PRIFYSGOL ABERYSTWYTH UNIVERSITY

SEMESTER 2 2026

Aberystwyth Business School

AB01320: Economics, Finance and Accounting for Business

Time allowed: **1 HOUR AND 30 MINUTES**

Answer 3 questions only.
Answer all questions in Section A and 1 question in Section B.

CALCULATORS ARE PERMITTED (Casio FX83 or FX85 models only)

STUDENTS ARE EXPECTED TO SUBMIT ANSWERS TO THIS PAPER IN ENGLISH DUE TO THE ASSESSMENT REQUIREMENTS OF THE MODULE

Once seated, students may complete the front cover of the answer book(s) and the attendance slip ONLY.

DO NOT TURN THE EXAMINATION QUESTION PAPER OVER UNTIL INSTRUCTED TO DO SO.

Section A

Answer *ALL* questions in this section (Q1 and Q2).

Question 1: - answer all parts

Bryn Celyn plc operates pubs and restaurants around the UK.

The financial statements for the business for the year ended 31st December 2025 are shown on the next page.

All purchases and sales were on credit. The market value of a share in Bryn Celyn plc at the end of the year was £8.20.

Required:

Using the above financial statements:

a) Calculate two ratios that are concerned with each of the following aspects (6 ratios in total):
   Profitability
   Efficiency
   Liquidity

(20 marks)

b) What do you conclude from the ratios that you have calculated?

(20 marks)

(Total 40 marks)

Statement of Financial Position as at 31st December 2025

	£m
Assets	
Non-Current Assets	
Property, plant and Equipment (cost less depreciation)	
Land and Buildings	510.0
Fixtures and Fittings	91.2
	601.2
Current Assets	
Inventories	403.0
Trade Receivables	321.9
Cash at bank	91.6
	816.5
Total Assets	**1,417.7**
Equity and Liabilities	
Equity	
£1 Ordinary shares	250.0
Retained earnings	624.6
	874.6
Non-current Liabilities	
Borrowings – Loan	250.0
Current Liabilities	
Trade Payables	275.7
Taxation	17.4
	293.1
Total Equity and Liabilities	1,417.7

Income statement as at 31st December 2025

Revenue	1,790.4
Cost of Sales	(1,214.9)
Gross Profit	**575.5**
Operating Expenses	(408.6)
Operating Profit	**166.9**
Interest Payable	(27.5)
Profit before Taxation	**139.4**
Taxation	(34.8)
Profit for the year	**104.6**

Question 2:

The accounting discipline is often considered to be crucial to successful business operations. In its simplest form accounting is all about recording, preparing and interpreting business transactions.

a) Identify **five** user groups who have an interest in the accounting information of a business. Explain why the user groups have an interest and how they may use the accounting information

(20 marks)

b) Identify **three** sources of finance. Explain the features of each source and evaluate the use of internal finance compared to external sources.

(10 marks)

(Total 30 marks)

Section B

Answer *ONE* of the following questions:

Question 3:

"The income statement is the most important financial statement"

i) List the 3 main types of financial statements. (3 marks)

ii) Do you agree with the statement? Explain your answer using clear reasoning. (27 marks)

(30 marks)

Question 4:

Explain the 'Circular flow of Income'. Give examples of any of the six components and how these affect the Circular flow, highlight the difference between withdrawals and injections. Candidates can include an illustration of the circular flow in a diagram to assist their answer.

(30 marks)

End of Exam Paper