

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

Examination Details:

Paper Title:	March 2026 Series R2 (Road Haulage) Case Study
Paper No:	RCS0326S
Date of Examination:	6th March 2026 13:00 - 15:15

Time allowed: 2 hours 15 minutes**You must have:**

- This case study
- A question/answer booklet

You may use:

- A calculator
- A dictionary
- Any permitted written materials

Instructions

- Answers to be written in pen/ink only
- Use the case study information to answer all the questions.
- Write your answer to each question in the space provided in the question/answer booklet. If you need extra space, use the lined page(s) at the end of the question/answer 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(s).
- Answer all the questions.

Information

- The total mark for this paper is 60.
- The marks for each question are shown in brackets () in the question/answer booklet.
- This document has 5 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.

Background

Cheston Grange Haulage plc (CGH) trades from its only operating centre in the East of England Traffic Area. It has held a Standard International operator licence for many years, authorising the 58 vehicles that it currently operates. The company has not submitted any notifications to the Traffic Commissioner in the last two years.

Vehicle maintenance is usually completed in CGH's workshop at its operating centre, but it contracted with Cheston Engineering Ltd in November 2025 to complete safety inspections for 12 of its 18,000 kg GVW lorries.

Company policies

- All drivers are required to complete one vehicle walkaround check in every 24-hour period, starting when they take over a vehicle. Schedules must allow 15 minutes for this
- Drivers are not permitted to interrupt journeys for breaks or rest periods that are not legally required. However, drivers must take advantage of rules and circumstances that allow them to take rest periods that would shorten journeys

Recent events

Transport manager

In January 2026, one of CGH's nominated transport managers was convicted in a Magistrate's Court of theft from a supermarket and fined. The transport manager has not returned to work since his conviction.

Vehicle maintenance issues

In recent months, the drivers of company vehicles have been issued with seven prohibition notices, requiring replacement vehicles to be dispatched. CGH's workshop manager reports that the majority of these notices related to vehicle defects that should have been identified by drivers during their walkaround checks.

To help solve this problem, the company has provided the drivers with the following, to help them complete vehicle walkaround checks properly:

- A Driver CPC training course on vehicle walkaround checks has been attended by all CGH's drivers
- The drivers have been issued with an instruction sheet on vehicle walkaround checks
- The time allowed for vehicle walkaround checks has been increased from 10 minutes to 15 minutes per vehicle
- At least one member of workshop staff is now available to drivers while they are completing vehicle walkaround checks at the operating centre
- ALL CGH's vehicles have been fitted with wheel nut indicators
- The drivers have been supplied with smartphones with an itemised application for vehicle checks
- The operating centre now has a dedicated area available for vehicle walkaround checks. The area is well lit, under cover and is considered safe
- The drivers have been given access to spare bulbs and tyre pressure and depth gauges
- The drivers have been provided with new hi-visibility clothing, work boots and gloves

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Company records

A recent review of company record keeping disclosed the following:

- Accounting records are kept for at least six years
- Driving and working time records (including tachograph data) are kept for 12 months
- Vehicle maintenance records are kept for 12 months
- LOLER examination certificates are kept for two years

Director appointment

CGH appointed its first Marketing Director in November 2025.

Change of registered office

CGH notified Companies House of its change of registered office in October 2025. Official correspondence is now delivered to the company's solicitor's office instead of to CGH's operating centre.

Speeding fines

Cheston Grange Council installed speed cameras on the road that leads from CGH's operating centre to the nearest motorway. Since the cameras became operational in January 2026, there have been 27 notices of intended prosecution delivered to the company. So far, 14 fixed penalty fines have been paid and points added to drivers' licences.

Deliveries to ColaDrinks plc

CGH is to start work on a contract with ColaDrinks plc (CD) on Monday 9 March 2026, to collect new cans from Cheston Manufacturing and deliver them to CD's premises in Mountain Ash, where CD produces canned drinks. The distance from Cheston Manufacturing's premises to CD's factory is 30 km.

You have attended a preliminary meeting with CD executives and gathered the following information:

- CD requires one delivery from Cheston Manufacturing to arrive every hour, on the hour, throughout every day and night, starting on Monday
- Each load will require one of CGH's articulated combination vehicles
- Each load is to be collected from Cheston Manufacturing's premises
- Loading at Cheston Manufacturing will take 12 minutes for each load, driver assisting
- Unloading at DC will take 18 minutes for each load, driver assisting
- Average speed between Cheston and Mountain Ash, for planning purposes, is 60 kph
- CGH's vehicle consumes fuel at the rate of 10 kpl
- CGH's vehicle (or vehicles) to be used on this contract will be based at Cheston Manufacturing's premises and maintained at CGH's workshop

Delivery to The Hague (Netherlands)

One of CGH's customers has asked CGH to collect goods from the Customs warehouse at Cheston airport and deliver them to premises in The Hague (Netherlands). The customer will provide a return load and will pay a charge based on two days' use of the vehicle and actual distance travelled.

The goods are due to arrive at Cheston airport on a plane landing at 07.15 hours on Sunday 8 March 2026. CGH's route planner has provided the following information:

- CGH is to provide an 18,000 kg GVW lorry, crewed by one driver. The vehicle has sleeping accommodation for the driver

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- The lorry is to drive from the Cheston Grange operating centre to the warehouse waiting area at Cheston airport (15 km at an average speed of 60 kph), to arrive 1 hour before the goods are expected to be ready to be loaded, 35 minutes after the plane lands
- The drive from the waiting area to the airport warehouse is 1 km and will take 2 minutes. The lorry must be at the warehouse to load the goods at 07.50 hours. Loading will take 10 minutes, the driver to assist
- The vehicle will then be driven to Harwich Port (70 km at an average speed of 70 kph)
- The lorry must arrive at the port at 09.00 hours and begin embarking the ferry at 10.30 hours. The driver may freely dispose of his time during this period
- Embarkation will take 10 minutes, involving 1 km of driving, and the ferry will depart immediately
- The crossing will take 8 hours. The driver will have a cabin during the crossing
- Disembarking the ferry and driving to The Hague will be a journey of 20 km at an average speed of 60 kph
- The driver is not required to assist with unloading the vehicle at The Hague, to start immediately on arrival there. The driver may freely dispose of his time for the shortest possible period before the driver assists with loading the vehicle with goods for its return journey, for 10 minutes
- The return journey from The Hague to CGH's operating centre via the ferry and the second delivery point, will involve driving for 130 km

Costing information – 18,000 kg GVW lorry

Days in use per year	240
Purchase price, excluding initial tyre set (The vehicle was purchased in September 2025)	£85,947
Expected residual value after 6 years	£35,000
Depreciation method	Straight line
Other standing costs per year	£33,000
Driver cost per day	£180
Tyre costs	£0.05 per km
Fuel costs	£0.14 per km
Maintenance costs	£0.15 per km
Ferry allowance, per person, per ferry crossing	€60
Eurovignette	€14
Return ferry fare, Harwich and Hook of Holland (including cabin)	£520
Exchange rate	€1 = £0.87

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Extracts from CGH's financial statements for the year ended 28 February 2026

Sales	£1,727,998
Direct costs	£1,382,398
Indirect costs	£172,465

Balance sheet on 28 February 2026

Fixed assets		£2,400,000
Current assets		
Cash	£220,750	
Debtors	£71,825	
VAT refund due	£21,450	
Stocks of fuel and vehicle parts	<u>£24,500</u>	£338,525
Current liabilities		
Bank overdraft facility of £10,000	nil	
Trade creditors	£40,700	
Taxation due	£74,500	
Dividend payable	<u>£12,000</u>	£127,200
Long-term loans		<u>£1,210,000</u>
		<u>£1,401,325</u>
Share capital		£100,000
Revenue reserve		<u>£1,301,325</u>
		<u>£1,401,325</u>