

Bartholm Hair: the statement of financial position

Learner workbook | Pearson BTEC Level 3 National Extended Certificate in Business, Unit 3: Personal and Business Finance | Original TBS three-lesson case for classroom practice

Over three lessons you will build, amend and use a statement of financial position for a small hair salon. Lesson 1: non-current assets, depreciation and net book value, then current assets, current liabilities and net current assets. Lesson 2: net assets, non-current liabilities and total equity, and a complete statement. Lesson 3: amend a draft for depreciation, accruals and prepayments, then advise the owner.

Bartholm Hair, Jess Orrell, her cousin Dev and every figure in this case are fictional. Figures are simplified for teaching. You need a calculator. This is original classroom practice; it is not a Pearson assessment task and is not endorsed by Pearson.

The business

Bartholm Hair is a hair salon on a high street in a market town in the English Midlands. Jess Orrell, a qualified stylist, opened it on 1 April 2023. She is a sole trader: she owns the business personally, but the business's records are kept separate from her own money. She rents the shop, so the building is not one of her assets. Two part-time stylists work with her. The salon cuts, colours and styles hair and sells a small range of hair-care products from its shelves.

Most customers pay at the till. A care home and a bridal shop buy services on credit and pay after 30 days. Jess buys products from suppliers who give her 30 days to pay. When she takes money out of the business to live on, these withdrawals are called drawings; they are not a business expense. Her cousin Dev, who is studying accounting, helps her with the books at the end of each year. Her year ends on 31 March.

Key facts

Item	Fact
Owner and type of business	Jess Orrell, sole trader; the business opened on 1 April 2023
Years used in the lessons	Lessons 1 and 2: Year 1, the year ended 31 March 2025. Lesson 3: Year 2, the year ended 31 March 2026. The first trading year, to 31 March 2024, is not used
Bank loan	£8,000, taken out when the business opened; the whole amount is repayable in 2029
Capital at 1 April 2024	Jess's capital in the business was £5,000 (this is the opening capital for Year 1)
Profit for the year	Given in each lesson; it already includes every expense except the ones the lessons ask you to adjust
What you need to know	The rules for depreciation are printed at the start of Task 1 in Lesson 1 and are repeated where they are needed

Free sample

Bartholm Hair: the statement of financial position

Contents of the full pack

Lesson 1: What does Bartholm Hair own and owe?

Lesson 2: Net assets and total equity

Lesson 3: Amend the draft and advise Jess

Learner workbook and teacher guide, as PDF and as editable Word files.

The teacher guide has lesson plans, full worked answers and indicative guidance.

This sample is the cover and the first two pages of Lesson 1 of the learner workbook. It contains no answers. The pages that follow are exactly as in the full pack.

Lesson 1: What does Bartholm Hair own and owe?

Today you will work out what Jess's non-current assets are worth after depreciation, then sort her current assets and current liabilities and find her net current assets. All figures are at 31 March 2025, the end of Year 1.

Starter: where does each item go?

Write one code for each item. NCA = non-current asset; CA = current asset; CL = current liability; NCL = non-current liability; E = total equity (what the business owes Jess).

Item at 31 March 2025	Code
1. The salon's chairs, wash basins and mirrors	
2. Shampoo and colour kept in the stock room to sell to customers	
3. £750 owed to Bartholm Hair by the care home for haircuts, due in 30 days	
4. The £8,000 bank loan, repayable in 2029	
5. £1,700 owed to the hair-product supplier, due in 30 days	
6. The Bartholm Hair brand name, registered as a trademark	
7. An electricity bill for January to March that arrives in April	
8. Insurance paid in advance for six months after the year end	
9. An overdraft on the business bank account, repayable on demand	
10. The money Jess put into the business, which belongs to her	

Task 1: depreciation and net book value (individual)

A non-current asset is kept to use in the business for more than a year, so its cost is charged to profit over several years as depreciation. Amortisation is the same idea for an intangible asset, such as a brand name. Depreciation to date is the total charged so far. Net book value (NBV) is cost minus depreciation to date. Straight line: charge for a year = cost x percentage. Reducing balance: charge for a year = (cost - depreciation to date) x percentage.

Rules for this case: each asset was bought on 1 April and is charged a full year in every year, including the first. Nothing has been sold. The date is 31 March 2025.

Asset	Cost	Bought	Method and rate
Fixtures and fittings (chairs, basins, mirrors)	£9,000	1 April 2023	Straight line, 10% a year
Equipment (dryers, steamers, tools)	£5,000	1 April 2023	Reducing balance, 20% a year
Trademark (the brand name)	£1,500	1 April 2024	Straight line, 10% a year (amortisation)

a. Fixtures and fittings: work out the charge for a year, the depreciation to date at 31 March 2025 and the NBV.

b. Trademark: work out the same three figures.
