

Management Case Study Examination

May 2025 – August 2025

Pre-seen material



Context Statement

We are aware that there has been, and remains, a significant amount of change globally. To assist with clarity and fairness, we do not expect students to factor these changes in when responding to, or preparing for, case studies. This pre-seen, and its associated exams (while aiming to reflect real life), are set in a context where current and on-going global issues have not had an impact.

Remember, marks in the exam will be awarded for valid arguments that are relevant to the question asked. Answers that make relevant references to current affairs will, of course, be marked on their merits.

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Introduction

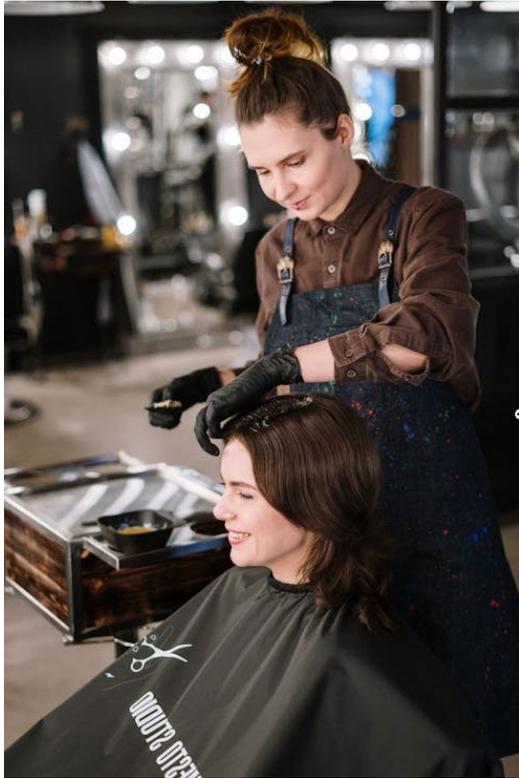
Trimayr franchises hairdressing salons throughout Dazzland, its home country. It also owns a small number of salons.

Dazzland’s currency is the D\$. Dazzlandian company law requires companies to prepare their financial statements in accordance with International Financial Reporting Standards (IFRS).

You are a financial manager at Trimayr’s head office. Your primary responsibilities are associated with management accounting and you report to Megan Connor, the Senior Financial Manager, who reports directly to the Finance Director.

Hairdressing

There are 52,000 hairdressing salons (including barber shops) in Dazzland. Most of these operate independently as small businesses, with 80% employing fewer than 10 staff in single salons. There are some larger businesses that own and operate two or more salons, but these are generally local businesses that have branches in a single city or in adjacent towns. There are six nationwide chains, two of which own and operate chains of salons and four that operate on a franchised basis.



Hairdressing salons generally provide a range of services:

Cutting and Styling

- Haircuts for both men and women. Customers may request simple trims or elaborate styles.
- Customers may wish to have their hair washed and blow-dried. Blow-drying can temporarily straighten or curl the customer's hair. Customers may have their hair styled professionally in preparation for a special occasion.

Colouring and Highlights

- Hair colouring services include full colour changes, root touch-ups (to deal with the customer's hair growing out in its natural colour) and highlights (streaks of colour).

Chemical Treatments

- Hair can be permed to create long-lasting curls or waves. These effects are lost when the customer's hair grows out.
- Straightening uses a chemical treatment to make hair smoother and straighter.



- Relaxing uses chemicals to soften curled hair.

Hair and Scalp Treatments

- Various conditioning treatments can be used to improve hair health.
- Some salons offer scalp massages and treatments to promote circulation and relaxation.

Beard and Moustache Shaping

- Many salons provide grooming services for facial hair.



Salons often stock haircare products for retail sale to customers. These include:

- Shampoo
- Conditioner
- Hairspray
- Styling gels and mousses

The haircare products sold by salons are usually brands that are not available from supermarkets and other retail outlets. They are supplied by manufacturers who specialise in supplying professional hairdressers. Salons promote these products to their customers as being superior to supermarket brands on the basis of the excellent results obtained by the salon when washing, conditioning or styling hair.



Salons benefit from the fact that customers' hair must be cut regularly, otherwise it becomes untidy. Customers with dyed or permed hair must also repeat those treatments or their hair grows out to its natural colour or texture, which starts to become noticeable unless the new growth is dyed or permed to match.

Customers are often loyal to specific salons. Many prefer to have their hair cut or treated by the same hairdressers, whom they know and trust.

Most salons welcome both male and female customers, despite the fact that women's hairstyles usually take longer to cut, style and treat than men's. That is generally reflected in separate price lists for men and women, with women being charged more than men for comparable services.

Market segments

Hairdressing salons vary significantly in terms of the services that they provide and the pricing of those services. Some salons aim to attract an upmarket clientele and so they operate from more attractive premises and employ better trained and more experienced hairdressers.

Upmarket salons attract customers who are prepared to pay more for basic services such as cutting and styling. Those customers are also generally more likely to buy additional services such as colouring and chemical treatments.

These salons are often located in upmarket retail spaces, such as city centres and exclusive shopping malls.



Midmarket salons aim to provide good quality at a reasonable price. Their interiors are attractive but may be less lavish than those of upmarket salons. Prices will generally be lower than those charged by upmarket competitors, but they will not be cheap. Midmarket salons may be located in town and city centres, where they aim to attract office workers and shoppers.



Downmarket salons are more basic than midmarket. They aim to undercut midmarket salons on price. Salons serving this market may offer fewer services or use cheaper products for dyeing or chemical treatments. Their premises are likely to be less attractive than those of more upmarket rivals and have less desirable locations.



Hairdressers

In theory, it is possible to start work as a hairdresser in Dazzland without any specific training or qualifications. It would, however, be reckless to employ an unqualified hairdresser.

| | |
|---|--|
| <p>Skills and knowledge</p>  | <p>Cutting and styling hair requires the ability to create a hairstyle that has a defined shape that suits the customer. Hairdressers must be able to advise customers on styles that are flattering and that allow for the texture of their hair. Even a simple trim or blow dry requires a great deal of skill that can only be obtained from training.</p> <p>Hair treatments such as dyes or the solutions used for perms and other chemical treatments require training in order to use them properly. Hairdressers must know which specific products are suitable for a customer's needs. There can also be problems when different treatments are combined, such as dyeing permed hair. Hairdressers must be able to apply treatments so that they achieve the desired effect without damaging the customer's hair.</p> |
| <p>Health and safety</p>  | <p>Hairdressers work with sharp instruments such as scissors and razors. Experienced hairdressers can do so without injuring themselves or their customers.</p> <p>Hairdressers apply dyes and other treatments that could be harmful to customers if used incorrectly. There could be chemical reactions if incompatible products are combined, perhaps by dyeing and straightening hair, using products that should not be mixed. Some products give off fumes that can be dangerous if used without adequate ventilation.</p> <p>Hairdressers may work with popular hair treatments frequently and on a daily basis. That constant exposure could be potentially harmful over time, even if there is little or no risk to customers. For example, constant exposure to soapy water when shampooing customers' hair could cause dry and cracked skin on a hairdressers' hands.</p> |

There are two main routes into a career as a hairdresser:

| | |
|---|--|
| <p>College</p>  | <p>Many further education colleges offer hairdressing courses. These usually take 2 years to complete.</p> <p>The courses are largely classroom based, with periods of practical experience at local hairdressing salons.</p> <p>Courses cover:</p> <ul style="list-style-type: none"> • Cutting and styling hair • Colouring and treating hair • Advising customers • Business skills and knowledge |
| <p>Apprenticeship</p>  | <p>Apprenticeships offer an alternative means of obtaining the skills and knowledge required to qualify as a hairdresser. Hairdressing apprentices are full-time employees of salons, working under the supervision of experienced hairdressers.</p> <p>Apprentices will be expected to perform basic tasks, such as sweeping up hair clippings, answering the phone and maintaining the customer appointment book. They will also learn hairdressing skills, starting with washing customers' hair and progressing to cutting, styling and treating hair.</p> <p>Apprenticeships last 2 years. By the end of that time, apprentices can expect to have been trained in all the skills expected of a qualified hairdresser.</p> <p>Apprentices are paid throughout their training, although their salaries will generally reflect the fact that they will be performing menial tasks for much of their time and are receiving valuable training.</p> |

Large hairdressing salons, particularly those that operate in the upmarket segment, often require their hairdressers to participate in ongoing professional training. These ensure that hairdressers know how to style hair in the latest fashions and can use the latest treatments effectively. Smaller salons may rely on hairdressers keeping up to date by reading about the latest fashions and other developments in trade magazines.

Independent salons and chains

Most of Dazzland's hairdressing salons operate as independent businesses, but there are a few hairdressing chains. Most of these chains are relatively small businesses that consist of up to five salons, all of which operate in the same town or city. There are six nationwide chains, two of which own and operate chains of salons and four that operate on a franchised basis.



The large chains benefit from being able to develop a strong brand identity. They can afford to invest heavily in advertising. They also promote themselves through other media. For example, hairdressers employed by large chains may appear as guests in the hair and beauty segments that feature regularly in daytime television shows. They are also often quoted in lifestyle magazines, offering hints and tips on hair care and opinions on the latest fashion trends.

Each of the large chains aims for a specific market segment, generally either midmarket or upmarket in terms of price and quality of service. Midmarket salons attract customers who are prepared to pay a moderate premium to have their hair styled and treated in an attractive manner. Upmarket salons attract customers who are prepared to spend significant amounts on their appearance.

Franchises

Franchise arrangements permit franchisees to operate using the branding and other intellectual property of their franchiser. From the customer's perspective, it will appear that they are being served by a branch of a large chain of hairdressing salons. For example, the salon's internal and external signage and decor, its staff uniforms and all brochures and pamphlets will show the franchiser's logo and brand name.

Franchisees are subject to the following terms:

- Franchisees must agree to pay an initial fee and ongoing royalties to the franchiser for the term of the franchise.
- The franchiser will insist on conducting visits and inspections to ensure that the franchisee is conforming to the standards associated with the brand.
- Franchisers insist on the use of approved suppliers of goods and services. Franchisees will have to purchase hairdressing products such as shampoos, conditioners and other hair treatments from a designated supplier. They will also be required to use approved suppliers for other categories of purchase, such as salon furniture and fittings, cleaning products and stationery. Franchisers may also provide approved lists of service providers, including accounting firms, plumbers and electricians.
- Goods for resale, such as shampoos and hairsprays, will usually be restricted to the franchiser's preferred brands. Those items may be packaged with the franchiser's own branding.
- Franchisees will be free to conduct the remaining aspects of their businesses as they see fit. These include:
 - Staffing – salons are free to hire their own staff and to set their own rates of pay and other terms of employment.
 - Location – franchisees can lease or buy the premises of their choosing, subject to inspections and final approval by the franchiser.
 - Pricing – franchisees can set their own prices for the services they provide, taking account of local conditions.

Franchisers provide training for franchisees. This training covers the management skills required to operate the franchise efficiently and to maximise revenues.

Franchisers usually insist that each franchised salon is managed on a day-to-day basis by an experienced hairdresser. Franchisees need not take an active part in the daily running of their salons and so they need not necessarily be hairdressers. Franchisees who are not hairdressers must restrict themselves to administrative duties in their salons or, regardless of qualification, they may leave them entirely under the control of hairdressers whom they employ as managers.

Nationwide hairdressing businesses

There are six national chains of hairdressing salons in Dazzland.

| | Number of salons |
|---|--|
| Two traditional chains (owned and operated) | |
| Omega & Troon owns and operates a chain of upmarket hairdressing salons. These have a reputation for being innovative and expensive. The company's client list includes many celebrities. | 350 upmarket salons |
| Martha & Mike owns and operates its own salons, most of which are located in city centres and shopping malls. It has a reputation for providing good service at a reasonable price. Many of its customers are office workers and young professionals. | 440 midmarket salons |
| Four franchised chains | |
| Trimayr used to own and operate all of its own salons. It is now primarily a franchised chain but continues to own and operate a few of its own salons. Trimayr operates under two brands: Trimayr Sheen is an upmarket brand. Styling and treatment from a Trimayr Sheen salon costs more than from most rival salons. Trimayr Pop is midmarket. Its prices are lower than those of Trimayr Sheen and are comparable to those of rival midmarket chains. Both brands aim to attract a wide range of customers from across their respective market segments. The salons are designed to appeal to as many potential customers as possible. They are decorated in an attractive manner, in neutral tones. | 40 Trimayr Pop midmarket salons – owned and operated by the company 380 Trimayr Pop midmarket franchises 140 Trimayr Sheen upmarket franchises |
| Fox & Tiffin franchises midmarket salons. The company aims to attract younger customers, in their teens and twenties. Its salons have vibrant décor and there is always lively music playing in the background. | 400 midmarket salons |
| Norman & May franchises midmarket salons that aim to attract affluent customers. Norman & May salons price their services at the top | 450 midmarket salons |

| | |
|---|----------------------|
| end of the midmarket niche, while remaining cheaper than upmarket rivals. | |
| Pallo & Troo franchises midmarket salons that aim for the affordable end of that market segment. Salons are located in city centres and other spaces, such as stores within stores hosted by large supermarkets. | 550 midmarket salons |

Salons owned and franchised by the six national chains are spread across Dazzland. Individual chain salons compete with one another in specific locations, such as a particular city's principal shopping street. Individual chain salons also compete with independent salons within a specific area. For example, there are six upmarket salons in Capital City's prestigious Bartimer Street: an Omega and Troon, a Trimayr Sheen and four independent salons.

The nationwide chains have their own training colleges. These have a number of roles:

| | |
|---|---|
| <p>Franchisee training</p>  | <p>The franchised chains require newly-appointed franchisees to complete training courses that focus on the issues associated with running a salon. Courses cover:</p> <ul style="list-style-type: none"> • the chain's brand and its associated approach to hair styling and treatment. • the business skills required to run an efficient and profitable salon. • the administrative rules relating to salon operations and reporting. |
| <p>Training experienced hairdressers</p>  | <p>All chains require salon staff to participate in regular training in the latest hair styling techniques and treatments. Training can be delivered through a combination of in-person courses and online materials.</p> <p>Chains also use their colleges to provide induction training to hairdressers who have been appointed to their salons. These courses focus on the company's approach to customer service and on the qualities of the products used in salons and sold to customers.</p> |
| <p>Apprentice training</p>  | <p>The chains provide apprentices with college training to supplement the practical experience that they gain while working in salons. Apprentices follow an integrated programme of work experience in their salons combined with college instruction.</p> <p>Chains invest heavily in providing apprentices with high-quality training and education. The intention is to attract ambitious young people into their apprenticeship programmes and to retain their skills once they are qualified.</p> |

Trimayr

Magda Trimayr started as an apprentice hairdresser in Dazzland's Capital City in the 1960s. She opened her first salon in 1974. She quickly established herself through the creation of innovative new styles that found favour with celebrities. Her latest designs started to become newsworthy, with newspapers and magazines publishing articles about the impact that she was having on the Dazzlandian fashion scene.

Magda proved to be a capable businessperson. She capitalised on her fame to open upmarket salons in several of Dazzland's major cities.

In 1986, Magda opened her first midmarket salon, under the Trimayr Pop brand name. By then, there were 70 upmarket salons which were rebranded Trimayr Sheen.

Trimayr was listed on the Dazzlandian stock exchange in 2003. By then, Magda had retired from the business. She subsequently sold her shares and no longer has any active interest in the company.

In 2005, Trimayr's Board decided to shift the company's focus from owning and operating all of its salons to a mainly franchised operation. By that stage, the company had 75 Trimayr Sheen salons and 115 Trimayr Pop salons, giving it a strong presence in both the upmarket and midmarket niches. The company has gradually disposed of most of its salons, either closing them altogether or transferring them to franchisees in return for a fee. The company now owns and operates 40 Trimayr Pop salons. There are also 380 franchised Trimayr Pop salons and 140 franchised Trimayr Sheen salons.



Trimayr's policy has always been to lease salon premises. It advises franchisees to do the same. Salon interiors must be decorated and organised in accordance with the company's style guide, which specifies everything from floor and wall coverings to the furnishings, including chairs and sinks. Designing and fitting a new salon in accordance with the style guide requires professional advice to ensure that each individual salon operates efficiently and is an attractive space for customers, while ensuring that all salons comply with the style requirements of their respective brands.

Salons

Each franchised salon has a principal who is effectively the owner of the business. The Salon Principal need not be qualified in hairdressing and need not work full time in the salon. Indeed, some principals own more than one Trimayr salon. Trimayr holds the Principal accountable for the operation of the salon. Any customer complaints will be addressed to the Principal. Salons are equipped with electronic point-of-sale equipment that provides principals with daily reports on revenue from styling, treatments and retail sales of haircare products. These reports are automatically uploaded to Trimayr's head office.

Trimayr tracks the following key performance indicators for each salon:

- Average spend per customer visit
- Number of new customers
- Existing customer retention rate
- Average waiting time per customer visit
- Average service time per customer visit
- Staff turnover

- Revenue per square metre

Each salon has an electronic point-of-sale system that tracks individual customer visits in terms of time spent waiting for service and the time taken to serve them once they have been seated in the hairdresser's chair. The system also records sales of services and products during each visit. Data from this system is transmitted to Trimayr's head office on a daily basis.

The company provides feedback to principals on their performance at the end of each month. Satisfied customers are loyal to their favourite salons and will often spend more during each visit. Trimayr receives royalties based on revenues from hairdressing from each salon and so both the company and its principals have a direct interest in customer satisfaction and in sales.

Trimayr has a business intelligence system (BIS) that it uses to supplement routine rankings of key performance indicators. The BIS enables managers at Trimayr's head office to create additional reports, incorporating both structured and unstructured data that have not necessarily been gathered for any specific reason.

Franchise agreements are subject to renewal at 5-year intervals. Renewal is at the discretion of both Trimayr and its principals. The vast majority of franchises are renewed, but salons that underperform in terms of these performance indicators are at risk of being denied permission to renew.

Trimayr's head office

Trimayr's head office is located in the fashion district of Dazzland's Capital City. It acts as the base for several functions:

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|-----------------------|--|
| Franchise Recruitment | <p>Trimayr competes directly with Fox & Tiffin, Norman & May and Pallo & Troo in relation to the recruitment of potential franchisees. Every new salon franchised by a rival is a lost opportunity for Trimayr. Franchise Recruitment seeks to prevent this by engaging new franchisees.</p> <p>Franchise Recruitment staff attend many hairdressing industry exhibitions and functions and seek to encourage attendees to consider the benefits of franchising with Trimayr. They also follow up on leads generated by a section of the company's website that promotes the benefits of franchising.</p> <p>Franchise Recruitment staff are responsible for evaluating potential franchisees to ensure that they meet the selection criteria. They assist with the application process and support principals in establishing their salons in accordance with Trimayr requirements.</p> |
| Franchise Management | <p>Franchise Management aims to encourage and support franchisees once their Trimayr salons have commenced operation.</p> <p>Franchise Management reviews each salon's key performance indicators on a monthly basis. Salon principals are informed of their rankings relative to other Trimayr Sheen or Trimayr Pop salons. The potential implications of any movements are described.</p> <p>If any salon's performance deteriorates significantly, then Franchise Management will work with the principal to develop a plan to address the matter. The department also conducts regular visits to inspect premises</p> |

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|-----------------|---|
| | <p>and interview salon staff. Any shortcomings identified during such visits must be rectified.</p> <p>Franchise Management uses salon data to calculate the monthly royalties that are payable to Trimayr.</p> <p>The department is also responsible for the review of salons that have reached the end of their 5-year franchise. It bases its recommendations on recent salon performance and findings from inspections.</p> <p>Franchise Management is also responsible for the management of the 40 salons that are owned and operated by Trimayr.</p> |
| Hair Technology | <p>Hair Technology focusses on the creation of new hairstyles and also the evaluation of products that can be used in the treatment and care of hair.</p> <p>Hair Technology has a team of experienced and expert hairdressers who seek to ensure that Trimayr's brands are recognised as leading fashion innovators. The team aims to invent new styles that can be promoted through the media. Hair Technology also works with third parties such as clothing designers and stylists employed in the entertainment industry to ensure that its hairstyles complement trends in those industries.</p> <p>Salon customers are often willing to pay extra to have the latest hairstyles. Customer loyalty can also be encouraged by positive publicity arising from the fact that Trimayr's salons are at the forefront of new trends.</p> <p>Hair Technology also evaluates new products either for use in salons or for sale to customers. Manufacturers often seek to interest Trimayr in new products that are under development. Trimayr often seeks exclusivity on promising products, selling them under its own brand.</p> <p>Hairdressers from Hair Technology frequently appear on television and on social media to discuss the latest trends in hairstyles and hair care. They are also frequently quoted in newspapers and magazines or are commissioned to write articles.</p> |
| Marketing | <p>Marketing is responsible for the promotion of both Trimayr brands. Its responsibilities include advertising and the maintenance of the company's website.</p> |
| Administration | <p>Overall management of operations, including human resources, information systems and legal.</p> |
| Finance | <p>Internal and external accounting and financial management.</p> |

Trimayr Academy

Trimayr Academy was established by Magda Trimayr in 1998. Initially, it was used to train Trimayr's apprentices in basic hairdressing skills and to educate newly-appointed hairdressers in Trimayr's approach to customer care. The Academy continues to train apprentices and qualified hairdressers, including those employed by Trimayr franchises. That role has been expanded to include continuing professional development for hairdressers, including training on the new styles that are being developed by Hair Technology.

Hairdressing training is provided by experienced hairdressers who are seconded to the Academy from their salons. Secondments last for 1 year, ensuring that there is a steady turnover in the hairdressing teaching staff. A secondment to the Academy is regarded as

prestigious and many salon principals previously taught at the Academy before deciding to open their own Trimayr salons.

Trainees are provided with classroom training on styling techniques and the use of products. They also have the opportunity to practise hairstyling and hair treatment on volunteers, most of whom live close to the Academy. Volunteers are not charged for their treatment. Apprentices are closely supervised while working on these volunteers.

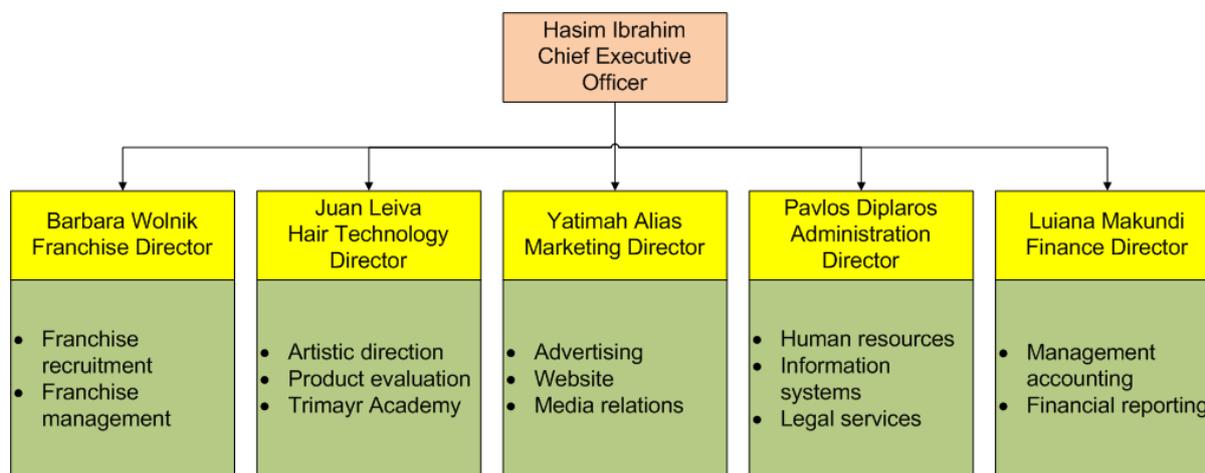
The Academy also provides training for salon principals in the skills required for the operation of successful franchises. There is a compulsory induction course that is offered several times each year. Applicants for franchises must complete that course before their salons can do business under the Trimayr brand. There is also ongoing training for principals, both classroom based and online.

Business skills are taught by permanent teaching staff who have backgrounds in relevant subjects such as accountancy, human resources and marketing.

The Academy's Head of School is Fiona Regan. She joined Trimayr as an apprentice hairdresser in the late 1980s. She worked under the direct supervision of Magda Trimayr at the company's largest salon before the adoption of the franchise approach to business. Fiona was regarded as one of Trimayr's most innovative hairdressers before the Academy was founded in 1998. She has served as Head of School since then.

The Academy is located on the edge of Capital City.

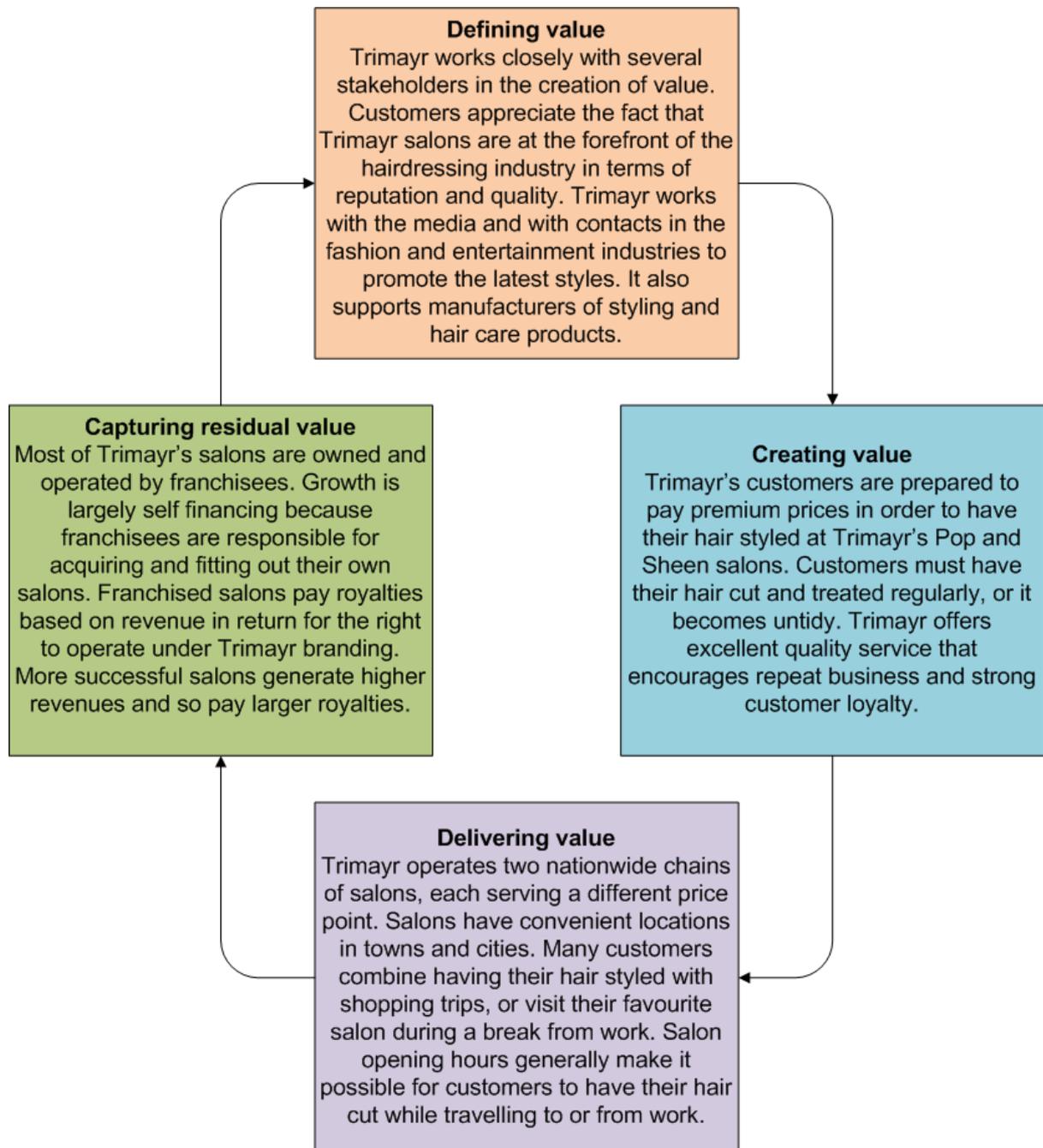
Trimayr's Board structure



Trimayr's Board also includes the following non-executive directors:

- Thomas Murray – Non-Executive Chair
- Sabrina Lomax
- Ram Pandit
- Ruth Moka
- Raimo Hakola

Trimayr's business model



Extracts from Trimayr's annual report

Trimayr Group

Consolidated statement of profit or loss

For the year ended 31 December

| | 2024 | 2023 |
|--|--------------------|--------------------|
| | D\$ million | D\$ million |
| Revenues | | |
| Franchise royalties | 113.1 | 102.9 |
| Product sales to franchisees | 52.3 | 45.5 |
| Training franchisee employees and principals | 9.4 | 7.9 |
| Company-owned salon revenue | 62.4 | 59.9 |
| | <hr/> 237.2 | <hr/> 216.2 |
| Operating costs | | |
| Cost of product sales to franchisees | (32.4) | (29.5) |
| Cost of operating company-owned salons | (38.1) | (36.2) |
| Cost of training franchisee employees and principals | (7.2) | (6.2) |
| Marketing | (26.8) | (26.3) |
| Administration | (58.6) | (56.3) |
| | <hr/> (163.1) | <hr/> (154.5) |
| Operating profit | 74.1 | 61.7 |
| Finance costs | (6.8) | (7.6) |
| Profit before tax | <hr/> 67.3 | <hr/> 54.1 |
| Tax | (9.4) | (7.0) |
| Profit for year | <hr/> <hr/> 57.9 | <hr/> <hr/> 47.1 |

Trimayr Group

Consolidated statement of changes in equity for the year ended 31 December 2024

| | Share capital and premium | Retained earnings | Total |
|-----------------------------|---------------------------------|----------------------|--------------------|
| | D\$ million | D\$ million | D\$ million |
| Balance at 1 January 2024 | 35.0 | 55.9 | 90.9 |
| Profit for the year | | 57.9 | 57.9 |
| Dividends | | (48.7) | (48.7) |
| Balance at 31 December 2024 | <hr/> 35.0 | <hr/> 65.1 | <hr/> 100.1 |

Trimayr Group
Consolidated statement of financial position
As at 31 December

| | 2024 | 2023 |
|---------------------------------|---------------------|---------------------|
| | D\$ million | D\$ million |
| Non-current assets | | |
| Intangible assets | 6.9 | 6.9 |
| Property, plant and equipment | 178.3 | 176.4 |
| | <u>185.2</u> | <u>183.3</u> |
| Current assets | | |
| Inventory | 4.3 | 3.9 |
| Trade and other receivables | 12.8 | 12.2 |
| Bank | 6.6 | 7.3 |
| | <u>23.7</u> | <u>23.4</u> |
| Total assets | <u><u>208.9</u></u> | <u><u>206.7</u></u> |
| Equity | | |
| Share capital and share premium | 35.0 | 35.0 |
| Retained earnings | 65.1 | 55.9 |
| | <u>100.1</u> | <u>90.9</u> |
| Non-current liabilities | | |
| Loans and lease liabilities | 85.0 | 95.0 |
| Current liabilities | | |
| Trade and other payables | 14.6 | 13.9 |
| Tax | 9.2 | 6.9 |
| | <u>23.8</u> | <u>20.8</u> |
| | <u><u>208.9</u></u> | <u><u>206.7</u></u> |

Extract from Pallo & Troo’s annual report

Pallo & Troo is one of Trimayr’s direct competitors. It operates on a franchise basis, focussing on the midmarket. All of Pallo & Troo’s salons are franchised.

**Pallo & Troo Group
Consolidated statement of profit or loss
For the year ended 31 December**

| | 2024 | 2023 |
|--|--------------------|--------------------|
| | D\$ million | D\$ million |
| Revenues | | |
| Franchise royalties | 124.6 | 113.4 |
| Product sales to franchisees | 59.4 | 51.7 |
| Training franchisee employees and principals | 2.6 | 2.2 |
| Company-owned salon revenue | - | - |
| | <hr/> 186.6 | <hr/> 167.3 |
| Operating costs | | |
| Cost of product sales to franchisees | (36.8) | (33.5) |
| Cost of operating company-owned salons | - | - |
| Cost of training franchisee employees and principals | (1.1) | (0.9) |
| Marketing | (35.4) | (34.7) |
| Administration | (62.1) | (59.6) |
| | <hr/> (135.4) | <hr/> (128.7) |
| Operating profit | 51.2 | 38.6 |
| Finance costs | (4.8) | (4.8) |
| Profit before tax | <hr/> 46.4 | <hr/> 33.8 |
| Tax | (6.5) | (4.4) |
| Profit for year | <hr/> <hr/> 39.9 | <hr/> <hr/> 29.4 |

**Pallo & Troo Group
Consolidated statement of changes in equity for the year ended 31 December 2024**

| | Share capital and premium | Retained earnings | Total |
|-----------------------------|---------------------------------|----------------------|--------------------|
| | D\$ million | D\$ million | D\$ million |
| Balance at 1 January 2024 | 30.0 | 41.5 | 71.5 |
| Profit for the year | | 39.9 | 39.9 |
| Dividends | | (39.1) | (39.1) |
| Balance at 31 December 2024 | <hr/> 30.0 | <hr/> 42.3 | <hr/> 72.3 |

Pallo & Troo Group
Consolidated statement of financial position
As at 31 December

| | 2024 | 2023 |
|---------------------------------|---------------------|---------------------|
| | D\$ million | D\$ million |
| Non-current assets | | |
| Intangible assets | 4.1 | 4.1 |
| Property, plant and equipment | 127.4 | 124.2 |
| | <u>131.5</u> | <u>128.3</u> |
| Current assets | | |
| Inventory | 3.6 | 3.3 |
| Trade and other receivables | 13.7 | 13.4 |
| Bank | 2.4 | 2.6 |
| | <u>19.7</u> | <u>19.3</u> |
| Total assets | <u><u>151.2</u></u> | <u><u>147.6</u></u> |
| Equity | | |
| Share capital and share premium | 30.0 | 30.0 |
| Retained earnings | 42.3 | 41.5 |
| | <u>72.3</u> | <u>71.5</u> |
| Non-current liabilities | | |
| Loans and lease liabilities | 60.0 | 60.0 |
| Current liabilities | | |
| Trade and other payables | 12.5 | 11.9 |
| Tax | 6.4 | 4.2 |
| | <u>18.9</u> | <u>16.1</u> |
| | <u><u>151.2</u></u> | <u><u>147.6</u></u> |

News reports

Dazzland Daily News

Careers column – so you want to be a hairdresser?



Hairdressing has traditionally been a popular career choice for school leavers. It generally attracts those with an interest in fashion, who have creative personalities and who enjoy working with their hands. Once qualified, hairdressers can pursue a variety of opportunities, ranging from working in a local hairdressing salon to working in the beauty salon of a cruise ship. Some are attracted by the possibility of opening their own salons once they are qualified and have accumulated some experience.

There are two routes into hairdressing, namely college and apprenticeship. There is surprisingly little difference between the two.

Most local colleges offer hairdressing courses. These are full time, but all courses require students to complete periods of practical experience. Most college students seek part-time employment in local salons in order to fund their courses while gaining additional experience.

Apprentices are full-time employees. They receive training from qualified hairdressers throughout their apprenticeship. Initially, apprentices can expect to be given menial tasks such as washing customers' hair or sweeping floors. They can expect to be fully occupied in styling and treating customers' hair by the end of their apprenticeships.

It requires serious commitment to qualify as a hairdresser, regardless of the route that is taken.

Dazzland Daily News

Personal finance – you don't always have to pay to have your hair styled



Even a simple haircut can be expensive. Many people struggle to afford the cost, which can be embarrassing if that means attending a job interview or other event with untidy hair.

One possible solution is to look at the websites of local further education colleges that offer courses in hairdressing. They are often looking for volunteers on whom their students can put their classroom lessons into practice. The price of a haircut and blow dry can vary from nothing at all to a small fee of just a few D\$.

There is, of course, a risk that a student might not have acquired all of the skills necessary to cut your hair properly. These practical sessions are, however, supervised by teaching staff and they will usually do their best to tidy up any

mistakes made by students.

You may be lucky enough to live within travelling distance of a training centre run by a large chain of hairdressers. For example, Pallo and Troo trains its apprentices at two sites, one in Central City and another in North City. It is possible to have your hair styled at either. You might even be lucky enough to be offered a treatment such as dye or a perm if there are apprentices on hand who require experience in such skills. If you are really lucky, you could be styled by an experienced hairdresser who is being trained to cut in the latest styles or to use the latest products.

Another possibility is to visit your local salon and to ask to have your hair cut by an apprentice. Salons charge more for more senior staff and less for juniors. You could save money and the Salon Manager will probably check that your hair has been styled properly before you leave the premises.

Dazzland Business Daily

Non-compete agreements must be reasonable to be enforceable



Employment contracts frequently contain “non-compete” clauses which restrict employees’ freedom to work for competitors after they leave. That reduces the risk of, say, a restaurant hiring a competitor’s former head chef and having that chef cook the competitor’s recipes in order to steal customers.

A non-compete clause has to be specific in order to be effective. It must, for example, set out the criteria for identifying competitors. It would be realistic to argue that a restaurant located within walking distance of the chef’s existing employer is a competitor. A restaurant in a different town is not.

The non-compete clause must also be reasonable. For example, an indefinite restriction against working for a competitor is unlikely to be enforceable. Dazzland’s courts tend to regard any restriction of more than 6 months after leaving an employer as unreasonable.

Extracts from Ricco Snip's Blog

My first day as an apprentice



I have just finished the first day of my hairdressing apprenticeship. I have to say that I am a little disappointed. I spoke to lots of customers, but only to ask whether they wanted tea or coffee (which I then had to make). The closest I got to customers' hair was in sweeping the clippings off the floor. It's not really how I imagined working in a salon.

I have always been interested in fashion and I like to look good. I was always going to get a job designing clothes or styling hair. I was really excited to be offered a job as an apprentice hairdresser at one of the big salons in the city centre, even if it is midmarket rather than one of the upmarket places. I was promised that I would be taught everything I needed to know in order to become a qualified hairdresser when I was interviewed for this job. So far, I have only learned to make tea and sweep floors.

Maybe I'll get to hold a pair of scissors tomorrow.

COMMENTS

I am a bit surprised by your attitude. You should have expected to start at the bottom and to prove yourself by doing a few simple tasks well before being permitted to cut a customer's hair.

Hayr Stiler

Every hairdresser has swept floors and made coffee. The floors don't sweep themselves and good hairdressers take a pride in keeping their workplaces tidy.

Jenny Perm

My second day was better



That is the end of my second day. I actually got to work on a few customers!

I spent most of the morning assisting a hairdresser who had lots of bookings for cut and blow dry appointments. She showed me how to wash a customer's hair and told me to make sure that each of her customers was ready for her. She also showed me how to blow dry and let me make a start on a few customers before she took over and finished styling their hair.

The best thing of all was that every one of those customers gave her a gratuity before they left and she gave me a third of her gratuities from the morning session because I had helped her. She told me that it was regarded as fair for hairdressers to pass on a share.

Needless to say, it was back to sweeping floors and making tea in the afternoon.

COMMENTS

Welcome to the hairdressing industry. It is important to be nice to customers because they remember that when they are deciding whether to give you a gratuity.

Jenny Perm

It sells well because it smells nice



A lot of our customers remark that they like our branded products because they smell nice when we apply them in the salon. Many of them buy bottles of these products, including shampoo, conditioner and styling mousse, to use at home. These products are more expensive than the ones that can be purchased from the local supermarket, but they do deliver excellent results.

Hair is a protein filament that grows from follicles, which are sacs in the scalp. There are 4 different types of hair and follicles and each responds differently to haircare products. Hairdressers are trained to identify hair types and so to select the most suitable products.

Lots of the products that you can buy from supermarkets are designed to work reasonably well on all hair types. The products that are used by hairdressers come in different formulations, which makes it possible to match, say, shampoo to the customer's hair type. That gives us better results than if we were to buy our products from a supermarket.

When customers buy products to use at home, we make sure to sell them the same formulation that we used in the salon.

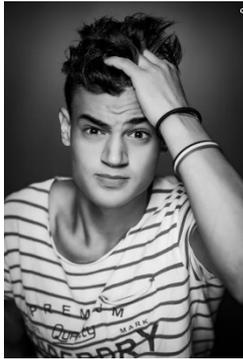
By the way, our products smell nice because they all use the same fragrance. If you buy different brands of shampoo, gel and hairspray then, each will use a different fragrance. Different products might not smell very nice if they are combined.

COMMENTS

I am going to print this post out to show my customers. Lots of them are reluctant to invest in good quality products to use at home between hairdressing appointments. Their hair would be much healthier if they invested in the products that we sell at our salon.

Jenny Perm

Make me look like this



I did my first haircut today! I was nervous in case I made a mess of it and left my poor customer with uneven hair. The customer had agreed to have his hair cut and styled by an apprentice in order to save money.

I asked him how he wanted his hair and he named a famous television newsreader and said he wanted me to copy his hairstyle. I said that I would do my best, but I knew that I wouldn't be able to give him an exact match. The customer's hair was a different texture from the newsreader's and the shape of the customer's face, head and ears all meant that he wouldn't suit that hairstyle even if I managed to cut it in

that style. Oh, and the newsreader's hair was a different colour and the customer didn't want to have his hair dyed.

I was quite pleased with the end result. I cut the customer's hair in a style that suited him. He said it was nice and smart when I had finished.

My manager said that she hates it when customers ask for impossible or unsuitable hairstyles. She said that I had done the right thing by giving the customer a hairstyle that he suited.

COMMENTS

Congratulations on your first haircut. At least you didn't make a mess of it. The first time I cut a customer's hair, one of the experienced hairdressers had to take over and tidy the customer's hair before she could leave the salon.

I am often amazed at customers' inability to imagine how they would look if I cut their hair in the style of their favourite movie star or television character. I just smile and try to make it look a little like that.

Hayr Stiler