacity constraints, and limitations which made it challenging to boost sales. After conducting extensive research, Hamed decided to upgrade the production process with the aim of enhancing operational and inventory efficiency through technological advancements. He also successfully negotiated with suppliers to duplicate his procurement capacity following the expansion. Additionally, he extended the credit terms from 90 days to 120 days.

In order to expand his business, he allocated an investment of 150,000 OMR for purchasing lands and an additional 250,000 OMR for constructing a factory. Initially, he considered various financing options, like the idea of inviting close family members to invest, emphasizing the advantages that both parties could gain from participating in the new venture. Ultimately, he decided to secure a long-term loan of 400,000 OMR, estimating that the cash flow from existing outlets would facilitate loan repayment within a 5-year timeframe.

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Question Two: (continued)

a. Demonstrate **ONE** source of financing that Hamed considered for expanding his operations. (1 mark)

b. As you identified one source of finance that Hamad used in the previous question, answer the following:

(i) Analyze **ONE** disadvantage of this source of finance. (2 marks)

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Question Two: (continued)

(ii) Comment on the effect of the disadvantage you have analyzed on the business' financial health. And provide **ONE** development strategy to mitigate this effect. (3 marks)

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Question Two: (continued)

c. Alam Perfume Shop's statement of Profit and Loss is given below.

Profit Loss Statement (All figures in OMR)

Revenue	100,000
Cost of Sales	55,000
Gross profit	45,000
Admin Cost	
Operating Profit	25,000
Finance cost	6,250
Profit Before Tax (PBT)	18,750
Tax 20% of PBT	
PAT	15,000
Dividend paid	
Retained earnings	10,500

Calculate the **following**: (Show your calculations)

(i) Admin Cost: (1 mark)

(ii) Tax 20% of PBT: (1 mark)

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Question Two: (continued)

(iii) Dividend paid: (1 mark)

(iv) Gross profit margin (1.5 mark)

(v) Operating profit margin. (1.5 mark)

[End of Examination]

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Formula Sheet

- **Sales Revenue** = Number of units sold by the firm x Average selling price
- **Variable cost per unit** $= \dfrac{\text{Total variable cost}}{\text{Total output of the company}}$
- **Total cost** = Fixed cost + Variable cost
- **Average Cost** $= \dfrac{\text{Total cost of producing product}}{\text{Number of units produced}}$
- **Break-Even Point** $= \dfrac{\text{Fixed Cost}}{\text{Contribution per unit}}$
- **Margin of safety** = Break-even level of output – Current output level
- **Current ratio** $= \dfrac{\text{current assets}}{\text{current liabilities}}$
- **Acid test ratio** $= \dfrac{\text{Liquid assets}}{\text{current liabilities}}$
- **Gross profit margin (%)** $= \dfrac{\text{Gross profit}}{\text{Revenue}} \text{ x } 100$
- **Operating profit margin (%)** $= \dfrac{\text{Operating profit}}{\text{Revenue}} \text{ x } 100$
- **Return on capital employed (%)** $= \dfrac{\text{Operating profit}}{\text{capital employed}} \text{ x } 100$

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سلطنة عُمان
وزارة التربية والتعليم

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

امتحان دبلوم التعليم العام للمدارس الخاصة (ثنائية اللغة)
للعام الدراسي ١٤٤٦/١٤٤٥ هـ - ٢٠٢٤/٢٠٢٣ م
الدور الثاني - الفصل الدراسي الأول

تنبيه:
- المادة: دراسات الأعمال
- الأسئلة في (١٥) صفحة.
- زمن الإجابة: ثلاث ساعات.
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- 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 – عاصمـة سلطنة عمـــان 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 – 12) (12 marks)

There are 12 multiple-choice items worth one mark each.
Shade in the bubble (⬭) next to the **correct** answer for each of the following items.

1. Which of the following financial sources is typically utilized by a business to cover short-term obligations and operational expenses?

- ⬭ New partners.
- ⬭ Crowdfunding.
- ⬭ Venture capital.
- ⬭ Working capital.

2. "A car manufacturing company is deciding how to allocate funds for its different expenses".
In this context, which of the following expenditures represents an example of a capital expenditure for this company?

- ⬭ Paying monthly utility bills for the factory.
- ⬭ Purchasing raw materials for day-to-day production.
- ⬭ Providing training to employees on safety procedures.
- ⬭ Renovating and improving the existing factory infrastructure

3. Which of the followings is an example of a variable cost?

- ⬭ Costs of direct labor.
- ⬭ Rent for a factory building.
- ⬭ Depreciation of machinery.
- ⬭ Annual insurance premium.

4. Which of the following is an example of direct costs for a bakery that produces cakes?

- ⬭ Depreciation of machinery.
- ⬭ Flour used for baking cakes.
- ⬭ Salary of the store manager.
- ⬭ Monthly rent for the bakery's premises.

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Question One: (continued)

5. If a business experiences a decrease in variable costs, what happens to the break-even point?

- ▢ The break-even point increases.
- ▢ The break-even point decreases.
- ▢ It depends on the change in fixed costs.
- ▢ The break-even point remains unchanged.

6. A well-known fitness center has fixed costs of 10,000 OMR per month. They charge a monthly membership fee of 40 OMR per member and variable costs of 20 OMR per member monthly. The break-even point of the center is:

- ▢ 250 members.
- ▢ 500 members.
- ▢ 1500 members.
- ▢ 2,500 members.

7. A company's fixed costs are 5,000 OMR and the variable cost per unit is 5 OMR. If it produces 1,000 units, what is the average cost per unit?

- ▢ 1 OMR
- ▢ 5 OMR
- ▢ 10 OMR
- ▢ 100 OMR

8. The main purpose of the cash flow forecasts of the business is to:

- ▢ Calculate the income tax liabilities.
- ▢ Evaluate the business performance.
- ▢ Evaluate the employee performance.
- ▢ Estimate cash inflow and cash outflows.

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Question One: (continued)

9. Which of the following is an example of a cash outflow?

- Payments to suppliers for raw materials.
- Loans obtained from a bank.
- Revenue from product sales.
- Investment income.

10. XYZ Company is consistently experiencing an excess in cash on hand. How can the company utilize this surplus effectively?

- Keep the surplus cash in a checking account.
- Pay off long-term debts with the surplus cash.
- Reduce marketing efforts to save on expenses.
- Increase inventory levels to stock up on supplies.

11. Which of the following is an alternative term for working capital?

- Net Assets
- Current Assets
- Net Current assets
- Non-current assets

12. The shareholders' stake in a company is known as:

- Equity
- Assets
- Revenue
- Liabilities

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Question Two: Extended Response (Items 13 – 24) (48 marks)

There are 12 items in this question.

Answer ALL questions in the space provided.

13. State <u>**ONE**</u> strategy of managing trade payables, and provide an example on how it can be utilized in a business context of your choice. (2 marks)

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14. "The expenditures incurred by businesses can be divided into two categories, the capital expenditures, and the revenue expenditures".
Identify the type of the expenditure in the following:

a. A coffee shop owner decided to expand by opening a new branch. He rented a new building and hired an interior designer to decorate the place. The wage paid to the interior designer is considered as ____________________ (1 mark)

b. A business specialized in making sweets has recently expanded by offering pastries. The cost of purchasing the raw materials that are used for day-to-day baking, such as flour and butter, is considered as: ____________________ (1 mark)

15. Differentiate between "Opening cash balance" and "Closing cash balance" in terms of their definition. (2 marks)

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Question Two: (continued)

16. The following table represents Al Hilal company's monthly cash flow forecast.

	Month (OMR)
Sales	32,000
Loan	5,000
Operating Expenses	20,000
Loan Repayments	4,000
Maintenance of Machinery	5,000
Cash flow for the month	

Calculate the cash flow for the month. (2 marks)

17. "Core LLC. are planning to obtain a bank loan worth 25,000 OMR from a bank in Muscat to scale up its operations".
Describe **ONE** method of using final accounts to support Core's application for bank loans /other debts. (2 marks)

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Question Two: (continued)

18. Define the term “current assets”. (2 marks)

19. “Sweet Family Scoops is a small, family-owned ice cream shop located in a tourist hotspot, that is experiencing significant seasonal fluctuations in customer demand. The summer months being incredibly busy while the winter months are considerably slower. To cope with these seasonal variations, the shop’s owners decided to fund their seasonal needs using overdraft”.
Describe **ONE** advantage of using an overdraft to finance this business and discuss **TWO** impacts of this advantage. (4 marks)

Question Two: (continued)

20. "Sunny Electronics sells a wide range of electronic products, including smartphones, laptops, and home appliances. During last year, the business encountered a substantial shift in its sales revenue".
By considering these facts, answer the following questions:

a. Describe what is meant by sales revenue. (2 marks)

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b. If the total fixed cost of the Sunny Electronics was 50,000 OMR, the selling price per smart watch was 150 OMR, and the variable cost per smart watch was 100 OMR, calculate the break-even point. (2 marks)

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c. If the sales revenue has increased by 17% of the company's annual sales, analyze <u>**ONE**</u> potential impact of this change on the company's break-even point. (2 marks)

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Question Two: (continued)

21. One notable benefit of cash flow forecasts is that it shows negative closing cash flows. Choose a business context and analyze **TWO** impacts of this benefit on it. (4 marks)

22. Describe **TWO** main elements of the statement of financial position. (4 marks)

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Question Two: (continued)

23. Pralines and Choco are two famous confectionery businesses located in Muscat. The table below shows some financial information of the companies:

Company	Pralines (OMR)	Choco (OMR)
Current Assets	50,200	60,000
Current Liabilities	15,000	35,000
Inventories	20,200	33,750
Acid Test Ratio	2:1	0.75:1
Gross Profit Margin	25%	30%

a. Analyze the performance of both companies using the acid test ratio. Apply your answer to the given industry context. (3 marks)

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Question Two: (continued)

b. Evaluate whether the management of Pralines and Choco would be satisfied by the liquidity position of their companies and recommend **ONE** development strategy if required. (3 marks)

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Question Two: (continued)

24 Read the following scenario then answer all the questions in the space provided.

Supreme Trading LLC's Journey in Oman's Automotive Market

Supreme Trading LLC, a reputable Omani company, emerged on the business scene in 2017 with a clear vision of dominating the automotive market by selling high-quality car batteries with a starting capital of 215,000 OMR.

During the first year, Supreme Trading LLC devised a strategy to gain a foothold in the market. It started by selling car batteries at low-profit margins, enticing customers with extended warranties. The company also sealed deals with local car dealerships for competitive bulk rates. This clever move made a lot of people buy from Supreme Brand and got them great customer reviews. They also made a decent 5% profit.

With a 5-year business plan in mind, the company continued its growth. They decided to invest in brand marketing. However, this decision would impact their operational expenses and cash flow. After a comprehensive analysis, the company opted for a short-term loan of 42,000 OMR to support operating costs and fund advertisements aimed at achieving sales targets.

Taking advantage of customer interest and brand reputation, Supreme Trading LLC made a strategic move to expand operations. They planned to open multiple branches across Oman, offering a range of automobile spare parts and accessories. This expansion required significant capital investment, approximately 135,000 OMR, for both asset acquisition and working capital. The company's robust financial position as well as last year's financial statements supported their loan application for long-term financing. The company secured a long-term loan with a competitive 4.7% interest rate, payable over a 7-year period. This careful financial decision allowed Supreme Trading LLC to proceed with their ambitious expansion plans. Moreover, instead of solely investing in non-current assets, the company considered hiring 2-3 delivery vans on a monthly rental basis for efficient product distribution. This strategic move would allow them to cater to customers across Muscat effectively. However, they recognized the need to invest in additional non-current assets to support their growing business. Supreme Trading LLC's journey showcases how a well-thought-out strategy, including pricing, partnerships, and timely financial decisions, can lead to significant growth in such a competitive market.

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Question Two: (continued)

a. Identify **ONE** source of finance that Supreme Trading LLC utilized to meet their requirements. Support your answer with relevant contextual information from the scenario. (1 mark)

b. As you identified one source of finance in question a, answer the following:

(i) Analyze **ONE** disadvantage of this source of finance. (2 marks)

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Question Two: (continued)

(ii) Comment on the effect of this disadvantage on the Supreme's LLC financial health and recommend **ONE** development strategy to manage this effect.
(3 marks)

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Question Two: (continued)

c. The table below represents a part of Supreme Trading LLC. Profit and Loss statement for the year 2022:

Revenue	200,000 OMR
Cost of Sales	95,000 OMR
Gross profit	105,000 OMR
Overheads/expenses	80,000 OMR
Net Profit	25,000 OMR

Calculate the followings:

(show your calculations)

(i) Gross Profit Margin (GPM): (2 marks)

(ii) Net Profit Margin (NPM): (2 marks)

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Question Two: (continued)

d. Describe **TWO** current assets that will appear on Supreme Trading LLC balance sheet. (2 marks)

[End of Examination]

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Formula Sheet

- **Sales Revenue** = Number of units sold by the firm x Average selling price

- **Variable cost per unit** $= \dfrac{\text{Total variable cost}}{\text{Total output of the company}}$

- **Total cost** = Fixed cost + Variable cost

- **Average Cost** $= \dfrac{\text{Total cost of producing product}}{\text{Number of units produced}}$

- **Break-Even Point** $= \dfrac{\text{Fixed Cost}}{\text{Contribution per unit}}$

- **Margin of safety** = Break-even level of output – Current output level

- **Cash flow** = Total cash in – Total cash out

- **Current ratio** $= \dfrac{\text{current assets}}{\text{current liabilities}}$

- **Acid test ratio** $= \dfrac{\text{Liquid assets}}{\text{current liabilities}}$

- **Gross profit margin (%)** $= \dfrac{\text{Gross profit}}{\text{Revenue}} \text{ x } 100$

- **Operating profit margin (%)** $= \dfrac{\text{Operating profit}}{\text{Revenue}} \text{ x } 100$

- **Return on capital employed (%)** $= \dfrac{\text{Operating profit}}{\text{capital employed}} \text{ x } 100$

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مُسَوَّدَة

مُسَوَّدَة

سلطنة عُمان
وزارة التربية والتعليم

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

امتحان دبلوم التعليم العام للمدارس الخاصة (ثنائية اللغة)
للعام الدراسي ١٤٤٤ هـ - ٢٠٢٢ / ٢٠٢٣ م
الدور الأول - الفصل الدراسي الأول

تنبيه:
- المادة: دراسات الأعمال
- الأسئلة في (١٢) صفحة.
- 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 Choise (Items 1 – 6) (6 marks)

There are 6 multiple-choice items worth one mark each.
Shade in the bubble (◯) next to the **correct** answer for each of the following items.

1. Which of the following is an example of a revenue expenditure:

- ◯ employees' wages.
- ◯ furniture items.
- ◯ machine equipment.
- ◯ land deals.

2. A source of finance never that never has to be repaid unless the company is liquidated as a result of stopping trade is called:

- ◯ bank overdraft.
- ◯ share capital.
- ◯ trade credit.
- ◯ mortgage.

3. If the sum of fixed costs of XYZ company is (120,000 OMR), and the contribution per unit of the output is (30 OMR), what is the break-even level of production?

- ◯ 4,000 units.
- ◯ 2,000 units.
- ◯ 3,000 units.
- ◯ 2,500 units.

4. Which of the following is an example of cash outflow (expenditure):

- ◯ Borrowings.
- ◯ Wages.
- ◯ Savings.
- ◯ Sales.

5. All of the following are elements of the statement of financial position, **except**:

- ◯ Gross profit.
- ◯ Liabilities.
- ◯ Assets.
- ◯ Equity.

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Question One: (continued)

6. The following table contains some selected accounts for the Maya Company for the year ended December 31, 2021:

Account name	Account balance in Omani Rials
Inventories	100
Cash	150
Trade payable	50
Long-term loan	200
Share capital	180
Reserves and retained earnings	90

What were the total current liabilities for Maya Company for the year ended December 31, 2021?

- ▢ 100 OMR.
- ▢ 150 OMR.
- ▢ 90 OMR.
- ▢ 50 OMR.

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Question Two (Items 7 – 12) (6 marks)

Fill in the gaps with the following words. There are four extra words.

Variable	Current liabilities	Positive	Working capital	Profit before tax
Negative	Current assets	Net loss	Revenue	Income statement

7. A firm may manage to pay its own debts as late as possible so that as much cash as possible is held in the business in order to have a strong ____________________ position.

8. ____________________ expenditure is spending on all costs and assets other than non-current assets.

9. Total cost includes: ____________________ cost plus fixed cost.

10. When the cash outflow is higher than the cash inflow, the sign of the closing balance figure will be ____________________.

11. Cash, trade receivables and inventories are examples of ____________________.

12. The ____________________ is calculated by subtracting interest costs from Profit from operation.

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Question Three: Extended Response (Items 13 – 22) (48 marks)

Write your answer for each of the following questions in the space provided.

13. A firm may need finance to grow for several reasons. List three of these reasons.
(3 Marks)

14. List **four** sources of capital needed for a startup business like a sole trader or proprietor. (4 Marks)

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Question Three: (continued)

15. Write **three** external sources of finance available for a business. (3 Marks)

16. Selecting the most appropriate source of finance is essential for business long-termr success. Write **four** factors that influence the financing choice. (4 Marks)

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Question Three: (continued)

17. Compare between the direct costs and the indirect costs in the following table:

(4 Marks)

	Direct Costs	Indirect Costs
Explanation		
An Example		

18. The table below shows the cases of two different companies: (6 Marks)

	XYZ Company	ABC Company
Fixed cost	10,000 OMR	10,000 OMR
Number of produced units	1000 units	5000 units
Variable cost	25 OMR	25 OMR

a. Calculate the total production cost for each company. (2 Marks)

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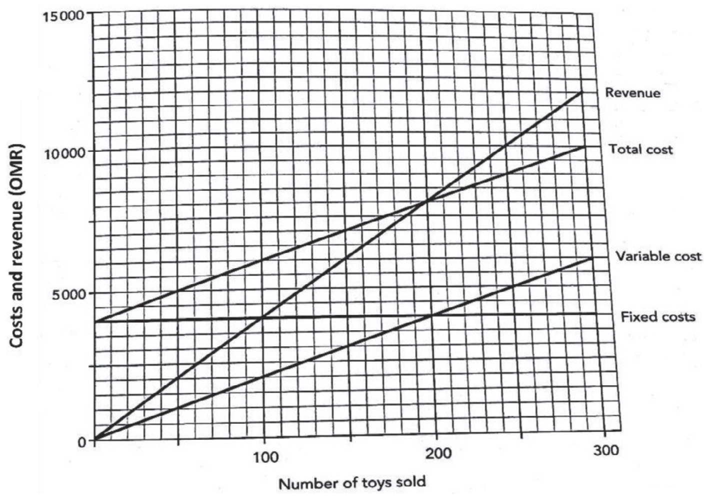
Do not write in this space

Question Three: (continued)

b. Calculate the average cost per unit (table) for each company. (2 Marks)

c. Which company can earn a greater profit? Justify your answer. (2 Marks)

19. The graph below shows the number of toys sold versus costs and revenue: (4 Marks)



a. What is the name of this graph? (1 Mark)

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Question Three: (continued)

b. Identify the number of units that need to be sold for this manufacturer to break even. (1 Mark)

c. What would be the margin of safety (in terms of number of units) if the manufacturer sold 300 toys in one month? (2 Marks)

20. Write two reasons why banks and lenders demand cash flow forecasts from entrepreneurs and managers? (2 Marks)

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Question Three: (continued)

21. The financial position statement for the Noor Company is presented below with some missing values. (10 Marks)

Noor Company Statement of financial position December 31, 2021	
Non-current assets	....
Inventories	5.600
Trade receivables and cash	5.400
Total currents assets	11.000
Total assets	23.000
Trade and other payables	1.400
Other current liabilities	....
Total current liabilities	1.800
Non-current liabilities	4.000
Total liabilities	....
Net assets	....
Share capital	6.500
Reserve and retained earmings	....
Total equity	17.200

Find the balance of the following missing items and show how they are calculated:

a. Non-current assets (2 Marks)

Do not write in this space

Question Three: (continued)

b. Other current liabilities (2 Marks)

c. Total liabilities (2 Marks)

d. Net assets (2 Marks)

e. Reserve and retained earnings (2 Marks)

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Question Three: (continued)

22. Salim is the chief executive of the WAVE creative events company. This company is specialized in organizing all kinds of public events for local and international famous companies, institutions, and organizations. The clients expect high-quality work within a tight time frame; therefore, the company hired a highly qualified team and always keep stock of important materials. Salim wants to compare the liquidity and profitability of his company with the liquidity and profitability of other companies that provide the same services. He obtained a set of published accounts for the Areen events organization company. Salim decided to use ratios to compare the two companies. He used the following figures: (8 Marks)

	WAVE creative events company (OMR)	Areen events organization company (OMR)
Revenue (2021)	350,000	600,000
Operating Profit (2021)	100,000	250,000
Gross Profit (2021)	20,000	80,000
Current assets (as of 31/12/2021)	100,000	150,000
Inventories (as of 31/12/2021)	50,000	70,000
Current liabilities (as of 31/12/2021)	40,000	120,000

Calculate the following ratios for which you have the information for both companies:
(Show all your work)

a. Liquidity ratios: (4 Marks)

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Question Three: (continued)

b Profitability ratios: (4 Marks)

[End of Examination]

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سلطنة عمان
وزارة التربية والتعليم

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

امتحان دبلوم التعليم العام للمدارس الخاصة (ثنائية اللغة)

للعام الدراسي ١٤٤٤ هـ - ٢٠٢٢ / ٢٠٢٣ م

الدور الثاني - الفصل الدراسي الأول

تنبيه:
- المادة: دراسات الأعمال
- الأسئلة في (١٤) صفحة.
- 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.
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- 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.
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- 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 Choise (Items 1 – 6) (6 marks)

There are 6 multiple-choice items worth one mark each.
Shade in the bubble (⬭) next to the **correct** answer for each of the following items.

1. Which one of the following is an example of capital expenditure?

- ⬭ A new computer system
- ⬭ Electricity bills
- ⬭ Employees' wages
- ⬭ Water bills

2. The source of finance that represents a loan secured by a property like a land or a building, that the lender can sell the property if the business fails is:

- ⬭ Share capital
- ⬭ Trade credit
- ⬭ Bank overdrafts
- ⬭ Mortgage

3. If the sum of fixed costs of XYZ company is (100,000 OMR), the contribution per unit of the output is (40 OMR), what is the break-even level of production?

- ⬭ 4,000,000 units
- ⬭ 99,960 units
- ⬭ 100,040 units
- ⬭ 2,500 units

4. An example of cash in is:

- ⬭ Wages
- ⬭ Sales revenue
- ⬭ Loans payment
- ⬭ Costs of raw materials

5. All of the following statements are true about the business balance sheet, <u>except</u>:

- ⬭ It provides a snapshot of the business financial position at a specific point of time
- ⬭ It shows the business revenue and expenses over a period of time
- ⬭ It helps to calculate the financial ratios that can be used to analyze the business performance
- ⬭ It is composed of assets, liabilities, and shareholders' equity.

Do not write in this space

Question One: (continued)

6. The following table contains some selected accounts for the Legend Company for the year ended December 31, 2021:

Account name	Account balance in Omani Rials
Inventories	100
Cash	150
Trade payable	50
Loan payable	200
Share capital	180
Reserves and retained earnings	90

From the table above, the total current assets are equal to:

- ☐ 100 OMR
- ☐ 200 OMR
- ☐ 250 OMR
- ☐ 280 OMR

Do not write in this space

Question Two: Fill in the Blank (Items 7 – 12) (6 marks)

Fill in the blanks using the correct phrase from the following box. There are four extra phrases:

long	positive	balance sheet	negative	labour
cost of sales	revenue	short	capital	statement of profit or loss

7. A firm may need ____________________ term financing to purchase inventories and cover accounts payable.

8. The purchase of non-current assets that are expected to last for more than one year refers to ____________________ expenditure.

9. Two types of direct costs in a manufacturing company are ____________________ and Materials.

10. A ____________________ closing balance figure tells managers that cash outflows have exceeded the available cash.

11. Ali's Car Repair Shop needs additional funds for the operation of his business, so he went to the bank to apply for a loan. If the bank wants to know how much the total net profit of his business is, they can investigate a specific financial statement which is called ____________________.

12. The Gross profit is calculated by subtracting the ____________________ from the Sales revenue.

Do not write in this space

Question Three: Extended Response (Items 13 – 21) (40 marks)

Answer all the following questions:

13. A startup business may need startup finance (Capital) for several reasons. List THREE of these reasons. (3 marks)

14. Explain TWO situations when a firm would use external sources of finance rather than internal sources. (4 marks)

15. List THREE internal sources of finance available for a business. (3 marks)

Do not write in this space

Question Three: (continued)

16. Consider the following definitions in the table below and name the external source of finance that is represented by each definition: (4 marks)

Definitions	Source of finance
A service offered by banks allowing a business to borrow up to an agreed limit for as long as it wishes	
The provision of financial services for poor and low- income clients	
A source of finance that entails collecting relatively small amounts of money from a large number of supporters	
Funds (a mix of shred and loan capital) that are advanced to businesses which are thought to be relatively high risk	

17. Last year, the Al Maha Hotels Limited had current assets amounting to the value of 25,000 OMR and current liabilities totaling 19,900 OMR.

a. Calculate its working capital for the last year. (2 marks)

b. Explain TWO methods by which Al Maha Hotels can manage their working capital. (2 marks)

Do not write in this space

Question Three: (continued)

18. The following table shows the fixed, variable, and total costs of producing bicycles: (6 marks)

Level of production (bicycles) per year	Fixed costs	Variable costs	Total costs
1000	100,000	____________	190,000
2000	100,000	180,000	280,000
3000	100,000	240,000	340,000
4000	100,000	310,000	410,000

a. Calculate the variable cost at the production level of 1000. (2 marks)

____

____

____

____

____

Do not write in this space

Question Three: (continued)

b. Identify the production level of bicycles for which the average cost of bicycles will be the highest. (2 marks)

c. Identify the production level of bicycles for which the average cost of bicycles will be the lowest. (2 marks)

Do not write in this space

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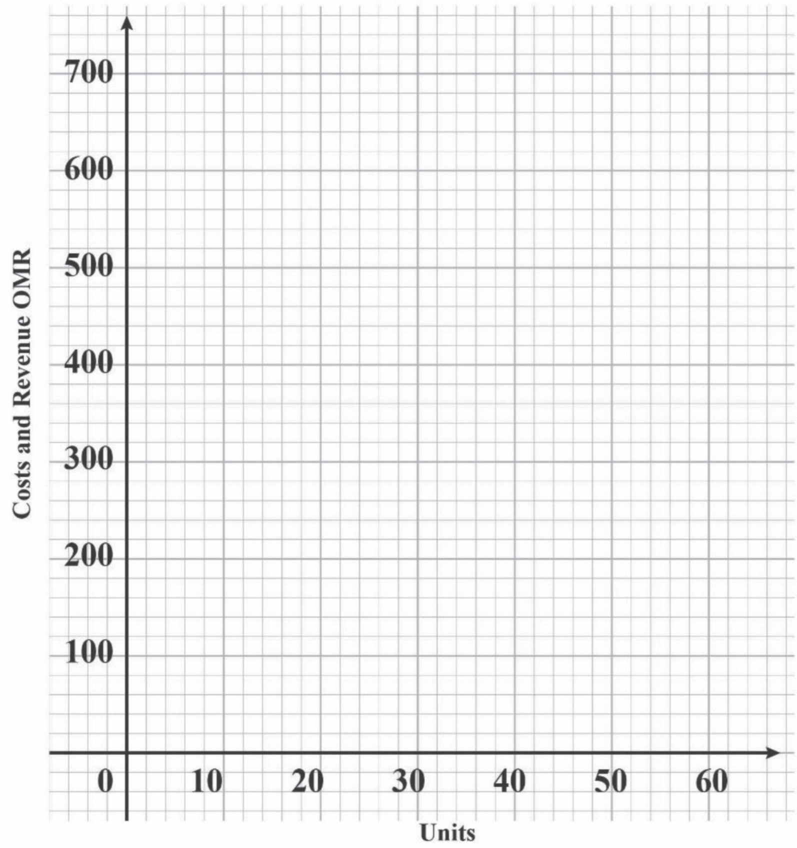
Question Three: (continued)

19. You are the owner of a small business that produces and sells handcrafted goods. You want to creat a break-even graph to help you determine the minimum number of units you need to sell each month to cover your fixed costs and make a profit. The graph shows a fixed cost of 200 OMR per month and a variable cost of 5 OMR per unit. The selling price of each unit is 10 OMR.

a. Draw the break-even graph for this business. Indicate the break-even point and label the Total Cost and Total Revenue curves. (4 marks)



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Question Three: (continued)

b. If you sell 50 units per month, what will be your total cost? (2 mark)

c. Explain how changes in variable costs would affect the break even point of the business. (2 marks)

20. Explain the importance of managing cash flow for businesses. (2 marks)

Question Three: (continued)

21. The following information is taken from the income statement of the ABC Corp for the year ended 31 December 2022:

Account	Amount (OMR)
Revenue	2,500,000
Cost of Goods sold	1,100,000
Gross Profit	1,400,000
Operating expenses	900,000
Operating profit	500,000
Interest expense	50,000
Income before Tax	450,000
Income Tax expense	100,000
Net Income	350,000

The income tax rate for the year 2022 was 25%

Question Three: (continued)

a. Calculate the gross profit margin for the ABC Corp (2 marks)

b. Calculate the operating profit margin for the ABC Corp (2 marks)

c. Explain what the gross profit margin and the operating profit margin can tell us about a company's financial performance (2 marks)

Question Four: Case Study (Items 22- 25) (8 marks)

Read the following scenario carefully then answer the questions in the space provided.

Smart Gadgets Ltd. Expansion Project

Smart Gadgets Ltd. is a manufacturing company that produces electronic gadgets. The company has been in operation for the past five years and has experienced steady growth in its revenues. Recently, the management of the company decided to expand its operations to meet the growing demand for its products.

The expansion project involves the purchase of new machinery and equipment, hiring additional staff, and the construction of a new factory building. The total cost of the project is estimated at 1,500,000 OMR.

To finance the project, Smart Gadgets Ltd. is considering both internal and external sources of finance. The company has cash reserves of 500,000 OMR and can also access a line of credit of up to 1,000,000 OMR from its bank. In addition, the company is considering taking out a loan of 500,000 OMR and a hire purchase agreement for 500,000 OMR.

Smart Gadgets Ltd. expects the expansion project to generate additional revenues of 1,000,000 OMR in the first year of operation, with an expected growth rate of 10% in subsequent years. The company's income statement for the past year is shown below:

Smart Gadgets Ltd. Income Statement	
Category	Amount (OMR)
Sales Revenue	5,000,000
Cost of Goods Sold	3,000,000
Gross Profit	2,000,000
Operating Expenses	1,000,000
Operating Profit	1,000,000
Interest Expense	100,000
Net Profit Before Tax	900,000
Tax Expense	270,000
Net Profit After Tax	630,00

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Question Four: (continued)

22. What are the total financing options available to Smart Gadgets Ltd. for the expansion project? (2 marks)

23. What is the total cost of the expansion project and how much of it can be financed from internal sources? (2 marks)

24. What is the total amount of external financing required for the expansion project? (2 marks)

25. Write One advantage and One disadvantage of:

a. Using a hire purchase agreement for Smart Gadgets Ltd.'s expansion project (1 mark)

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Question Four: (continued)

b. Taking out a loan for Smart Gadgets Ltd.'s expansion project (1 mark)

[End of Examination]

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Formula Sheet

$$\textbf{Average Cost} = \frac{\textbf{Total cost of producing product}}{\textbf{Number of units produced}}$$

$$\textbf{Total Cost} = \textbf{Fixed Cost} + \textbf{variable cost}$$

$$\textbf{Break} - \textbf{even level of output} = \frac{\textbf{Fixed Cost}}{\textbf{Contribution per unit}}$$

$$\textbf{Margin of Safety} = \textbf{Break even level of output} - \textbf{Current output level}$$

$$\textbf{Gross Profit Margin} = \frac{\textbf{Gross Profit}}{\textbf{Revenue}} \textbf{x 100}$$

$$\textbf{Operating Profit Margin} = \frac{\textbf{Profit from operation}}{\textbf{Revenue}} \textbf{x 100}$$

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مُسَوَّدَة

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