



Travelscope Holidays

Background

On occasion, insolvencies can present substantial logistical demands and complexities. This case firmly demonstrates MCR's ability to manage these large scale challenges and simultaneously deliver the best long term solution. Travelscope had been trading for nearly 20 years initially as a coach tour operator and ultimately as a large provider of air, river & ocean cruise and coach tours. By 2006, the multi-company group moved to a new purpose built £6m head office in Gloucester. Competitor pressures were intense, turnover fell and margins were squeezed. By the end of 2007, after a series of adverse events, trading losses over the last two years exceeded £5.5m. Crucially, the obligors (insurers) of the ABTA, ATOL and IATA bonds were growing increasingly concerned and the Group's banks had reached the limit of their support.



There followed a deluge of enquiries; in the early stages MCR dealt with 2000 calls per day

MCR Involvement

On the 17th December, a swift appraisal of the financials by MCR confirmed that the cash position was critical. In the following days, IATA withdrew the Travelscope ticketing facility after a £2.2m transfer was unpaid by the Group's bankers. On 21st December Paul Clark, Phil Duffy and Andrew Stoneman of MCR were appointed Joint Administrators of the group. Travelscope had taken deposits of £10.2m on 45,000 advanced holiday bookings worth a total of £27m. The group was unable to trade regrettably forcing the cancellation of all holidays to the end of January. There followed a deluge of enquiries; in the early stages MCR dealt with 2000 calls per day. The vast majority of the 230 staff were made redundant on 31st December, the remainder departed by early February and the business was advertised for sale.



Outcome

Five interested parties made conditional offers but only one, from previous middle management was viable given their close familiarity with the business, their ability to salvage many of the forward booked holidays and their knowledge with its complex supplier contracts. The initial sale price was modest but the terms included deferred consideration and a revenue sharing contribution over the first year.

Simultaneously, MCR set about identifying and realising the substantial assets of the business including fixed term investments, credit balances, tax refunds, and collecting book debts. The property has now also been sold, notwithstanding the difficult UK property market. Total gross realisations are likely to be in the order of £15m. Preferential claims have been paid in full. Non-preferential (unsecured) creditors will exceed £20m, now the full extent of the ABTA, IATA and ATOL bond obligations have been calculated, but MCR expect to be able to make a significant distribution to creditors.

Client Testimonial

“Travelscope represented an enormous logistical challenge. MCR had to deal with high volumes of enquiries whilst simultaneously negotiating the sale of the business and realising the other assets. This ultimately achieved the maximum value possible for the benefit of all creditors, clearly demonstrating the breadth and quality of the MCR operation”.

Bond Obligor

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FOR FURTHER ASSISTANCE, PLEASE CONTACT

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