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THERE ARE NO QUESTIONS PRINTED ON THIS PAGE

MIDDLESEX UNIVERSITY  
and  
THE DRIVING INSTRUCTORS ASSOCIATION  
May 2009

**DIPLOMA IN DRIVING INSTRUCTION (2009)**  
**Module II: Management, Practices and Procedures**

Tuesday 5 May 2009 1.30 pm to 3.30 pm

**In addition to this paper you will require:**

- a 12-page answer book
- a pen, pencil and rubber
- a ruler

Time allowed: 2 hours

**Instructions**

- Answer **all** questions in the answer book provided.
- Do all rough work in the answer book. Cross through any work you do not want marked.

**Information**

- The maximum mark for this paper is 100.
- Mark allocations are shown in brackets.

Answer **all** questions

- 1** Many driving instructors (ADIs) are self-employed. As such, they are personally responsible for paying income tax, national insurance contributions and VAT.
- (a) When does the official tax year begin and end? *(2 marks)*
- (b) What is the penalty if tax returns arrive after the due date deadline? *(1 mark)*
- (c) In relation to turnover, when must you register for VAT and when can you choose to register for VAT? *(4 marks)*
- (d) Discuss the basic principles of the following:
- (i) Payment on account for income tax *(4 marks)*
- (ii) The payment choices and when a self-employed person is exempt from Class 2 National Insurance contributions *(3 marks)*
- (iii) What the payment of Class 4 National Insurance is based upon *(1 mark)*
- 2** Deciding the pricing for driving lessons is an important decision.  
Discuss the main business and financial factors to be taken into consideration. *(15 marks)*
- 3** The DSA Code of Practice is voluntary for ADIs. Describe the fundamental elements in relation to the following:
- (a) Personal conduct *(3 marks)*
- (b) Business dealings *(5 marks)*
- (c) Advertising *(2 marks)*
- (d) Conciliation *(5 marks)*

- 4** Public Liability and Professional Indemnity insurance should be seriously considered when operating as a driving instructor or running a driving school.  
Discuss the benefits of Public Liability insurance and Professional Indemnity insurance and explain what each of the policies normally cover. *(5 marks)*
- 5** The telephone is normally the first point of contact with potential customers.  
List the information that you should keep on record from this telephone conversation and give your reasons. *(10 marks)*
- 6** Keeping an accurate record of business accounts is essential.
- (a) What are the two main column headings you would use in setting up a basic set of business accounts? *(2 marks)*
- (b) There are fixed and variable business costs. Explain the difference and give **five** examples of each relating to a small driving school. *(14 marks)*
- (c) What are the advantages and disadvantages of having annual accounts prepared by a professional accountant? *(4 marks)*
- 7** The provision of a driving school car is a fundamental business decision.  
Explain the various financial options, giving the advantages and disadvantages. *(20 marks)*

END OF QUESTIONS