This Insert contains the case study material.
Anything the candidate writes on this Insert will not be marked.
Pete’s Paints (PP)

PP manufactures paint. The paint is sold through four small shops that PP owns in country X. The business is a private limited company. Pete is the Managing Director and his three brothers are the only other shareholders.

The business has been trading successfully for 20 years. However, over the last two years PP’s sales have fallen. Pete thinks this is caused by the recession and believes things will improve in the coming years. Another problem is increased competition from new paint manufacturers that sell to both large and small shops.

PP makes and sells many different types of paint. Consumers use the paint for painting the inside and outside of houses. PP’s shops also sell brushes and other equipment to use with the paint.

Appendix 1

Financial information about PP ($000s)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital employed</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>300</td>
<td>200</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>60</td>
<td>40</td>
</tr>
<tr>
<td>Expenses</td>
<td>210</td>
<td>150</td>
</tr>
<tr>
<td>Net profit</td>
<td>30</td>
<td>10</td>
</tr>
</tbody>
</table>

Appendix 2

Organisational structure of PP

- Pete
  - Production manager
    - 3 paint-mixing workers
  - Shop manager city A
    - 4 shop assistants
  - Shop manager city B
    - 2 shop assistants
  - Shop manager city C
    - 3 shop assistants
  - Shop manager city D
    - 8 shop assistants
Appendix 3

Business (trade) cycle in country X

![Graph showing economic growth % from 2010 to 2015 with a forecast line]

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