



Client / Matter

The client, a national retail bank, was the lender to a large transport group that serviced the mining industry.

Appointment

We were appointed to conduct pre-lending due diligence in respect of a funding application by the group.

Issue

The group was a long-standing customer of the bank and had operated a successful business over a long period. However, in the three year period prior to the engagement it had incurred trading losses resulting from a long running dispute amongst the three shareholders. The dispute had become the subject of legal proceedings. An agreement had been reached between the shareholders which provided for one shareholder being paid out. The two remaining shareholders had approached the bank for funding of the payout and funding for urgently required capital expenditure.

The group had undergone considerable changes in senior management due to tensions arising from the dispute. This had resulted, at the time of our appointment, in a loss of corporate knowledge

Solution/Outcome

Taylor Woodings:

- undertook an extensive review of the group's financial affairs, operations, key assets, management, financial controls and forecasts
- provided an independent and comprehensive report to the bank containing recommendations with respect to management, reporting requirements and systems and internal controls. The report also proposed a number of pre-conditions and covenants should the bank choose to provide the funding

The bank provided the funding to payout the third shareholder and adopted a number of our recommendations. The shareholder dispute has now been settled, the company is now trading profitably, and the bank is now sufficiently comfortable with the company to have advanced funds for the further capital improvements.