

Background & Problem

The company operates a container terminal at the Far Eastern end of the Trans Siberian Railway. Established in 1995 and managed by an Australian subsidiary of a FTSE100 PLC, the company had made losses since its inception. This problem was exacerbated by the financial crisis in Asia, which began in Thailand in 1997 and resulted in a massive reduction in container throughput at the terminal. The company was desperately short of cash and the management had no financial information with which to run the business.

Action Taken

The cash and profitability issues were resolved by a combination of measures, including improved credit control policies and procedures, sale and lease back of assets, replacement of bankers, and revaluation of assets for Russian tax purposes.

The financial information problems were resolved by reorganizing the finance function and re-educating the local staff as to their role, and by implementing a new dual standard (Russian and IAS) accounting system.

The Result

The Company is now trading very profitably and is in a position both to reward shareholders with substantial dividends and to plan for significant capacity expansion, to take advantage of the huge opportunities arising from the burgeoning trade between Asia and former members of the Soviet bloc.

If you want to find out more about any of the areas covered in this case study and how we can support your business – contact us today.