

EB 699 : RESEARCH PAPER

A CASE STUDY :

THE COLLAPSE OF BARINGS PLC

CLOSED STACKS

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Submitted to the faculty of
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in partial fulfillment of
the requirement for
the degree of
MASTER OF BUSINESS ADMINISTRATION
MARCH 1996

ACKNOWLEDGEMENTS

I am deeply indebted to my supervisor Dr Mansor Md. Isa who has guided me in this study and with his helpful comments, guidance that enable me to complete this paper.

My appreciation also go to the Management of Mulpha International Bhd for accomodating me in my work and being so considerate and understanding.

Special thanks is due to my senior coursemate, Mr Tee Hoi Keat (MBA 1995) for his valuable advice.

Lastly, my deepest appreciation and love to my understanding wife Wong Choi Oh for her moral support throughout the whole duration of this programme and not forgetting our first son Cheng Lin who is born during the first semester exam in second year.

Acknowledgement
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FOREWORD

The collapse of U.K merchant bank Barings Plc seemingly was due to a failure of internal control. Prima facie indications are that there was a rather severe and dramatic breakdown of control systems as they related to the activities of the subsidiary company in Singapore.

On Monday, 3rd April 1995, Barings chairman Peter Baring, 59, whose family founded the 233-year old merchant bank, and vice chairman Andrew Tucker resigned.

The resignations had been expected since Barings went bankrupt at the end of February under the weight of huge losses in derivatives trading in Asia.

The bank was sold to International Nederland Group (ING) for a nominal £1 (RM 4), after its Singapore-based dealer Nick Leeson gambled away its entire assets on derivatives.