

*The envelope, which contained this paper, will have been cut open in front of you.*

**Examination Details:**

<b>Paper Title:</b>	<b>Sept 2021 Series - CPC Case Study for Passenger Transport</b>
<b>Paper No:</b>	<b>CPCP20921</b>
<b>Date of Examination:</b>	<b>10/09/2021 13:00 - 15:15</b>

**Instructions to the candidate - to be read before the examination**
**Time allowed: 2 hours 15 minutes**
**You must have:**

- the case study

**You may use:**

- a calculator
- a dictionary
- any permitted written materials

**Instructions**

- Complete your name below in capital letters and include your date of birth and signature.
- Use black ink.
- Use the case study to answer all the questions.
- Write your answer to each question in the space provided. If you need extra space use the lined page(s) at the end of this booklet. The question numbers must be clearly shown.
- Additional paper may be used if required but you must clearly show your name, date of birth and question number.
- Answer **all** the questions.
- Do all calculations and rough work on the following pages. Cross out any work you do not wish to have marked.

**Information**

- The total mark for this paper is **60**.
- The marks for each question are shown in brackets (**()**).
- This document has **11** pages.
- Assessment material has been prepared in line with legislation current at the time of production. Any subsequent changes to legislation have not been taken into account, however, responses that refer to amended legislation will be credited.
- **Covid-19:** Candidates will not be questioned on any temporary rules introduced due to Covid-19. Answers that reflect such measures will not be credited.

**To be signed by the candidate:**

<b>Candidate's name:</b>	
<b>Candidate's date of birth:</b>	
<b>Candidate's signature:</b>	

<b>FOR EXAMINERS' USE ONLY</b>	
<b>Q1</b>	
<b>Q2</b>	
<b>Q3</b>	
<b>Q4</b>	
<b>Q5</b>	
<b>Q6</b>	
<b>Total =</b>	



## P2 Case Study September 2021

### Background

Treblig Coaches Ltd (TC) holds a Standard International operator licence authorising 40 vehicles, all currently operated from a single operating centre in Southampton, in the Western Traffic Area.

You are the Nominated Transport Manager, having held an International Certificate of Professional Competence for eight years and you report directly to James, the company’s operations director.

TC currently owns a mixed fleet of buses and coaches and operates Local Services, school contracts and private hires. TC’s largest client for private hire work is the Ministry of Defence (MOD).

### MOD current requirement

The procurement manager at the MOD has asked you to begin operating a new service which will run between Portland in Dorset and Dundee in Scotland, (in the Scottish Traffic Area), picking up and setting down passengers at various MOD establishments in Cambridge, Birmingham, Glasgow and Edinburgh, (Scotland) en route. Route and operating information for this service is given below.

The service will depart from Portland every Monday at 06.00hrs and will stop briefly at TC’s operating centre in Southampton to refuel. The coach will then travel to Dundee, stopping only at each pick-up/drop-off point long enough to load and unload passengers and change drivers when necessary. The return journey, from Dundee to Portland will follow the outward route reversed, and must depart from Dundee at the earliest possible time. James has negotiated a deal with a coach company in Dundee for the use of their operating centre, so that the service coach can be parked there overnight and a spare coach can be permanently based there.

Three drivers, Mike, Jan and Vlad have offered to operate this service, as they normally only work on weekdays, always having all of Saturday and Sunday as their weekly rest period.

### Portland - Dundee Service Route Details

The average speeds shown take account of the time taken to load and unload at intermediate points and the time taken for driver changeovers.

Route Section	Distance	Average Speed
Southampton to Portland	120km	60kph
Southampton to Cambridge	260km	60kph
Cambridge to Birmingham	170km	60kph
Birmingham to Glasgow	456km	60kph
Glasgow to Edinburgh	88km	60kph
Edinburgh to Dundee	121km	60kph

### Current concerns

- One of your current concerns is the number of hours being worked by drivers on the MOD work and in particular, the limitations imposed by the Road Transport (Working Time) Regulations. James has asked you to produce a briefing sheet for him and all drivers, outlining the provisions of these





- James has concerns about the financial viability of some of the MOD work currently being undertaken, especially in view of the distances involved and the number of hours being worked by the You have decided to review some of the vehicle running costs and have also requested sight of the company’s last annual accounts, so that you will be able to determine the profit mark up to be applied to costs in order to achieve a satisfactory return.
- The company’s current Operator Compliance Risk Score (OCRS) is in the green band but you are concerned, following a review of some safety inspection record sheets that there are too many driver defects tha should have been detected by the drivers, are being recorded by the workshop engineers and should these be found by a DVSA examiner, the OCRS would be adversely affected. Drivers have all recently completed a 7 hour periodic training module covering Daily Walkround Checks.

TC Vehicle data is shown in **Fig.2**.

TC Workshop costs are shown in **Fig.3**.

TC Ltd’s Balance sheet and other financial data as at 31st August 2021 is given in **Fig.4**.

**TC Company Policies**

- All drivers’ hours’ and working time breaks must be taken as late as possible and for the shortest possible Drivers must make full use of all extensions to drivers’ hours regulations when appropriate.
- Drivers must complete a walkround check on the vehicle they are to drive when beginning their duty or when tthey take over a vehicle from another driver. 15 minutes must be scheduled for this. (Note; this does not apply to driver changeovers during a multi-manned journey).
- All drivers are based in Southampton and always start and finish their duties there, unless taking a daily rest elsewhere when operationally
- Schedules must always allow 15 minutes for passenger boarding at the start of each MOD journey and 15 minutes for passenger alighting at the end
- TC have a workforce agreement in place opting everyone out of the 10-hour night worker limit

**TC Coach Fleet Information - Fig.2**

Coach seating capacity	Number of vehicles owned	Average annual mileage (per vehicle)
25 seats	5	40,000km
35 seats	10	67,200km
49 seats	20	62,720km



TC Workshop Costs - Fig.3

Cost description	Annual Cost
Workshop staff employment cost	£ 165,000
Workshop administration and premises	£60,000
Workshop equipment	£10,000
Vehicle parts and tyres	£32,360
Workshop consumables including lubricants	£12,000

TREBLIG COACHES LTD. BALANCE SHEET as at 31<sup>st</sup> August 2021 - Fig.4

<b>FIXED ASSETS</b>		
Vehicles		£5,100,000
Plant & equipment		£275,000
Fixtures & fittings		£100,000
Total fixed assets		£5,475,000
<b>CURRENT ASSETS</b>		
Parts stocks	£37,000	
Debtors	£805,000	
Cash at bank & in hand	£90,000	
Total current assets	£932,000	
<b>CURRENT LIABILITIES</b>		
Creditors	£320,000	
Bank overdraft	£7,500	
Taxation due	£69,000	
Dividends payable	£95,000	
Total current liabilities	£491,500	
Long term loans		£950,000
Financed by:		
Issued Share capital		£3,500,000
Revenue reserve		£1,465,500

Treblig Coaches Ltd's turnover for the year ended 31<sup>st</sup> August 2021 was £7,098,600

Treblig Coaches Ltd reported a net profit before tax of £709,860 for the year ended 31<sup>st</sup> August 2021









**Question 3**

As part of your reassessment of the way in which quotations are prepared, you have looked at the company's latest financial accounts, shown in Fig.4 in the case study.

You have determined that TC's costs for the year ended 31<sup>st</sup> August 2021 totalled £5,545,781 and are likely to be the same for the coming year. The directors of TC Ltd have told you that they wish to achieve a return of 15% on Capital Employed for the coming year.

**Notes:**

You **MUST** show all of your workings.

You must give your answers to **TWO** decimal places, always rounded up.

(a) Using the figures detailed in Fig.4 in the case study, calculate TC's Current Ratio as at 31st August 2021.

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**(3 marks)**

(b) Using the figures detailed in Fig.4 in the case study, calculate TC's Acid Test Ratio as at 31st August 2021.

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**(3 marks)**

(c) Using the figures detailed in Fig.4 in the case study, calculate TC's Return on Capital Employed for the year ended 31st August 2021.

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**(3 marks)**

(d) Using the figures in Fig.4 in the case study and those detailed above, calculate the profit mark- up to be added to costs, in order to achieve the director's desired return on Capital Employed.

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**(3 marks)**













