

Size of business: which laundry is the biggest in Marlow Bay?

Learner tasks | Original TBS lesson for Cambridge International AS & A Level Business (9609), syllabus for exams in 2026, 2027 and 2028 (version 2; the wording is the same for 2029), AS Level section 1.3 Size of business, 1.3.1 and 1.3.2

Marlow Bay is a coastal town. Three firms wash and iron linen for its hotels: Tidewell Linen, Aquaflow Laundry and Kittiwake Linen. Last year all commercial laundries in the town sold £60m of services between them. The Marlow Bay Business Council wants to name the biggest laundry. Aquaflow says it is the biggest. Is it?

Before you start: you need a calculator. Capital employed is the long-term money invested in a business: share capital plus retained profit plus long-term loans. Market share (%) = a firm's sales revenue / total sales in the market x 100. This is original classroom practice, not an exam paper. The firms and every figure are fictional; all amounts are in pounds (£), and "m" means million.

The three firms

Measure	Tidewell Linen	Aquaflow Laundry	Kittiwake Linen
Employees	240: 90 full-time and 150 part-time (20 hours a week each)	90, all full-time	12, all full-time
Sales revenue last year	£9.6m	£12.0m, including £1.5m from a one-off contract to wash linen for a three-week music festival	£0.9m
Capital employed	Share capital £5.4m; retained profit £6.0m; long-term loans £3.0m	Share capital £4.5m; retained profit £3.3m; long-term loans £3.0m	Share capital £0.2m; retained profit £0.3m; long-term loans £0.1m
Market share	to calculate	to calculate	to calculate
Other facts	Owns its laundry site (freehold)	Rents its site; washes up to 30 tonnes of linen a day	Rents a small unit; washes up to 2 tonnes a day. One hotel buys 25% of its sales.

Starter: name the measure

Write the measure of business size that fits each description. Choose from: number of employees, sales revenue, capital employed, market share.

Description	Measure of business size
(i) The total value of the goods or services a business sells in a year.	
(ii) The number of people who work for the business.	
(iii) A firm's sales as a percentage of the total sales in its market.	
(iv) The long-term money invested in a business: shareholders' funds plus long-term loans.	

Task 1: measure the firms

a. Calculate each firm's market share. The market is £60m. Write your answers in the table.

Firm	Sales revenue (£m)	Market share (%)
Tidewell Linen	9.6	
Aquaflow Laundry	12.0	
Kittiwake Linen	0.9	

Working space:

b. Calculate each firm's capital employed (share capital + retained profit + long-term loans). Write your answers in the table.

Firm	Share capital (£m)	Retained profit (£m)	Long-term loans (£m)	Capital employed (£m)
Tidewell Linen	5.4	6.0	3.0	
Aquaflow Laundry	4.5	3.3	3.0	
Kittiwake Linen	0.2	0.3	0.1	

Working space:

Task 1 continued

c. Tidewell has 90 full-time workers and 150 part-time workers. Each part-timer works 20 hours a week; a full week is 40 hours. Calculate Tidewell's full-time equivalent employees: full-time workers + part-time workers $\times$ (20 / 40).

d. For each measure, write which firm is bigger: Tidewell or Aquaflow. Figures to use (check them against your own answers): employees 240 and 90; sales revenue £9.6m and £12.0m; capital employed £14.4m and £10.8m; market share 16% and 20%.

Measure	Which firm is bigger, Tidewell or Aquaflow?
Number of employees	
Sales revenue	
Capital employed	
Market share	

e. Is one of the two firms clearly the bigger firm? Answer in one sentence.

Task 2: the festival contract

Aquaflow's £12.0m includes £1.5m from a one-off contract for a music festival. The festival does not return next year. Tidewell's revenue is £9.6m and the market is £60m.

a. Calculate Aquaflow's revenue without the one-off contract and its market share without it.

b. Does removing the one-off contract change which of the two firms is bigger on sales revenue? Use figures to explain how the gap between the firms changes.

Task 3: the limits of each measure (pairs)

Each measure of size has limits. a. With a partner, read the eight limits and put one tick under the measure that each limit belongs to. Each measure has two limits.

Limit of the measure	Employees	Sales revenue	Capital employed	Market share
1. A worker who works 20 hours a week counts as one employee, the same as a worker who works 40.				
2. A one-off contract raises it for one year only.				
3. A firm that owns its site has more of it than a firm that rents, even if both have the same sales.				
4. It depends on how the market is defined: a narrow market makes a firm look bigger.				
5. A firm with automated machines can sell a lot with few workers.				
6. Assets are recorded at values that can be years out of date, so it may not show what the firm is worth today.				
7. A price rise increases it even when the firm sells the same amount.				
8. It falls when a firm's sales rise but its market grows faster.				

b. The Council wants a list of the ten biggest firms in Marlow Bay, from laundries to shipyards. Choose one measure from the table that suits this list and explain your choice in about 40 words.

Task 4: small or large? (pairs)

Kittiwake is a small firm and Aquaflow is a large firm. a. With a partner, write a code for each statement. SA = small firm, advantage; SD = small firm, disadvantage; LA = large firm, advantage; LD = large firm, disadvantage.

Statement	Code
1. Kittiwake's owner knows every hotel manager by name and changes a delivery time on the same day.	
2. Aquaflow's supervisors know few of its 90 employees by name, and 30% of them leave each year.	
3. Aquaflow buys detergent in large quantities and pays 20% less per litre than Kittiwake.	
4. One hotel buys 25% of Kittiwake's sales, so losing that hotel is a serious blow.	
5. Kittiwake's owner can start a new hand-finished linen service within a week without asking anyone.	
6. Aquaflow can bid for a contract from a 40-hotel group because it washes 30 tonnes a day. Kittiwake washes 2.	
7. Kittiwake finds it hard to borrow for a new washing machine because it has few assets.	
8. At Aquaflow an order passes through four people before a decision is made.	

b. A hotel needs a laundry for two years. Explain one reason why it might choose Kittiwake and one reason why it might choose Aquaflow. Write about 50 words.

Task 5: evaluate the claim

Aquaflow's advert says: "The biggest laundry in Marlow Bay." Figures to use (check them against your own answers):

Measure	Tidewell	Aquaflow	Kittiwake
Employees	240	90	12
Sales revenue	£9.6m	£12.0m (£10.5m without the one-off contract)	£0.9m
Capital employed	£14.4m	£10.8m	£0.6m
Market share (market £60m)	16%	20% (17.5% without the one-off contract)	1.5%
Washing capacity per day	not stated	30 tonnes	2 tonnes

Evaluate the claim. Use figures from at least two measures of size, say which measure the Council should trust most and why, and give a judgement: does being bigger make Aquaflo the better choice for a hotel group? Write about 120 words.

Exit ticket

Kittiwake's sales revenue rises from £0.9m to £1.2m. The Marlow Bay laundry market grows from £60m to £80m.

a. Calculate Kittiwake's new market share.

b. Kittiwake's owner says, "We are bigger than last year." Evaluate this claim in about 40 words.
