



Practice – Part 2

Instructions: Answer each of the following practice questions on a separate piece of paper. Step by step solutions are provided under the Solutions tab. You will learn the material more thoroughly if you complete the questions before checking the answers under the Solutions tab in Moodle.

1. Jules lives in a house with a mortgage. She has a suitable room to set up her salon. It has easy access to her backdoor, a bathroom, and the laundry room. She must renovate the room to meet the standards set for home businesses such as installing a tile floor and a sink. Jules has found a contractor who will renovate the room for \$5 000.00.

Before Jules can open her business, she needs to purchase a special chair for cutting hair, a chair for washing hair, and chairs for clients waiting for their appointments. Other accessories required as a full-length mirror, trolleys to hold her tools, and hair products for washing and styling hair. Jules estimates that she needs \$1 000.00 to outfit her business.



In her research, Jules has discovered she must apply and pay for multiple permits and licenses. The cost of these is approximately \$1 000.00. Also, she will purchase a computer and accounting software to record her business transactions, which will cost \$700.00.

Determine Jules' start-up costs for her business.