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Examination Details:

Paper Title:	June 2024 Series P2 (Road Haulage) Case Study
Paper No:	RCS0624S
Date of Examination:	7th June 2024 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:

- 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 4 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

Billy Jones is the only shareholder and director of W.Jones Transport Ltd (WJT). The company has provided road haulage services to customers in the Walvingham area since 1995, authorised by a Standard National operator licence. The company owns the freehold for its operating centre.

WJT's vehicles are all maintained at a local garage, under contract. Fuel is stored in a bunker at the operating centre. The average cost of a litre of diesel is £1.30.

Billy's daughter, Alison Smith, holds a Certificate of Professional Competence and a DGSA vocational training certificate. Alison holds dual roles of transport manager and dangerous goods safety adviser within the company

Billy intends to retire on 1 October 2024.

Current operations

Employees

WJT employs Billy Jones and Alison Smith, as described above. The other staff include the following:

- Transport Supervisor who joined WJT on 2 June 2020 at the age of 42 years old. They currently earn £760 per week.
- Transport Clerk who joined WJT on 1 July 2019 on their 19th birthday. They currently earn £400 per week.
- 20 drivers.

Contracts:

WJT has several haulage contracts that end on 30 September 2024. It also has regular contracted work for two customers, as follows:

Walvingham Brewery

Walvingham Brewery produces canned drinks from its premises which are next door to WJT's operating centre. The following describes WJT's haulage operation.

- The brewery requires one delivery of new cans from its supplier (Midlands Canned Drinks) to arrive every hour, on the hour, throughout every day and night.
- Each load requires one of WJT's articulated combination vehicles.
- Each load is collected from Midlands Canned Drinks' premises.
- Loading at Midlands Canned Drinks takes 12 minutes for each load, driver assisting.
- Unloading at the brewery takes 18 minutes for each load, driver assisting.
- Average speed for the 30km journey between Midlands Canned Drinks and the brewery is 60kph.
- The articulated vehicles achieve an average fuel consumption of 9km per litre.

Akanji Gas

Akanji Gas provides wholesale propane gas canisters to its customers, comprising retail camping shop chains and discount warehouses. It contracts with WJT to complete customer deliveries, as follows:

- Deliveries are required five days every week, Monday to Friday.
- Each load requires one of WJT's rigid 18,000Kg GVW vehicles.
- All loads are collected from Akanji Gas' premises in Walvingham.
- All deliveries are to UK locations.

Future events

Billy Jones retirement

Billy intends to retire on 1 October 2024. On that date, all of WJT's vehicles will be sold at auction, except for all vehicles currently used on the Walvingham Brewery and Akanji Gas work.

Once the remaining transport business has been transferred to Toby Smith (see below), WJT will produce some future income for Billy from rents received.

Toby Smith

Toby is Billy Jones' son-in-law, married to Alison Smith. He is employed by WJT and usually drives on the Akanji Gas contract.

Toby wants to take over WJT's business, but only has enough money to finance the vehicles to operate the brewery and gas contracts. He believes that he can run the two contracts more efficiently as a sole trader and he intends to review both operations.

The family have discussed Billy's planned retirement and developed the following plan:

- Billy will retire on 1 October 2024.
- Both Walvingham Brewery and Akanji Gas have accepted Billy's recommendation for Toby to take over this work, starting in October 2024.
- The vehicles used on the Walvingham Brewery and Akanji Gas contracts will be sold to Toby at their written down values in the company's books on 1 October 2024. The articulated combinations cost £90,000 on 1 October 2022 and are depreciated at 15% per year.
- Toby will continue to use the current operating centre, rented from WJT.
- Toby will employ Alison who will fulfil the same roles as she does for WJT.
- WJT will make the Transport Supervisor and the Transport Clerk redundant on 1 October 2024 but all other current staff members will transfer to Toby's employment on that date, under Transfer of Undertakings (Protection of Employment) TUPE.
- Toby intends for the local garage to continue to maintain the vehicles.

- Tony hopes to attract more work and acquire some new vehicles. One particular opportunity is described below.

New opportunity

Toby has been talking to Brian Davies, who recently left his employment with Akanji Gas to become the Chief Operating Officer of Cardboard Cartons, a packaging manufacturer. Brian has invited Toby to submit a proposal to operate regular Saturday deliveries for his company. He has provided the following details.

- Work to start on 5 October 2024.
- Brian insists that Toby's driver completes a 10-minute vehicle check before leaving Toby's operating centre.
- Collect six pallets of flat-packed packaging from Cardboard Cartons' premises, 6.5km from Toby's proposed Walvingham operating centre. Loading must start at 09.00hrs.
- Loading will take 15 minutes, Toby's driver to assist.
- Deliver two pallets to Brian's customer in Brighton, 130km from Cardboard Cartons' premises.
- Deliver two pallets to Brian's customer in Bayminster, 65km from Brighton
- Deliver the final two pallets to Brian's customer in Sirton, 110km from Bayminster.
- Return signed delivery notes to Cardboard Cartons' premises, 65km from Sirton.
- Each delivery will take 10 minutes, driver to assist.
- Average speed for all stages is 65kph.
- All breaks to be taken as late as possible and for the shortest possible time.