

**Level 3 Certificate of Professional  
Competence for Transport Managers  
(Road Haulage) Unit R2 Case Study**

**05689**

**Friday 15 June 2018  
1.00 PM – 3.15 PM**

Time Allowed: 2 hours 15 minutes

**Case Study**

**This document consists of 4 pages. Any blank pages are indicated.**

## McKenzie Haulage (McKenzie)

Tom and Sarah McKenzie are a brother and sister working in partnership, trading as McKenzie Haulage from premises in Derby that are owned by Tom. Sarah is the nominated transport manager on McKenzie's Standard National operator licence which authorises 12 vehicles and 2 trailers. Sarah wishes to leave the business to pursue another career. She has agreed to stay on as partner and transport manager until 31 July 2018, after which Tom will take full control of the business. He has discussed his options for a new business structure from 1 August 2018, to be financed from his own resources, with no borrowing.

Tom intends to expand the business after Sarah has left and wants to operate 15 vehicles and 2 trailers, all owned.

McKenzie currently has over £100,000 in its bank account which will be shared between Tom and Sarah when she leaves the business. Tom intends to open a new business account with £20,000 and to keep his other funds in a personal savings account.

You passed your Certificate of Professional Competence examination in March 2018 and you have also been nominated as McKenzie's Transport Manager. You started work with McKenzie on Monday of this week.

### McKenzie Haulage vehicles

McKenzie currently operates the following vehicles.

Quantity	GVW (Kg)	Specifications	Number of tyres	Purchase Price excluding tyres	Expected residual value	Kerbside weight (Kg)
3	7,500	Sleeper Cab, tail lift, curtain side	4	£68,200	£26,520	5,000
2	12,000	Day cab, tail lift, curtain side	6	£70,200	£28,870	6,000
2	18,000	Sleeper cab, tail lift, box body	6	£72,700	£30,670	9,000
2	26,000	Sleeper cab, tail lift, box body	8	£83,000	£36,420	12,000
3	Tractor Unit 44,000(GTW)	Sleeper Cab	8	£95,000	£40,000	7,500
2	Semi-trailers 44,000	Box body	8	£29,000	£1,000	6,000

The three tractor units are used daily, mainly for 'traction only' delivery of customers' own trailers. The two McKenzie trailers are only used occasionally, for general haulage. These trailers are 12 years old and cover a minimal annual mileage. The rigid goods vehicles are used daily, also for general haulage. The vehicles are purchased new and replaced after three years. The tail lifts are used for loading goods and as means of entry and exit to/from vehicle bodies by drivers and loading

staff. Vehicles are each utilised for an average of 280 days annually and the trailers are each used for an average of 80 days annually. In addition to the two owned trailers, there is often a customer trailer parked overnight at McKenzie's operating centre in Derby.

### Company policies

McKenzie's company policy document states that

- all driver breaks must be scheduled to be taken as late as legally possible and for the shortest possible time
- drivers must be scheduled to complete a 15-minute walk around check of the vehicle at the beginning of every shift

### **ABEC Manufacturing (ABEC)**

ABEC Manufacturing is currently one of McKenzie's customers and is based in Castle Donington, 32km from McKenzie's operating centre. ABEC manufactures specialist machinery which requires skilled handling and installation. ABEC staff have asked Tom to provide costings and schedules for a new contract that they are negotiating. This involves the delivery and installation of new machines to sites in London, Bristol, Worcester, Nottingham, Leeds, Warrington, Preston, Sunderland, Belfast and Dublin. Apart from Belfast, these are all sites to which your drivers deliver regularly for ABEC.

### Belfast delivery

ABEC has asked for a delivery schedule and costings for the Belfast journey to be sent to its office by Tuesday of next week. Tom has provided the following information.

- The machine to be delivered to Belfast will be packaged in four parts, each weighing 1,000kg
- The average speed to be used for the whole journey is 64kph
- The vehicle must be scheduled to leave McKenzie's depot in Derby at the latest possible time and to arrive at Belfast at the earliest possible time
- Loading at ABEC Castle Donington must start at 09.00hrs and will take one hour, driver assisting
- The distance between Castle Donington and Stranraer is 480km
- The Stranraer-Larne ferry crossing, sailing at 21.00hrs will be used (a cabin is provided on board the ferry and parking is available at both ports)
- Ferry embarkation and disembarkation each take 15 minutes (to be scheduled as driving time)
- The ferry arrives in Larne (32 kms from the Belfast delivery site) at 23.00hrs
- Delivery and installation in Belfast must start at 07.00hrs and will take four hours, driver to assist
- McKenzie's vehicle will call at Castle Donington on the return journey to deliver reusable packaging from the machine and paperwork, before returning to its operating centre.

### Costing information for the Belfast delivery

Tom has told you that the costings must include two days' utilisation of the vehicle and two days' utilisation of the driver and must be based on the information in the table below.

Driver wages (per day, per driver)	£115 .00
Vehicle insurance and VED (per year)	£4,900.00
Cost per tyre	£200.00
Average tyre life	40,000km
Fuel price per litre	£1.13
Fuel consumption	6 km per litre
Maintenance costs	£0.27 per km
Ferry cost (to be treated as a Running Cost)	€300 one way
Euro exchange rate	£1 = €1.11

### **Proposed work**

Tom has been asked about the storage and distribution of 3,000 litre loads of a flammable liquid in intermediate bulk containers (IBCs) for a new customer. He has been told that the consignments will fall within the scope of regulations covering the carriage of such goods. Tom has called a meeting to discuss this and other issues.

Drivers have all been provided with the following equipment:

- Protective gloves
- High visibility jackets and bibs
- Safety boots
- Hard hat
- Personal first aid kit
- 2kg dry powder fire extinguisher (all vehicles have a holder fitted in the cab for this)

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