

SPECIMEN PAPER

UNIT 7 - BUSINESS PLANNING AND FINANCE WITHIN THE HAIR AND BEAUTY SECTOR



Centre Number						Candidate Number				
Surname										
Other Names										
Candidate Signature										



Level 3 Diploma Principal Learning
Specimen Paper

Hair and Beauty Studies **HAB3U7**

Unit 7 Business planning and finance within the hair and beauty sector

Date Time

You will need no other materials.
You may **not** use a calculator.

Time allowed

- 2 hours

Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer questions in the spaces provided.
- If there is not enough space for your answer(s), use the extra page(s) at the end of this book. If you do this, make sure that you show the number(s) of the question(s) you are answering.

Information

- The maximum mark for this paper is 90.
- The marks for questions are shown in brackets.
- You are reminded of the need for good English and clear presentation in your answers.

For Examiner's Use	
Examiner's Initials	
Question	Mark
1	
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TOTAL	



Answer **all** questions.

- 1 (a) Describe **three** ways that the internet can be used to source information when preparing a business plan.

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(3 marks)

- 1 (b) Outline **five** reasons why using the internet is beneficial to the business planning process.

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(5 marks)

2 Explain **three** personnel requirements to be considered when preparing a business plan for a hair or beauty salon.

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(6 marks)

3 Explain the business planning requirements to meet the following legislation prior to opening a new salon:

- Data Protection Act
- Liability Insurance

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(6 marks)

4 Describe **two** methods of sourcing finance to set up an independent nail bar that does not include any form of partnership.

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(4 marks)

5 Explain the risks and opportunities of starting up a nail bar as a sole trader in a busy town precinct.

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(4 marks)

6 Make comparisons between the ISO 9001:2000 and Investors in People quality assurance systems. Draw conclusions as to which system would best benefit a chain of health spas, justifying your answer.

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(6 marks)

7 A franchise beauty salon employs 3 staff. It is required to pay VAT and PAYE. Describe what these payments are and how often they need to be submitted to the Inland Revenue.

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(4 marks)

Turn over for the next question

8 Identify **two** financial controls used to manage resources and explain how they are related to the success of a freelance hairdressing business.

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(6 marks)

- 9** A sole trader of a city nail bar:
- employs four full-time and two part-time technicians
 - has a gross turnover of £215,000
 - has a net profit of £42,000

Explain how the legal status of this business will affect the financial accounting and taxation requirements of this salon.

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(4 marks)

10 Identify the pricing strategy for each of the following salon special offers and explain how each strategy relates to profit levels.

10 (a) A barber's shop offers hair cuts at a low price to gain a foothold in the market.

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(3 marks)

10 (b) A neighbouring unisex salon offers special rates for husbands to have a hair cut when their wives spend over £50.

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(3 marks)

Turn over for the next question

11 Calculate the total cost of each of the following services by applying VAT. VAT to be calculated at 15%.

11 (a) Cut and blow-dry at £38.25

Working out

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Answer:

(1 mark)

11 (b) Eyebrow tint at £12.75

Working out

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Answer:

(1 mark)

12 Explain how location and the choice of product range influences pricing structures.

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(4 marks)

Turn over for the next question

Turn over ►

13 Calculate the selling price of the following retail products that are to be reduced in a 20% end of season sale, adding VAT calculated at 15% on to the sale price. Show your workings out.

13 (a) Mousse - £5.80 +VAT

Calculations

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Answer:

(2 marks)

13 (b) Styling Wax - £7.35 + VAT

Calculations

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Answer:

(2 marks)

14 For each of the following services use the information provided to calculate the service charge:

- overhead costs of £18.75 per hour
- profit margin of 50%
- excluding VAT

14 (a) An hour and a half aromatherapy treatment – products costing £2.50

Calculations

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Answer:

(2 marks)

14 (b) A half hour leg wax service – products and materials costing £1.75

Calculations

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Answer:

(2 marks)

14 (c) A two and a half hour hair extension service – products and materials costing £168.

Calculations

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Answer:

(2 marks)

14 (d) An hour French manicure service – products costing £1.30.

Calculations

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Answer:

(2 marks)

14 (e) An hour and a half micro-dermabrasion facial and dry flotation treatment costing £5.40

Calculations

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Answer:

(2 marks)

15 Glen Parr, a newly trained barber, wants to establish his own business and become a sole trader. Glen knows that the only barber in the town centre is retiring. Glen would like to rent out this barber's two roomed shop. Glen has found out the following information:

- The shop has a 20 year lease at £480 per month
- A deposit of two months is required to lease the shop
- Refurbishment of the shop has been costed at £3500
- Discounted products and equipment have been sourced at a cost of £650
- Current utility bills run at £200 per month
- The estimated annual turnover of the business is £25000
- Glen needs to have a wage of £7500 in the first year
- Glen can raise £5000 from selling his sports car but he needs to raise another £5000 to start up his business

Use relevant terminology to compile a business plan suitable to be presented to a family member considering an investment in the new barbering business.

Calculations & draft information

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