The Chartered Institute of Logistics and Transport

Passenger Operations

PAPER ONE

Examination for Certificate of Professional Competence in Passenger Operations

Date: 9th December 2020 Time: 09:30 to 12:00

PLEASE ENSURE THAT YOUR EXAMINATION NUMBER IS FILLED IN BELOW. WITHOUT YOUR EXAMINATION NUMBER YOUR PAPER CANNOT BE CORRECTED. YOUR EXAMINATION NUMBER HAS BEEN ADVISED TO YOU IN WRITING AND IS NOT YOUR SEAT NUMBER. PLEASE DO NOT SIGN YOUR NAME ON THE EXAM BOOKLET.

EXAMINATION NUMBER

Please Note:

Section A contains 19 questions. Please answer **all** these questions. The format is as follows:

6 multiple choice questions of 5 Marks each, 4 multiple choice questions of 10 Marks each & 9 short questions of 20 Marks each.

Section B contains 3 questions, ***Question 1 is compulsory and carries* 100 Marks**. ***One further question from a choice of Two must be attempted.*** **Each question carries 50 Marks.**

THE EXAMINATION PAPER IS COMPLETE, AND NO ADDITIONAL PAGES SHOULD BE APPENDED. SPACES ARE ALLOWED IN THE EXAMINATION PAPER FOR WRITTEN ANSWERS TO BE PROVIDED FOR EACH QUESTION

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Paper number	Total marks	% achieved	Result
Paper One			
Paper Two			
Overall Result			

P1

Section A

5 Mark Questions

Q1. The vast majority of companies in Ireland are:

(Tick the correct answer at A, B, C, D)

A incorporated private companies limited by shares. ☐

B designated activity companies. ☐

C unlimited companies. ☐

D companies limited by guarantee. ☐

(5 Marks)

Q2. Which of the following are said to be a disbenefit of operating as a sole trader?

(Tick the correct answer at A, B, C, D)

A you are required to declare yourself as a director of the business. ☐

B you can never form a company limited by guarantee. ☐

C you cannot limit your liability and if you go bankrupt you can lose everything. ☐

D you still require an external company secretary, other than yourself. ☐

(5 Marks)

Q3. As a general rule it is dangerous to let the current liabilities exceed the current assets because a business might then be unable to meet its obligations. What might be considered a reasonable ratio of current liabilities to current assets?

(Tick the correct answer at A, B, C, D)

A 1:0:5 ☐

B 2:1 ☐

C 2:1:5 ☐

D 1:2 ☐

(5 Marks)

Q4. (i) Working capital is calculated as current assets minus current liabilities. (ii) Capital employed is calculated as the fixed assets plus the current assets. These statements are:

(Tick the correct answer at A, B, C, D)

A (i) True (ii) True ☐

B (i) False (ii) True ☐

C (i) False (ii) False ☐

D (i) True (ii) False ☐

(5 Marks)

Q5. Which <u>ONE</u> of the following operations does <u>NOT</u> require a Road Passenger Transport Operator Licence?

(Tick the correct answer at A, B, C, D)

A Transporting passengers in a Large Public Service Vehicle (LPSV) for private hire. ☐

B Transporting school pupils in an LPSV. ☐

C Transporting passengers as a complimentary service in an LPSV. ☐

D Transporting passengers in an LPSV for occasional journeys outside Ireland. ☐

(5 Marks)

Please Turn Over

Q6. Where a road passenger transport operator is applying to renew their Road Passenger Transport Operator Licence, which ONE of the following must be provided in the licence application in order to demonstrate that the requirement of financial standing is satisfied?

(Tick the correct answer at A, B, C, D)

A A bank statement. ☐

B A letter from the applicant's accountant. ☐

C A statement of affairs. ☐

D Annual accounts. ☐

(5 Marks)

10 Mark Questions

Q7. A contracted Transport Manager is one who does not have a genuine link to the undertaking, i.e. he/she is not an employee, director/secretary or sole trader owner in the undertaking. A contracted Transport Manager is subject to certain conditions – which ONE of the following is NOT among these conditions?

(Tick the correct answer at A, B, C, D)

A He/she can manage the transport activities of a maximum of four different undertakings. ☐

B He/she must be aged between 18 and 60. ☐

C The combined total fleet of vehicles managed must be no more than 50 vehicles. ☐

D He/she must be resident in the European Union. ☐

(10 Marks)

Q8. Certain requirements must be met when you are applying to have a vehicle added on an existing Road Passenger Transport Operator Licence. Which ONE of the following requirements DOES NOT apply?

(Tick the correct answer at A, B, C, D)

A Documentation for the vehicle to be added must be submitted with the application, i.e. copies of motor tax, insurance and certificate of roadworthiness. ☐

B Where the vehicle to be added is replacing a vehicle already on the licence, the licence documents for that vehicle should be returned with the application. ☐

C Where the application will lead to the overall number of authorised vehicles being increased and previous financial standing details do not support this increase, new financial standing documentation must be submitted with the application. ☐

D The vehicle to be added must be currently taxed and insured for hire or reward. ☐

(10 Marks)

Q9. Good repute is a requirement to be satisfied by applicants for a Road Passenger Transport Operator Licence. Where the applicant is a company, which ONE of the following describes who must satisfy the good repute requirement?

(Tick the correct answer at A, B, C, D)

A The company directors and the transport manager. ☐

B The company directors, the company secretary, the transport manager and the company itself ☐

C The company directors, the company secretary and the transport manager ☐

D The company directors and the company secretary ☐

(10 Marks)

Please Turn Over

Q10. You are employed as the Transport Manager of medium sized undertaking (100 vehicles). You have recently needed to bring in a number of agency drivers for a 6-month contract which your company has won following a tender. One of the agency drivers (Tom) has approached you to request access to the company's defined benefit pension scheme. What is your response?

(Tick the correct answer at A, B, C, D)

A Tell Tom that as an agency worker he does not have a right to access the company pension scheme. ☐

B As the qualification period for the company pension scheme is 12 months and Tom is only here for 6 months there is nothing you can do. ☐

C Arrange access for Tom to a standard PRSA for the duration of the contract ☐

D Tell Tom that is up to the Agency to arrange pension and PRSA matters for ☐

(10 Marks)

20 Mark Questions

Q11. You are an operator with a National Road Passenger Transport Operator Licence wishing to provide a regular service on a route with a number of defined stops. In addition to your operator licence, you will need TWO other types of licences. What are these two licences and how long is each valid for?

(20 Marks)

Q12. Briefly explain the formulas used to calculate working capital and total capital employed. Give 4 examples of what would be included in each component to the formula.

(20 Marks)

Please Turn Over

Q13. Common law, assisted in some instances by statute, has laid down certain fundamental rules to identify what constitutes good and proper offer and acceptance. Describe what they are?

(20 Marks)

Q14. (a) Taking the following cash flow budget outlined below and taking the figures given calculate the balance on the last line and fill in the values in the boxes below.

CASH FLOW BUDGET

	Jan	Feb	Mar	Apr	May	Jun
	€	€	€	€	€	€
BALANCE AT START						
	+6000	+3800	+1900	+1590	-1960	-1160
Expenditure						
Fuel	1300	1000	1200	1500	1300	1500
Wages/Salaries	2500	2500	2500	2500	2500	2500
Loan Repayment	450	450	450	450	450	450
Licences	2100					
Insurance	600	600	600	600	600	600
Maintenance		1000		250		200
Postage	50	50	60	50	50	60
Telephone			100			120
Miscellaneous	200	300	400	200	300	500
TOTAL	**7200**	**5900**	**5310**	**5550**	**5200**	**5930**
Receipts						
Haulage/Passenger Revenue	5000	4000	5000	2000	6000	10000
TOTAL	5000	4000	5000	2000	6000	10000
Balance						

(b) Please outline what these balance figures indicate in managing the cash flow of the enterprise?

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Please Turn Over

(Total 20 Marks)

Q15. The operating efficiency of a road passenger business can be measured in several ways. Please give 5 measures?

(20 Marks)

Q16. Please outline the 5 main duties of a Director.

(20 Marks)

Q17. List four ways that best practice driving techniques can improve vehicle fuel efficiency.

(20 Marks)

Please Turn Over

Q18. Investing in training is necessary and beneficial for a transport company. Please outline the benefits from both employee and director/management training course.

(20 Marks)

Q19. Regulation 14 of Statutory Instrument No. 89 of 2017, as updated by Statutory Instrument No. 265 of 2018 European Union (Occupation of Road Transport Operator) Regulations giving effect to Regulation (EC) 1071 of 2009 sets out a list of documents that road transport operators are required to keep at their business address. List FIVE of these documents.

(20 Marks)

Please Turn Over

Section B

Compulsory 100 Mark Question

Q1 *You have been appointed as transport manager of a Coach company (TransCoach) based in Dublin, on the Dublin Airport campus. The company is mainly involved in the movement of customers from Dublin Airport to a variety of locations around the country. The company has a fleet of 25 Coaches.*

The work involves picking up Customers at Dublin Airport, driving to the dropping off point, loading returning customers and returning them back to Dublin airport before returning to base. They can usually drop off customers and pick up returning customers at the same time.

You have been asked to review the rates for one specific route with a view to developing a standard system for reviewing all the rates. The customer is based in Listowel which is 280 kilometres from Dublin.

Allow one hour for loading at Dublin Airport and one hour for dropping off and collecting the returning customers at Listowel and bringing them back to Dublin Airport. The driver will drop the empty coach back at TransCoach depot (Allow 15 mins for this).

Factor into the journey appropriate time for pre-start checks and breaks to ensure the journey is carried out in a legally compliant and efficient manner.

Costs
Driver – paid €16 per hour and guaranteed 45 hours per week. Receives 4 weeks annual holidays and is paid for bank holidays. Holiday and bank holiday pay is at 8 hours per day, each driver receives 4 weeks annual holidays and 10 bank holidays
The employer pays PRSI at 11.5%. Add in €1,200 per annum to cover training, uniforms, telephone allowance and sundries

Vehicle
The lease cost on the Coach including maintenance is €25,000 per annum.
Add Insurance at €5,500 per annum, road tax is €900 per annum, vehicle washing €1,200 per annum and other or sundry €800 per annum

Overheads
The total annual cost of overheads including office staff, transport manager, insurance, depot rental, audit fees and other fixed costs is €150,000

Variable cost
The average fuel consumption is 3.1 kms per litre and the current cost of fuel is €1.10 per litre. Tyres on coaches are estimated at €0.06 per kilometer

A. Calculate

Cost per hour for the driver
Cost per hour for the coach
Cost per hour for overheads
Cost per kilometer for fuel and tyres

B. Using the above costs calculate the cost of the round trip: Dublin – Listowel – Dublin.
Include a suitable gross profit margin

C. You incur a delay of two hours at the customers premises which the customer has agreed to pay how much would you charge the customer

D. Calculate the percentage of the trip rate for vehicle, labour, running, overheads and profit

E. What would be the impact of
- **Fuel price increases by 20%**
- **Labour cost increase of 10%**

50 Mark Questions

Answer one of the following:

Q2 The utilisation of vehicles is a fundamental part of any transport operation. Describe the strategies that give competitive advantage and the constraints and practicalities that must be remembered while doing this? What information is essential to have in accepting jobs and pricing them

(50 Marks)

Q3 You are employed as the Transport Manager of an undertaking with 250 vehicles. You have recently recruited a number of part-time drivers as well as a number of agency drivers to supplement the core establishment of full-time drivers. **Outline the liability** your undertaking has in respect of ensuring compliance with driving hours and working time regulations and **describe the steps** you would take to ensure that your undertaking is compliant in respect of **all drivers** in your charge.

(50 Marks)

ANSWER QUESTION NUMBER: _____

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