Practice – Part 5

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 sets the prices for her hair salon as follows:
    - $30.00 per haircut
    - $65.00 for colours
    - $75.00 for perms

    These prices are lower than the salon she previously worked at since she has less overhead.

    Jules predicts she will have at least 40 haircuts, 10 colours, and 4 perms each month.

    a. Determine Jules' projected monthly sales revenue in the initial start-up of her business.
    b. Jules's monthly expenses are $1 008.03. Determine the net income for Jules' business.
    c. Jules needs $2 500.00 per month to live on. Is she making enough income? If not, suggest ways she can either reduce her expenses or increase her revenue.