



The Insolvency  
Service

## **Rule 7.48 Insolvency (England and Wales) Rules 2016**

### **Report by the Official Receiver**

#### **THE INSOLVENCY ACT 1986**

#### **HIGH COURT OF JUSTICE**

#### **BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES**

#### **REPORT BY THE OFFICIAL RECEIVER ON THE THOMAS COOK GROUP COMPANIES (IN LIQUIDATION)**

On 23 September 2019, winding up orders were made against 26 companies (“the Companies”) in the Thomas Cook Group (“the Group”), on the petition of the Companies’ directors presented on the same date.

A list of the Companies in liquidation is available in the schedule at the end of this document.

The Official Receiver was appointed Liquidator by the Court. The Court also appointed Simon Jonathan Appell, Alastair Paul Beveridge, Daniel Christopher Imison and Benjamin James Browne of AlixPartners UK LLP and Blair Carnegie Nimmo, James Robert Tucker, David John Pike, Michael Robert Pink and Ben Maitland Leith of KPMG LLP as Special Managers, to assist the Official Receiver in managing the affairs, business and property of the Companies.

This is my report to creditors and contributories under Rule 7.48 of the Insolvency (England and Wales) Rules 2016.

This report only refers to the 26 Thomas Cook Group companies which were wound up on 23 September 2019. A further 27 UK companies in the Group were wound up on 8 November 2019, and the Official Receiver will report separately about them in due course. Information about companies in other jurisdictions is included on the Creditor Information Sheet published with this report.

## ABOUT THE GROUP

Thomas Cook was one of the prominent European brands in the leisure travel industry, which offered holiday and flight options, including traditional packaged holidays, independent travel products, seat-only airline tickets and a selection of travel-related financial services.

These products were typically sold directly to customers (through retail outlets, Thomas Cook websites and call centres) or via third-party travel agents on a business-to-business basis.

The Group served approximately 22 million customers annually and its key markets were the United Kingdom (the “UK”), Germany and Northern Europe.

## ASSETS

Total estimated asset realisations are between £176M and £244M. These figures indicate the range of total asset realisations across the Companies scheduled below but may be subject to change. This range excludes the costs of realising the assets.

Realisations to date include the sale of retail outlets, aircraft landing slots, intellectual property rights, subsidiary and joint venture businesses and the collection of currency and cash from retail stores. Special Managers continue to negotiate the sale of assets including the aircraft and engineering stock.

The position regarding intercompany trading, assets and liabilities is still to be fully determined.

Creditors should note that although assets have been, or are in the process of being realised, there will be some of the Companies, that did not have assets and creditors of those companies will not benefit from these realisations. **An estimate of the likelihood of a dividend in each company can be found in the schedule of the Companies, placed at the end of this document.**

Any payment made to creditors is dependent on the value of the assets realised and the costs of the proceedings.

## LIABILITIES

The Companies' total liabilities are estimated to total approximately £9 billion. This figure is not final and is subject to change. The figure can be broken down as follows:

Creditor Group	Amount owed (£m)
Debts due to other group companies	5,700
Banks and other lenders (including commitments under lease agreements) (see note 1)	1,775
Trade Creditors (see note 2)	885
Customers for package holidays, flights and other services, including contingent liabilities (see note 3)	585
Employees (Including Redundancy Service Payments) (see note 4)	45
<b>TOTAL</b> (see note 5)	<b>8,990</b>

### Note 1

There may be changes to the bank figure as a result of any claims regarding the banks' right of set off.

### Note 2

Approximately £885M is owed to suppliers of which £393M is due in respect of the Thomas Cook Tour Operations, £448M in respect of the Airline business and £44M in respect of Group Corporate functions.

### Note 3

Individual customers who paid for holidays through a credit card may be able to claim a refund from their credit card supplier or from applications under Section 75 of the Consumer Credit Act 1974. If such claims are successful, then the right to claim in the liquidation estate falls to the credit card company. Amounts of such claims are yet to be determined.

The claim of the Civil Aviation Authority (CAA) has not yet been fully quantified and is not included in this figure.

#### Note 4

This figure relates to the sums paid out by Redundancy Payment Service. Employees may have additional claims which have not yet been quantified.

#### Note 5

Estimates for some contingent liabilities (e.g. Bonding Lines) have not been included.

### **BACKGROUND AND CAUSE OF INSOLVENCY**

The Thomas Cook travel business was started by Thomas Cook in 1841. It developed into a worldwide leisure travel business. The ultimate holding company is Thomas Cook Group PLC, which was incorporated in 2007 as part of a merger agreement with MyTravel Group plc.

Between 2008 and 2011 the Group expanded further, including the acquisition of Hotels4U.com, an online booking service in 2008, and a merger with the Co-operative group of travel companies.

In 2011 the Group suffered a loss in bookings due to disruption in the Middle East/African region. The Group required an additional £200M loan from its bankers to fund a shortfall in cashflow.

The Group commenced a transformation project in 2012/2013 to reform the business and move it towards profitable growth.

In 2015 the Group refinanced its existing borrowing and entered into a partnership with Fosun International Ltd, who acquired a 18% shareholding in the Thomas Cook Group plc.

The Group suffered a fall in bookings in 2016 which was attributed to overseas terrorist attacks in the previous year.

In September 2018, following consultation with auditors and other professional advisors, the Group issued a profit warning that full-year profits would fall by 15% from the previous year. On 16 May 2019, the Group then published its half-year results for the six months ending 31 March 2019. Sales in the traditional peak trading period were below sales at the equivalent point in the 2018 financial year.

The directors attribute the Group's financial deterioration to a number of factors, which include:

- a reduction in demand across its geographical trading areas due to a change in customer holiday patterns
- customer uncertainty caused by the decision of the UK to exit the European Union, which was originally proposed for 29 March 2019, which led UK customers to delay booking holidays in Europe

- the hot weather in the UK during the summer of 2018 which caused potential customers to take holidays at home
- increased challenges from online competitors, who focused on lower-cost structures, unlike the traditional Thomas Cook retail travel outlets

Due to a reduction in the Group's income because of the above factors the board took the decision to write down the value of the goodwill shown in the Group's accounts by £1.1 billion in the 2019 half year results.

It was acknowledged by the board of directors of Thomas Cook Group PLC that the Group was carrying significant historical debt and that restructuring of the business and its finances was necessary. A number of options were pursued in an effort to address its financial difficulties with the final attempts to recapitalise the Group failing in September 2019. As a result of which, the directors determined that the Group was insolvent on both an assets and liabilities and a cashflow basis, and it was necessary to petition for the Winding Up of the companies within the Group.

## **KEEPING YOU INFORMED**

The Official Receiver will report further to creditors where relevant. This may only include creditors of specific companies in liquidation where there will be a distribution to creditors.

Further information about your claim against the Thomas Cook Group of companies can be found within the schedule below and the Creditor Information Sheet.

If you are registered for VAT, you may wish to assess if you are eligible for Bad Debt Relief on VAT, and assistance can be found at the following web address:

<https://www.gov.uk/government/publications/vat-notice-70018-relief-from-vat-on-baddebts/vat-notice-70018-relief-from-vat-on-bad-debts>

If you are a shareholder and are over the capital gains tax threshold you may wish to review the following guidance on reporting a loss to HMRC:

<https://www.gov.uk/capital-gains-tax/losses>

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Company	Former name(s)	Period	Special Manager's Firm	Former Registered Office	Company Registered Number	VAT Number	Principal Business Activity	Prospect of a Dividend
Thomas Cook Group PLC	SHAKESPEARECO PLC	08 Feb 2007 - 12 Feb 2007	AlixPartners UK LLP	3 <sup>rd</sup> Floor, South Building, 200 Aldersgate, London, EC1A 4HD	06091951	239 3841 42	Ultimate Parent Company	Unlikely
Thomas Cook Services Ltd	ACCOLADIA SERVICES LIMITED  THOMAS COOK SERVICES LIMITED  DESIGNCARGO LIMITED	05 Nov 2001 - 31 Mar 2003  06 Jun 1995 - 05 Nov 2001  03 Mar 1995 - 06 Jun 1995	AlixPartners UK LLP	Peterborough <sup>1</sup>	03028914	271 8346 89	Procurement of air transport for tour operations of group	Unlikely
Thomas Cook Group Tour Operations Ltd	THOMAS COOK GROUP TOUR OPERATIONS PLC  THOMAS COOK GROUP TOUR OPERATIONS LIMITED  THOMAS COOK HOLDINGS LIMITED	27 Oct 2017 - 26 Sep 2018  24 Aug 2017 - 27 Oct 2017  30 Mar 2017 - 24 Aug 2017	AlixPartners UK LLP	Peterborough	10699895	239 3841 42	Holding company	Possible

<sup>1</sup> "Peterborough" refers to Westpoint, Peterborough Business Park, Lynch Wood, Peterborough PE2 6FZ









Company	Former name(s)	Period	Special Manager's Firm	Former Registered Office	Company Registered Number	VAT Number	Principal Business Activity	Prospect of a Dividend
Thomas Cook Tour Operations Ltd	MYTRAVEL TOUR OPERATIONS LIMITED	24 Sep 2001 - 01 Nov 2007	AlixPartners UK LLP	Peterborough	03772199	239 3841 42	Sale of charter holiday packages	Unlikely
	UKLG TOUR OPERATIONS LIMITED	25 Jun 1999 - 24 Sep 2001						
	INHOCO 930 LIMITED	18 May 1999 - 25 Jun 1999						
Thomas Cook Retail Ltd	GOING PLACES LEISURE TRAVEL LIMITED	27 Dec 1993 - 01 Nov 2007	KPMG LLP	Peterborough	00102630	239 3841 42	Online travel services	Possible
	PICKFORDS TRAVEL SERVICE LIMITED	22 Apr 1909 - 27 Dec 1993						
Thomas Cook UK Ltd	THOMAS COOK HOLDINGS LIMITED	22 Dec 1998 - 20 Jun 2001	AlixPartners UK LLP	Peterborough	02631252	239 3841 42	Intermediate holding company & employee contract services	Unlikely
	PERSONAL RECEIVABLES LOAN SECURITISATION (NO.3) LIMITED	04 Oct 1991 - 22 Dec 1998						
	TRUSHELFCO (NO.1728) LIMITED	22 Jul 1991 - 04 Oct 1991						
TCCT Retail Ltd	THOMAS COOK TRAVEL LIMITED	05 Oct 2010 - 31 Aug 2012	KPMG LLP	Peterborough	07397858	239 3841 42	Network of 555 retail stores selling package holidays	Possible

Company	Former name(s)	Period	Special Manager's Firm	Former Registered Office	Company Registered Number	VAT Number	Principal Business Activity	Prospect of a Dividend
Thomas Cook Investments (2) Ltd	EXHIBITIONS ONE LIMITED	23 Jan 2007 - 07 Jan 2008	AlixPartners UK LLP	Peterborough	06062179	239 3841 42	Intermediate holding company	Unlikely
Thomas Cook Continental Holdings Ltd			AlixPartners UK LLP	Peterborough	06614883	239 3841 42	Investment holding company	Not yet known
The Freedom Travel Group Ltd	ALL STARS TRAVEL LIMITED  EVER 1185 LIMITED	04 Oct 1999 - 28 Nov 2001  30 Jul 1999 - 04 Oct 1999	KPMG LLP	Peterborough	03816981	239 3841 42	Management services for a network of third-party member travel agents and related suppliers.	Unlikely
Mytravel Group Ltd	MYTRAVEL GROUP PLC  AIRTOURS PLC  PENDLE TRAVEL SERVICES LIMITED	08 Feb 2002 - 15 May 2014  29 Sep 1986 - 08 Feb 2002  03 Dec 1962 - 29 Sep 1986	AlixPartners UK LLP	Peterborough	00742748	239 3841 42	Holding company	Unlikely
Future Travel Ltd	PERSONAL TRAVEL ADVISORS LIMITED	25 Nov 1996 - 11 Mar 1997	KPMG LLP	Peterborough	03283092	239 3841 42	Telesales travel agency & support services	Unlikely