

Exhibits 4 and 5: Management accounts

Use in exam: primarily R1 / context R2 and 3

Please note that calculations have been prepared in a spreadsheet and rounded to 1dp.

REVENUE	2025 (£k)	2024 (£k)	Change (£k)	Change (%)	Reasons/Trends/Significance/Further Analysis
London	2,115	2,006	109	5.4%	Opened 2004; Interim 2022 2026: Marstrand book signing in September
Edinburgh	1,654	1,525	129	8.5%	Opened 2010; Full 2022; August: festivals
Oxford	1,434	982	452	46.0%	Opened 2012; Full 2024 (7wks: early Feb-end Mar) Like-for-like: £982k/45*52=£1,135k (26.3% growth) Busy: tourist season/start of Uni term
Manchester	824	937	(113)	(12.1%)	Opened 2015; Full 2025 (8 wks: late May-late July) Like-for-like: £824k/44*52=£974k (3.9% growth) Lease extended until 2035
Bristol	997	963	34	3.5%	Opened 2018; Interim 2024 (no closure) Fewer events; Manager sick leave; Growing affluent population
Leeds	742	697	45	6.5%	Opened 2021; Warehouse and online fulfilment Community engagement; Event sponsorship
Total stores	7,766	7,110	656	9.2%	
Online - one-off	1,541	1,446	95	6.6%	ATV: higher than stores and sub: customers purchase multiple books to save delivery costs Sakura campaign one-off (stores and online): £37 ATV; 639 sales; £23,643
Online - subs	1,471	1,213	258	21.3%	Translated fiction (most popular), contemporary fiction; non-fiction Growth mainly volume driven; Better margin Predictable revenue; Subscribers buying taste/judgement; Return rates: about 3-5% Up to 350 boxes per day
Total online	3,012	2,659	353	13.3%	
TOTAL	10,778	9,769	1,009	10.3%	
Mix					
London	19.6%	20.5%			
Edinburgh	15.3%	15.6%			
Oxford	13.3%	10.1%			
Manchester	7.6%	9.6%			
Bristol	9.3%	9.9%			
Leeds	6.9%	7.1%			
Online - one-off	14.3%	14.8%			
Online - subs	13.6%	12.4%			
One-off	86.4%	87.6%			ATV Spring 2025 assumption: £37 (stores and online)
Subscriptions	13.6%	12.4%			

Exhibit 9: Investment appraisal framework (Jan 2026)

Use in exam: R2/3 proposal (operational/technology investment)

Key Narrative Points	Key Numerical Points
Investment appraisal framework ○ Email from James Chen (CFO) to the board: 20 Jan 2026 ○ Technology infrastructure requires development for growth ○ Strong cash position enables the investment ○ Many investment possibilities discussed with directors/other staff ○ Countless vendors selling 'shiny new tech': focus on investment that solves real business issues and generates measurable returns ○ Any proposed operational investment over £50k must be submitted to the board using the framework ○ Not applicable to marketing investments: different criteria (Ex.10) ○ Five elements 1. Investment cost ○ All upfront costs plus ongoing payments 2. Operational improvements ○ Key drivers of value from operational investments: ○ Optimising inventory: lower inventory reduces carrying costs ▪ Carrying costs: estimated total cost of holding inventory ▪ Storage, insurance, obsolescence, handling, losses from damage/shrinkage ▪ Calculated as % of inventory value ○ Managing availability: fewer stockouts where sales lost ○ Increasing transaction size: upsell/cross-sell to increase ATV ○ Automating workflow: less time on low-value activities; staff freed for higher-value work ▪ Time redeployed to customer-facing activity believed to drive sales, but effect difficult to estimate reliably ▪ Staff costs used as proxy for value of saved time ▪ Assumes saved time is redeployed productively or translates into reduced employment costs 3. Financial impact ○ All items quantified using clearly stated assumptions ○ Aim: estimate net annual benefit of project 4. Benefits calculation ○ Annual benefit compared to investment ○ Aim: first year benefits to exceed 40% of investment ○ One-off cash flow benefit reduces the investment 5. Assumptions ○ Must be included as part of the evaluation ○ If uncertain: discuss with Sean Morgan or James Chen Caveats ○ Financial evaluation is only a starting point ○ Assumptions must be robust and not overoptimistic ○ Must retain everything that makes Wardley distinctive and special ○ James Chen: framework improves rigour and transparency	Investment appraisal framework ○ Approval: operational investment > £50k ○ Aim: Y1 benefits > 40% of investment ○ One-off cash benefit reduces investment Example: pilot project ○ Investment cost ▪ One-off (software, implementation, training): £400k ▪ Annual (incl. updates): £40k ○ Operational improvements ▪ Inventory reduction: 8% ▪ Stockout incident reduction: 10% pa ▪ ATV increase: 2.5% ▪ Staff time on recommendations reduced: 4% of total ○ Assumptions/forecasts ▪ Revenue: £11,600k ▪ Average inventory: £1,150k ▪ GPM: 45% ▪ Carrying cost of inventory: 12% ▪ Revenue at risk from stockouts: 1% ▪ ATV: £20 ▪ Total staff costs: £1,850k ▪ Transactions: 580k ▪ $580k \times £20 = £11,600k$ (= revenue) Financial impact (Year 1) ○ Inventory carrying cost saving: £11,040 ▪ $£1,150k \times 12\% \times 8\%$ ▪ Annual carrying cost: £138k ○ GP from lost sales recovery: £5,220 ▪ $£11,600k \times 45\% \times 1\% \times 10\%$ ○ GP from higher ATV: £130,500 ▪ $580k \times £20 \times 45\% \times 2.5\%$ ▪ Additional revenue: £290k ▪ 72% of net annual benefit ○ Staff cost saving: £74,000 ▪ $£1,850k \times 4\%$ ○ Ongoing costs: (£40,000) ○ Total annual benefit (Year 1): £180,760 ▪ Before ongoing costs: £220,760 ○ Cash freed from inventory: £92,000 ▪ $£1,150k \times 8\%$ Summary ○ Initial investment: £400k – £92k = £308k ○ Benefit % of cost: $£180,760 / £308k = 59\%$ ○ Above 40% target

Review of Financial Performance for Year Ended 30 September 2026

REVENUE (per requirement)

Overall revenue increased (decreased) impressively (disappointingly) by £k (x%) to £k. The rate of growth is increasing (decreasing) (25: 10.3%) which is excellent (understandable). Stores revenue increased (decreased) by x% which is better than the forecast industry decline of 1.8%. *Revenue from all stores/channels has increased/decreased.* WBL may have benefited from the 'shop local' movement and the resilience of books in difficult economic conditions, however falling disposable incomes and inflation may have had a negative impact.

L revenue increased (decreased) impressively (disappointingly) by £k (x%) due to **reason** (reason from exam scenario) with sales per sq. ft increasing/decreasing by x% to £. Trend/significance/further analysis (e.g. highest/lowest growth store, highest/lowest sales per sq. ft).

E revenue increased (decreased) impressively (disappointingly) by £k (x%) due to **reason** (reason from exam scenario) with sales per sq. ft increasing/decreasing by x% to £. Trend/significance/further analysis (e.g. highest/lowest growth store, highest/lowest sales per sq. ft).

O revenue increased (decreased) impressively (disappointingly) by £k (x%) due to **reason** (reason from exam scenario) with sales per sq. ft increasing/decreasing by x% to £. Trend/significance/further analysis (e.g. highest/lowest growth store, highest/lowest sales per sq. ft).

M revenue increased (decreased) by £k (x%) but the headline figure is distorted by the 2025 refurbishment. Adjusting for the increase in NIA, growth between 2026 and 2024 is x%. This is higher/lower than growth in the other stores over the same period (x%).

On a like-for-like basis, adjusting 2025 to £974k for the eight-week closure, revenue grew x%. Therefore, the refurbishment should/should not be considered a success.

B revenue increased (decreased) impressively (disappointingly) by £k (x%) due to **reason** (reason from exam scenario) with sales per sq. ft increasing/decreasing by x% to £. Trend/significance/further analysis (e.g. highest/lowest growth store, highest/lowest sales per sq. ft).

LE revenue increased (decreased) impressively (disappointingly) by £k (x%) due to **reason** (reason from exam scenario) with sales per sq. ft increasing/decreasing by x% to £. Trend/significance/further analysis (e.g. highest/lowest growth store, highest/lowest sales per sq. ft).

One-off revenue increased (decreased) impressively (disappointingly) by £k (x%) due to **reason** (reason from exam scenario). Trend/significance/further analysis (e.g. highest/lowest growth channel, ATV is higher than stores and sub because customers purchase multiple books to save delivery costs).

Sub revenue increased (decreased) impressively (disappointingly) by £k (x%) due to **reason** (reason from exam scenario) which is above (below) the forecast industry growth of 8.5%. Subscribers increased by x% to X and price increased by 6.1% which shows that *growth was driven by volume and price.*

The cancellation rate is now x% which is higher/lower than the usual 2%. The renewal rate is x% (25: 78.0%) which is above/below the target of 75% and continues/ceases its upward trend. Trend/significance/further analysis (e.g. highest/lowest growth channel).

Sub now accounts for x% (25: 13.6%) of revenue, one-off online x% (25: 14.3%) and stores x% (25: 72.1%) which shows e.g. the increasing importance of sub / continued importance of one-off/stores. London is still/no longer the largest store (x% v 19.6%).