

**Level 3 Certificate of Professional
Competence for Transport Managers
(Passenger Transport) Unit P2 Case Study 05678**

Friday 17 June 2016 – 1.00 PM – 3.15 PM
Time Allowed: 2 hours 15 minutes

Case Study

This document consists of 8 pages. Any blank pages are indicated.

Background

OCR Transport Ltd (OCR) is a well-established coach operator, with operating centres in Harlow (East of England Traffic Area) and Ashford (London & the South East of England Traffic Area).

OCR holds a Standard International operator licence in each Traffic Area, with 40 vehicles authorised in each. As of 17 June 2016, there are 38 vehicles in Harlow and 35 in Ashford. Vehicles based in Harlow are maintained in house. Vehicles based in Ashford are maintained by a local garage, under contract. The Traffic Commissioners completed five-yearly checks on both operator licences in 2015, with no significant issues arising. OCR is not registered for operator licensing self-service.

You are a nominated Transport Manager for both operator licences. There is one professionally competent person in Harlow and another in Ashford, and both are also nominated on the relevant operator licences.

OCR company policies

- When vehicles are single-manned, driving breaks must be taken at the latest possible time and for the shortest possible duration.
- When vehicles are double-manned, drivers are required to stop for a 30-minute passenger comfort break, after each 4½ hour driving period.
- Drivers may only join or leave vehicles at an OCR operating centre.
- Vehicles may carry a maximum of two drivers.

Marketing data

OCR has recently decided to appoint its first Director of Marketing, Keith Milliner, who starts work soon.

You received an email from Keith today, which includes the following extract.

I need to know about the primary and secondary market research data that OCR already holds, so that I can start thinking about research initiatives. What is in place?

You have already identified the following data sources which you think that Keith may find useful:

- Results from a customer questionnaire about future demand, completed in May 2016
- OCR's customer database
- OCR's accounting system
- OCR sales team reports on responses to the volume discount offered in April 2016

Events and tasks timetable system

OCR maintains a diary system that details important upcoming events and tasks for the executive team.

You have printed the following extract from the system. You will use this information to prioritise and schedule your work.

<u>Date</u> <u>(All 2016)</u>	<u>Action/Activity</u>
17 June (Today)	Finalise drivers schedule & costing for journey to Turin
17 June	OCR is dangerously near its £10,000 overdraft limit. Ensure that the limit is raised to £50,000 by July 13th
18 June	Coach OCR9 will be moving from Harlow to Ashford (temporary transfer)
20 June	Disciplinary meetings, Harlow. Driver Tony Pryce for taking a driving break on a motorway hard shoulder, as reported to us by a member of the public & verified against his tachograph record & vehicle tracker
20 June	Turin journey starts
21 June	Keith Milliner to be appointed to OCR's board as Director of Marketing
21 June	New 3,500kg GVW workshop van to be delivered to Harlow
22 June	Coaches OCR1 (Harlow) and OCR27 (Ashford) to be collected by a scrap dealer for disposal (ensure that we retain the personalised numbers!)
11 July	Deadline for renewing digital tachograph company cards
12 July	Change maintenance provider in Ashford
12 July	Send job sheets to RSA Transport (they will be running a private hire from Ashford on that day, as subcontractors)
21 July	Add Meena Parsons as nominated Transport Manager at Ashford
23 July	Coach OCR9 returning to Harlow from Ashford
19 August	Four new 49-seat coaches will be delivered to Harlow, for immediate use

Proposed journey to/from Turin, Italy

One of OCR's competitors, RSA Transport, has offered OCR a journey from Ashford to Turin and return, which they cannot fulfil. The journey involves carrying 40 passengers in each direction.

RSA Transport is suggesting a price of £4,500 for the round trip.

OCR does not have a coach available in Ashford to carry out the journey to Turin, so you have decided to send a Harlow-based vehicle (OCR16) on day one. The coach must depart with passengers from the Ashford operating centre at 09.30hrs on day one and return to Harlow to complete the round trip.

Route and timing information for proposed journey to/from Turin

Walkround check required at Harlow operating centre, starting at 07.00hrs	15 minutes
Distance and average speed between Harlow and Ashford operating centres	120km/60kph
2nd walkround check at Ashford operating centre and load passengers and luggage	15 minutes
Distance and average speed from Ashford operating centre to Folkestone, Channel Tunnel, including time for immediate check-in and embarkation	25km/50kph
Le Shuttle crossing	45 minutes
Distance and average speed between Coquelles, Channel Tunnel and Turin, including disembarkation time	1,120km/70kph
Breaks to be taken on the journey between Coquelles, Channel Tunnel and Turin	30minutes every 4½ hours
Disembark passengers and unload luggage in Turin, to be completed at 05.45hrs, local time, on day two	30 minutes
Load returning passengers and luggage in Turin	30 minutes
Return over same route as outward journey	-
<u>COSTING DATA</u>	
Total number of days for round trip (Harlow/Turin/Harlow)	3
Number of full days outside UK	2

Financial information for proposed journey to Turin

Vehicle depreciation per annum	£15,000.00
Other standing costs per annum	£24,000.00
Driver wage cost, per driver, per day or part day	£125.00
Fuel cost, per litre	£1.20
Fuel consumption	4km/litre
Maintenance cost, per km	£0.28
Tyre cost, per km	£0.04
Vehicle, days in use per annum	240
Driver daily expenses payment, per driver, per day outside UK	€40.00
Le Shuttle fare and Tolls for coach and all passengers (return)	£600.00
Exchange rate - €1 =	£0.80

Report and accounts (Produced today, 17th June 2016)

OCR Transport Ltd's turnover for the year ended 31 May 2016 was £11,046,138.

The company reported a net profit before tax of £1,005,450.

Its balance sheet at 31 May 2016 is shown below.

**OCR TRANSPORT LTD
BALANCE SHEET
as at 31 May 2016**

<u>FIXED ASSETS</u>	
Vehicles	£4,100,000
Plant & Equipment	£295,000
Fixtures & Fittings	£101,250
<u>Total Fixed Assets</u>	<u>£4,496,250</u>
<u>CURRENT ASSETS</u>	
Parts Stocks	£41,600
Debtors	£920,500
Cash at bank & in hand	£141,200
<u>Total Current Assets</u>	<u>£1,103,300</u>
<u>CURRENT LIABILITIES</u>	
Creditors	£174,250
Bank Overdraft	£9,550
Taxation Due	£70,400
Dividends payable	£125,000
<u>Total current liabilities</u>	<u>£379,200</u>
	£724,100
Long term loans	£952,800
	<u>£4,267,550</u>
Financed by:	
Share capital, authorised and issued	£3,300,000
Revenue reserve	£967,550
	<u>£4,267,550</u>

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