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Examination Details:

Paper Title:	June 2021 Series - CPC Case Study for Road Haulage
Paper No:	CPCR20621
Date of Examination:	Friday 11th June 2021 - 1.00pm to 3.15pm

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 and your centre name below in capital letters.
- 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 candidate number, centre number and question number(s).
- Answer **all** the questions.
- Do all calculations and rough work the following pages. Cross out any work you do not wish to have marked.

FOR EXAMINERS' USE ONLY	
Q1	
Q2	
Q3	
Q4	
Q5	
Q6	
Q7	
Total =	

Information

- The total mark for this paper is **60**.
- The marks for each question are shown in brackets **()**.
- This document has **14** 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:

Candidate's name:	
Candidate's date of birth:	
Candidate's ID number:	
Centre name:	
Candidate's signature:	





Road Haulage R2 Paper

Background

Acme Haulage Ltd (AH) was established in 1999 in Nottinghamshire. It is jointly owned by its two directors, both of whom hold International CPC qualifications and are nominated on its operator licences. The company operates a fleet of six articulated combinations, authorised by three Standard National operator licences, as follows:

Traffic Area	Operating Centre	Authorised vehicles	Authorised trailers	Operated vehicles	Operated trailers
North Eastern	Beeston	4	4	3	3
North Western	Long Eaton	4	4	3	3
Eastern	Leicester	1	0	0	0

The company operated one rigid lorry from its Leicester operating centre until 30 May 2021, when a customer contract ended and the vehicle was returned to the leasing company.

The six vehicles and semi-trailers are all leased. They are maintained by Acme Haulage Ltd's wholly-owned subsidiary, Acme Vehicle Maintenance Ltd (AVM). This company has built up adequate cash reserves to pay its creditors.

AH's Operator Compliance Risk Score is in the 'Green' band and the company has never has any regulatory action taken against it by a Traffic Commissioner.

Future plans

The two directors of Acme Haulage Ltd own all the shares in the company. They met earlier this week and recorded the following decisions in the minutes.

- A local garage has made an offer to maintain AH's fleet. AVM's Workshop Manager (Alan) and its mechanic (Brenda) are employed and paid by AH. The two are struggling to keep to the required work standards and the vehicles are spending too much time in the workshop. Also, the workshop equipment will need replacing soon. It would be more cost effective to contract out vehicle and trailer maintenance.

Decision: enter into a contract with the garage, effective 1 July 2021.

- As a result of the previous decision, the group has no need for AVM.

Decision: wind up Acme Vehicle Maintenance Ltd in July 2021.

- A potential customer is offering a contract for regular deliveries to France and Belgium, with the strong possibility of return loads. The contract would start in September 2021 and require two new rigid lorries, to be based at Beeston.

Decision: Accept the customer's offer of work.

Decision: Purchase (not lease) two identical rigid lorries for £80,000 each, including the initial tyre sets valued at £2,400 per vehicle. They are to be operated for three years, after which they are expected to be sold for £27,500 each.





- The directors' current workload is too high. Transport Supervisor (Charles) passed the CPC exam in March 2021.

Decision: Promote Charles immediately, to become Transport Director (board appointment), increase his salary to £40,000 per year and add him to all operator licences as a Transport Manager.

- A local parcel delivery company is for sale. It operates a fleet of 3,500kg GVW vans.

Decision: Buy the parcel delivery company for no more than £100,000, as soon as possible.

Current issues and other information

Driver fine

One of AH's drivers recently paid a fine after a fixed penalty notice for exceeding the speed limit in an AH vehicle. The directors identified the driver and completed appropriate internal disciplinary procedures.

Vehicle hire

One of AH's tractor units based at Long Eaton would not start this morning. The Workshop Manager needs to work on the unit and a replacement vehicle has been hired from a local supplier for three days.

Vehicle transfers and replacements

One vehicle combination based at Beeston is needed for a particular contract. It will be transferred to Long Eaton today, to return to Beeston after nine weeks.

One vehicle combination based at Long Eaton is needed for a particular contract. It will be transferred to Beeston today, to return Long Eaton to after 15 weeks.

The lease for one tractor unit ends on Friday. It will be returned to the lessor, to be replaced immediately by a new tractor unit which will be coupled to the current trailer.

Workshop staff

Alan and Brenda are employed by AH. Their details are as follows:

Name	Age	Joined AH	Weekly Wage
Alan	63	1st May 1999	£550
Brenda	45	1st may 2014	£385

Company policies and drivers hours information

- Drivers must be allowed 15 minutes for vehicle checks at the start of each shift
- Drivers must take all breaks and rests as late as possible, for the shortest possible time. This does not apply at loading and unloading sites where the driver is not required to assist. In these cases, the driver must take a break
- Drivers may not be scheduled to drive more than nine hours in any working day
- All drivers have signed an opt-out from the 10-hour night working limit

Financial data – articulated combination with sleeper cab





Cost item	Details
Vehicle and trailer leases and other Standing Costs	£119.83 per day or part day
Driver's wages	£125 per day or part day
Tyre cost	£4,800 per vehicle combination, per set
Tyre expected life	30,000km
Fuel price	£1.12 per litre
Fuel consumption	8km per litre
Vehicle maintenance costs	£0.24 per km
Driver's overnight allowance	£30 per rest period taken away from base
Profit mark-up	20% on all costs

Pallet deliveries and collections

One of AH's articulated combinations with sleeper cab based at Beeston is to deliver and collect loaded pallets this week. The vehicle can carry up to 26 pallets.

The following information is available.

- The trailer will be loaded with 26 pallets at Beeston, before the driver starts work
- The vehicle will be single-manned. The driver to start work at 07.00hrs
- 15 further pallets are to be collected from Boravo Ltd, Welshpool
- Deliveries are required to (in alphabetical order):
 - Carapon plc, Cardiff – the 15 pallets collected from Boravo Ltd
 - Delila Industries, Swindon – 13 pallets
 - Everprol, Watford – 13 pallets
- Loading or unloading pallets takes 15 minutes at each destination. Drivers are required to assist, except at Everprol, Watford, where the driver must stay in the vehicle's cab
- Details of further work as the journey continues are to follow
- The vehicle is required to be scheduled to follow the shortest possible route
- Road distances in km between sites (in alphabetical order) are shown in the following table
- Schedules will assume an average speed of 60kph
- Customers are to be charged an equal amount per pallet delivered, regardless of distances travelled

	Acme Haulage Beeston	Boravo Ltd Welshpool	Carapon plc Cardiff	Delila Industries Swindon	Everprol Watford
Acme Haulage, Beeston		170	260	330	180
Boravo Ltd, Welshpool	170		180	180	150
Carapon plc, Cardiff.	260	180		120	250
Delila Industries, Swindon	330	180	120		150
Everprol, Watford	180	150	250	150	





Question 1

The case study describes pallet deliveries and collections. You are required to schedule the journey, using the shortest route to the destinations shown and complying with company policies.

Use the information provided in the case study to complete a driver schedule for the deliveries and collections to and from Acme Haulage, Boravo Ltd, Carapon plc, Delila Industries and Everprol. Your schedule must begin when the driver starts work in Beeston at 07.00hrs and end when the vehicle arrives at its last scheduled stop.

Notes:

You **MUST** show a start time, finish time, activity description and tachograph mode for each time period.

Where appropriate, you **MUST** state whether the activity is a break or rest.

You **MUST** show a destination for each driving period.

Start time	Finish time	Activity description	Tachograph mode
07.00			





Please complete the table on the previous page.

(13 marks)



Question 2

The directors of Acme Haulage Ltd have decided to wind up its wholly-owned subsidiary, Acme Vehicle Maintenance Ltd.

(a) Give the most suitable method of winding up Acme Vehicle Maintenance Ltd.

(1 mark)

(b) Outline **THREE** tasks that the appointed liquidator must complete.

(3 marks)





Question 3

The case study describes pallet deliveries and collections. You are required to calculate the overall costs for the journey to the named destinations and the amount of profit mark-up to be added to those costs.

Notes:

You are **NOT** required to provide separate costs for each destination.

You **MUST** name each cost item and give a total for each.

You **MUST** show all your workings and give answers to the nearest 1p.

(a) Calculate the total cost to AH of the deliveries and collections described in the case study.

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(10 marks)

(b) Calculate the amount of profit mark-up to be added to the total cost to AH of the deliveries and collections described in the case study.

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(1 mark)





(c) Calculate the amount that AH should charge its customers **per pallet** delivered.

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(1 mark)



Question 4

The directors have decided to wind up its wholly-owned subsidiary, Acme Vehicle Maintenance Ltd.

This will result in the two AH employees who work in AVM’s workshop being made redundant on 1 July 2021.

Employee name	Number of weeks’ redundancy	Minimum amount of redundancy pay
Alan		
Brenda		

(a) Use the information provided in the case study to calculate the minimum amount of redundancy pay that will be due to each of the two employees. (Please complete the table above)

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(4 marks)

(b) Identify **THREE** things, in addition to redundancy pay, that AH must offer to Alan and Brenda because the company intends to make them redundant.

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(3 marks)





Question 5

The case study describes decisions made by AH's directors and some current issues.

Some of these past and proposed future events will require the company to make applications and/or notifications to a Traffic Commissioner.

Use the information provided in the case study to describe **TEN** such notifications or applications to the Traffic Commissioner.

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(10 marks)





Question 6

The directors of AH have considered the company's excellent compliance record, as described in the case study.

They have reviewed reports on AH's Operator Compliance Risk Score (OCRS) and they are considering whether it is worth applying for acceptance into DVSA's Earned Recognition Scheme.

(a) Give the **TWO** elements that make up the overall OCRS score.

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(2 marks)

(b) Give the rolling period over which an operator's score is worked out.

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(1 mark)

(c) State how often every operator's OCRS is updated.

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(1 mark)

(d) Outline **THREE** benefits to AH of being accepted into the Earned Recognition Scheme.

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(3 marks)





Question 7

The case study describes AH's directors decision to buy two rigid lorries. They now must decide how they wish to depreciate these assets.

You are required to calculate depreciation **for one of these vehicles**, using two methods. The directors will review the figures and decide which method to use.

Note:

You **MUST** name each item and show all your workings, to the nearest 1p in both parts of this question.

(a) Calculate the annual depreciation cost of **ONE** of the new rigid lorries, using the straight-line method.

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(3 marks)

(b) Calculate the depreciation cost of **ONE** of the new rigid lorries for each year, using the reducing balance method at the rate of 29.3% per year. You **MUST** also show the expected residual value of the vehicle at the end of year three.

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(4 marks)





Extra Sheet 3

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