



## Practice – Part 4

**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 pays a monthly mortgage of \$1 000.00 and estimates her monthly utilities to be \$300.00. She determined that she will use 15% of her living space and 35% of the utilities for her business.

The monthly expenses that Jules identified are

- the start-up loan payment is \$184.03
- she will use \$500.00 in basic supplies (such as shampoo, conditioner, other styling products, colouring supplies, and perm solutions)
- Jules estimated she will need \$50.00 to maintain the inventory of towels and capes
- the cost to sharpen her scissors is \$10.00



Jules also has to consider the cost of her home business license renewal fee that is \$108.00 per year.

- a. Calculate the cost of the mortgage payment and utilities required for the business.
- b. Calculate the fixed costs, the variable costs and total monthly expenses for Jules' business.

Jules' operational expenses			
Fixed costs (per month)		Variable costs (per month)	