

CALC
Spec 3.6.2.1 · Card 1 / 16

Q01

Greggs plc 2023:

Revenue £1,809.6m · Gross profit £1,184.7m

Calculate the gross profit margin (1 d.p.).

Show your working — method marks are worth more than the final figure.

CALC
Spec 3.6.2.2 · Card 2 / 16

Q02

Gymshark hoodie line:

Selling price £45 · Variable cost £18 per hoodie

Fixed costs £67,500 per month

Calculate the break-even output per month.

CALC
Spec 3.6.2.1 · Card 3 / 16

Q03

Aldi plans a new UK warehouse:

Initial investment £18m · 10-year lifespan

Total profit forecast over 10 years: £36m

Calculate the average rate of return.

CALC
Spec 3.6.2.1 · Card 4 / 16

Q04

BrewDog plc 2023:

Revenue £321.1m · Pre-tax loss £59.0m

Calculate the net profit margin (1 d.p.).

A loss gives a negative margin — write it with a minus sign.

CALC
Spec 3.6.2.1 · Card 3 / 16

A03

Average annual profit = $36 / 10 = \text{£}3.6\text{m}$
ARR = $(\text{Avg annual profit} / \text{Initial}) \times 100$
ARR = $(3.6 / 18) \times 100$
= 20%

Common error

Forgetting to divide total profit by lifespan first — gives 200% which is the giveaway.

CALC
Spec 3.6.2.1 · Card 4 / 16

A04

NPM = $(\text{Net profit} / \text{Revenue}) \times 100$
NPM = $(-59.0 / 321.1) \times 100$
= -18.4% (a loss-making margin)

Common error

Writing 18.4% with no minus — loses 1 mark because it implies BrewDog made a profit.

CALC
Spec 3.6.2.1 · Card 1 / 16

A01

GPM = $(\text{Gross profit} / \text{Revenue}) \times 100$
GPM = $(1,184.7 / 1,809.6) \times 100$
= 65.5%

Common error

Using revenue as the numerator gives 1.527 — formula reversed. Award 1 mark only.

CALC
Spec 3.6.2.2 · Card 2 / 16

A02

Contribution = $\text{£}45 - \text{£}18 = \text{£}27$
BE = $\text{Fixed costs} / \text{Contribution}$
BE = $67,500 / 27$
= 2,500 hoodies per month

Common error

Dividing by £45 (selling price) gives 1,500. The denominator is contribution, not price.

MARKETING
Spec 3.5.4.3 · Card 5 / 16

Q05

Aldi UK Mar 2024: 10.0% Kantar market share.

Stocks ~1,800 lines (mostly own-brand).

Tesco stocks ~30,000 lines.

How does Aldi's narrow range help it sustain low prices?

MARKETING
Spec 3.5.4.3 · Card 6 / 16

Q06

ASOS pre-tax loss £296.7m FY23.

Cut site-wide sales in 2024; raised average price.

Customers aged 16-24 — direct rival Shein.

Will cutting sales lift or hurt revenue?

MARKETING
Spec 3.5.4.1 · Card 7 / 16

Q07

JD signed a 5-year exclusive UK Nike trainer-drop deal.

Revenue FY24: £10.5bn.

Sports Direct (Frasers) sells cheaper, less distinctive.

How does exclusivity strengthen JD's brand?

MARKETING
Spec 3.5.4 · Card 8 / 16

Q08

Pret has ~470 UK shops; central London lunch trade -25% vs 2019.

Club Pret: £30/month for up to 5 barista drinks/day.

Why does the subscription model fit hybrid working?

Premium perception. If a drop is only at JD, it must be the first-choice destination — queues, hype, social-media reach.

Implied endorsement. Nike chose JD over Sports Direct or Foot Locker UK — buyers read that as a quality signal.

Differentiation off price. JD can't beat Sports Direct on price, so it wins on product and exclusivity instead — protects full RRP margin.

Locks in demand on WFH days. Subscribers pay even on days they don't come in — converts variable footfall into predictable monthly revenue.

Low marginal cost. A coffee is pence in ingredients; most subscribers use far fewer than 5/day — high margin per subscriber on average.

Risk. Heavy users (3+/day) eat margin — Pret must price the cap correctly.

Bulk-purchase discounts. 1,800 lines means each line is bought in larger volumes than at Tesco — bigger supplier discounts per unit.

Lower handling cost. Fewer SKUs = simpler distribution, faster shelf-replenishment, less labour per store.

Pricing supports promotion. The 'Like Brands, Only Cheaper' campaign is credible because prices really are lower — the 4Ps reinforce each other.

Lifts margin. Fewer discounts = higher average selling price = better gross margin per item. The 2023 loss came from discount-led trading.

Volume risk. 16-24s are price-elastic and Shein is one click away — losing customers entirely is the danger, not just losing one transaction.

Judgement. Worth it only if ASOS retains buyers via brand, delivery speed and exclusives — not on price.

FINANCE

Spec 3.6.1 · Card 9 / 16

Q09**B&M plans 45 new UK stores at £550k each (£25m total).**

Retained profit FY23: ~£498m.

Existing bank debt: ~£930m.

Use retained profit or issue new shares?**FINANCE**

Spec 3.6.3.2 · Card 10 / 16

Q10**Costa: ~2,700 UK stores. Coca-Cola bought it for £3.9bn in 2019.**

Bean import prices +38% Jan 2023 - Mar 2024.

Medium flat white: £3.10 -> £3.40 (+9.7%).

What happens to Costa's cash flow?**FINANCE**

Spec 3.6.3.2 · Card 11 / 16

Q11**BrewDog FY23: pre-tax loss £59m. Closed 10 UK bars.****How can a loss-making business still survive short-term if it manages cash flow?****FINANCE**

Spec 3.6.2.2 · Card 12 / 16

Q12**Define contribution per unit, and explain why it matters more than profit margin for break-even decisions.**

Cash from asset sales. Closing bars releases lease deposits + fittings cash.

Supplier credit. Paying suppliers in 60 days while bars take cash same-day = positive working-capital cycle.

Overdraft. Banks lend to loss-makers with brand value + credible recovery plan (closing loss-making bars is exactly that).

Cost cuts. Brewing fewer slow-selling lines = lower ingredient outflow.

Contribution = Selling price - Variable cost

What it tells you. The cash each unit contributes towards covering fixed costs and then making profit.

Why it beats margin for break-even. Margin uses total cost (including fixed); break-even needs to know what each *marginal* sale adds to the pot, which is contribution.

Use. Once fixed costs are covered (break-even hit), every additional unit's contribution is pure profit.

Retained profit wins. £25m is just 5% of the £498m cash pool — small relative to scale.

Avoids dilution. No new shares means existing owners keep 100% of future profits.

Avoids new debt. B&M already carries £930m — borrowing more would be risky.

Signal. Self-funding tells the market the business generates enough cash internally.

Outflow rises faster than inflow. 38% cost rise vs only 9.7% price rise — gap narrows.

Volume may fall. Cost-of-living squeeze means a 9.7% rise could reduce cups sold — softens cash inflow.

Hedging. Costa can lock in bean prices via forward contracts — smooths cash but misses any price falls.

TECHNIQUE
Spec 9-mark · Card 13 / 16

Q13

What does the examiner award marks for on a 9-mark Analyse question?

TECHNIQUE
Spec 12-mark · Card 14 / 16

Q14

What does the examiner award marks for on a 12-mark Justify or Recommend question?

TECHNIQUE
Spec AQA · Card 15 / 16

Q15

What does each AQA command word demand?

TECHNIQUE
Spec Exam day · Card 16 / 16

Q16

Eight specific moves that lift a Year 11 answer from Level 2 to Level 3.

Calculate — show your method *and* the answer. Method marks even if the final number is wrong.

Explain — give one reason and develop it (cause → effect → business outcome).

Analyse — develop two chains of reasoning, balanced. No judgement needed.

Justify / Recommend — analyse both sides + pick one + say why + say what would change your mind.

1. Use the company's actual numbers — never 'a lot' or 'many'.
2. Use the command word literally.
3. After each chain write 'this matters because...!'
4. On 12-mark, name the discriminator out loud: 'what tips this is...!'
5. Acknowledge the opposite case before dismissing it.
6. Avoid 'in conclusion' on 9-mark questions.
7. Spend ~1 min per mark — 9 min on 9-mark, 12 min on 12-mark.
8. Show your method on calcs — method marks survive a wrong number.

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AO1 (2 marks) — state the relevant theory or formula in one sentence.

AO2 (3 marks) — apply it using *two* specific facts from the stimulus.

AO3 (4 marks) — develop two chains of reasoning, one for and one against, finishing each with 'this matters because...!'

Do not write a conclusion. Judgement is not required — time spent on one loses marks elsewhere.

AO1 (2 marks) — state the decision and the relevant theory.

AO2 (3 marks) — apply both options to the business using three specific facts.

AO3 (7 marks) — balanced analysis of both options + identify a *discriminator* + reach a justified judgement + name what would change your mind.