

# AM03

## Notice of administrator's proposals



Companies House

THURSDAY



\*A8KNRZSQ\*

A16

19/12/2019

#128

COMPANIES HOUSE

### 1 Company details

Company number 00143904

Company name in full Cox & Kings Travel Limited

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) David John

Surname Pike

### 3 Administrator's address

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region

Postcode E14 5GL

Country

### 4 Administrator's name ①

Full forename(s) William James

Surname Wright

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region



Postcode E14 5GL

Country

#### ② Other administrator

Use this section to tell us about  
another administrator.

AM03  
Notice of Administrator's Proposals

6	Statement of proposals									
	<input checked="" type="checkbox"/> I attach a copy of the statement of proposals									
7	Sign and date									
Administrator's Signature	Signature ✕   ✕									
Signature date	<table><tr><td><sup>d</sup>1</td><td><sup>d</sup>6</td><td><sup>m</sup>1</td><td><sup>m</sup>2</td><td><sup>y</sup>2</td><td><sup>y</sup>0</td><td><sup>y</sup>1</td><td><sup>y</sup>9</td></tr></table>	<sup>d</sup> 1	<sup>d</sup> 6	<sup>m</sup> 1	<sup>m</sup> 2	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 9	
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# Joint Administrators' proposals

Cox & Kings Travel Limited -  
in Administration

17 December 2019

Deemed delivered: 18  
December 2019

# Notice to creditors

We have made this document available to you to set out the purpose of the administration and to explain how we propose to achieve it.

We have also explained why the Company entered administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in the document such as the proposed basis of our remuneration.

A glossary of the abbreviations used throughout this document is attached (Appendix 8).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.insolvency-kpmg.co.uk/case+KPMG+CJB2641444.html>. We hope this is helpful to you.

**Please also note that an important legal notice about this statement of proposals is attached (Appendix 9).**



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# 1 Executive summary

- The Company was a luxury multi-destination tour operator and travel organiser, part of a wider international group trading under the Cox and Kings brand in various territories worldwide (Section 2 - Background and events leading to the administration).
- The demise of the Parent and other Group entities around the world resulted in the Company losing its purchasing power and it had to source its own supplies directly with suppliers. This led to a significant deterioration in profitability, liquidity pressures causing creditor arrears and a requirement for additional funding at the end of October 2019. Existing facilities were fully drawn and there was no appetite by the Bank to extend further funding (Section 2 - Background and events leading to the administration).
- KPMG were engaged to support the Company to source alternative funding, marketing process commenced on 24 October 2019. At this time, the Company's ATOL licence was due to expire on 25 October 2019. The CAA agreed to provide a short term extension of the licence to 29 October 2019 subject to certain conditions. This was to allow the Company a short period of time to explore alternative funding options (Section 2 - Background and events leading to the administration).
- The only offers received were on the basis of a pre-pack administration sale and the Bank issued a formal letter of demand to the Company on 26 November 2019 for immediate full payment of its facility. Subsequently, on 4 December 2019 the directors appointed David Pike & Will Wright as Joint Administrators of the Company (Section 2 - Background and events leading to the administration).
- Immediately on appointment, we completed a pre-packaged sale of the Company's business and assets to C&K Luxury Travel Limited (the 'Purchaser'), an unconnected third party, for consideration of £710,267 (Section 3 - Strategy and progress of the administration to date).
- The Company has one Secured Creditor with a fixed and floating charge over the Company's assets. Based on current estimates, we forecast that the Secured Creditor will suffer a shortfall against their debt (Section 4 - Dividend prospects).
- As part of the sale of business, all employees transferred to the Purchaser, therefore we do not expect any preferential claims from these transferring employees (Section 4 - Dividend prospects).
- We do not anticipate sufficient realisations to allow any distribution to unsecured creditors (Section 4 - Dividend prospects).
- We intend to seek approval of our proposals by deemed approval (Section 6 – Approval of proposals).
- We propose that our remuneration will be drawn down on the basis of the time properly given by us and our staff. Accordingly, we attach an estimate of our fees and expenses. We will seek approval for our remuneration from the Secured Creditor (Section 7 - Joint Administrators' remuneration, disbursements and pre-administration costs).
- On completion of the administration, we anticipate that the most likely exit route will be dissolution (Section 5 - Ending the administration).
- This document in its entirety is our statement of proposals. A summary list of the proposals is shown in Section 8 together with all relevant statutory information included

by way of appendices. Unless stated otherwise, all amounts in the proposals and appendices are stated net of VAT.



David Pike  
Joint Administrator

## **2 Background and events leading to the administration**

### **2.1 Background information**

The Company was incorporated on 23 May 1916 and provided luxury multi-destination tours and tailor-made holidays ("the Business").

The Company is part of a wider international group ("the Group") trading under the Cox and Kings brand in various territories worldwide, as well as a number of other separate entities/brands trading in the hospitality and leisure industry. The Company was the UK trading entity of the Group. The Company held an Air Travel Organisers Licence (ATOL). The ultimate parent of the Group is Indian registered entity, Cox and Kings Limited ('the Parent').

The Company employed 67 people at the date of the administration, comprising finance, HR, sales and marketing, operations and specialist holiday planners. All employees were transferred under TUPE regulations.

### **2.2 Funding and financial position of the Company**

The Company was historically profitable and cash generative, and enjoyed the benefit of its purchasing power from the Group's global supplier base. However, in July 2019, the Parent in India experienced trading difficulties. Subsequently, the Parent was placed into liquidation on 20 November 2019.

The demise of the Parent and other Group entities around the world has resulted in the Company losing its purchasing power and it had to source its own supplies directly with suppliers. This caused costs to increase and, due to concerns around the viability of companies associated with the Group and the loss of its IATA status, the supplier base of the Company moved from credit terms of 30-60 days to requiring advance payments.

This led to a significant deterioration in profitability, liquidity pressures causing creditor arrears and a requirement for additional funding at the end of October 2019.

### **2.3 Events leading to the administration**

Whilst unaudited management information suggests that the Company remained profitable, the gross margin had significantly deteriorated and the issues with the wider Group had

created a significant level of arrears of balances due to suppliers. Furthermore the Company faced a cash shortfall.

Given the insolvency of the Parent in India, no further funding was offered from the shareholders, directors or any other third party source. The Bank confirmed that it was unable to provide a sufficient level of further funding to the Company, other than limited short-term funding to support the Company to explore whether alternative investment might be available.

We initially met with the Company and its Bank, the State Bank of India ("the Bank") on 21 October 2019. KPMG LLP had no prior professional relationship with the Company or its directors in any capacity prior to this meeting.

The KPMG marketing process commenced on 24 October 2019. At this time, the Company's ATOL licence was due to expire on 25 October 2019. The CAA agreed to provide a short term extension of the licence to 29 October 2019 subject to certain conditions (followed by a number of further short term extensions, finally ending on 2 December 2019). This was to allow the Company a short period of time to explore alternative funding options.

The only offers received were on the basis of a pre-pack administration sale.

The Bank issued a formal letter of demand to the Company on 26 November 2019 for immediate full payment of its facility. On this basis, the board concluded that the Company was cash flow insolvent. The Bank's facility exposure prior to the appointment of administrators was £7.2 million.

At the time of our appointment, we disclosed to the Court details of the work carried out by KPMG up to that time.

We are satisfied that the work KPMG carried out before our appointment has not resulted in any relationships which create a conflict of interest or which threaten our independence.

Furthermore, we are satisfied that we are acting in accordance with the relevant guides to professional conduct and ethics.

## **2.4 Pre-administration work**

The following work was carried out prior to our appointment, with a view to placing the Company into administration:

- Commencing rapid insolvency planning in order to be in a position to take an appointment.
- Liaising with legal advisors for the preparation and filing of the appointment documents, advising the Company regarding the administration appointment and funding arrangements for the administration.

The Secured Creditor has agreed to allow an amount of £410k to be used to settle professional fees that relate to the transaction.

This amount is unlikely to be sufficient to cover all fees, costs and expenses and so we will be seeking approval from the Secured Creditor in accordance with the relevant regulation concerning payments to Insolvency officeholders.



## **2.5 Appointment of Joint Administrators**

The Directors resolved on 4 December 2019 to appoint us as Joint Administrators.

The notice of appointment was lodged at the High Court of Justice Business and Property Courts of England and Wales on 4 December 2019 and we were duly appointed.

# **3 Strategy and progress of the administration to date**

## **3.1 Strategy to date**

### *Strategy*

Following the Early Options process, further negotiations and due diligence by the potential purchasers, the pre-packaged business sale was considered the best result for the stakeholders and the optimal structure for completing the transaction.

On completion of the sale, the ongoing workstreams will include;

- dealing with landlords, the licence to occupy and the surrender and assignment of leases for the properties;
- Initial creditor communications following appointment;
- Collection of books and records (both physical and electronic);
- Collating unsecured claims in the estate;
- Undertake a review of the statutory books and records; and
- Collecting book debts, if any and any other assets excluded from the business sale.

The Company name will soon be changed to CKTL Realisations 2019 Limited as agreed with the Purchaser.

### *Sale of business*

The transaction to sell the Business and assets of the Company completed immediately following our appointment. A copy of the SIP16 memorandum is attached at Appendix 7.

At the date of administration, the Company employed a total of 67 staff. No employees were made redundant on appointment and all transferred to the purchaser via TUPE.

## **3.2 Asset realisations**

The sale consideration will shortly be received into the administration estate from our legal advisers, therefore we have not recorded any realisations from the date of our appointment to 6 December 2019, as set out in the attached receipts and payments account (Appendix 2).

### *Goodwill*

Upon appointment, we completed a pre-packaged sale of the Company's business and assets to C&K Luxury Travel Limited. The total sale consideration consists of £710,267 which was paid in cash by the Purchaser on completion. The consideration fundamentally

pertains to goodwill. £300k has been distributed directly to the Secured Creditor under its fixed charge.

#### Investigations

We are reviewing the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors.

In this regard, if you wish to bring to our attention any matters which you believe to be relevant, please do so by writing to Sharon Turner at KPMG LLP, 15 Canada Square, London E14 5GL, United Kingdom.

### **3.3 Costs**

An estimate of all the anticipated costs likely to be incurred throughout the duration of the administration is set out in the attached summary of expenses (Appendix 4).

There have been no payments made from the date of our appointment to 18 December 2019, as set out in the attached receipts and payments account (Appendix 2).

## **4 Dividend prospects**

### **4.1 Secured creditor**

At the time of our appointment, the Bank was the only secured creditor and was owed a total of £5.8m. The secured facilities provided by the Bank comprised a £7.2m overdraft facility. We are awaiting confirmation from the State Bank of India on the balance outstanding. The charges for this lending were created and registered with Companies House as follows:

1. Debenture – created on 29 January 2004 and registered on 12 February 2004.
2. Legal charge – created on 29 January 2004 and registered on 12 February 2004.
3. Deed of variation – created on 4 July 2011 and registered on 21 July 2011.
4. Legal Charge – created 20 August 2015 and registered 24 August 2015.
5. Debenture, legal charge and share pledge – created 26 March 2019 and registered 3 April 2019.

Our latest view is that there will be a significant shortfall to the Bank as the first ranking creditor and therefore there will be no distributions to the other creditors.

### **4.2 Preferential creditors**

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially.

We are not aware of any preferential claims against the Company.

### **4.3 Unsecured creditors**

Based on current estimates, it is highly unlikely that there will be a dividend to unsecured creditors.

## **5 Ending the administration**

### **5.1 Exit route from administration**

We consider it prudent to retain all of the options available to us, as listed in Section 8 to bring the administration to a conclusion in due course.

However, at this stage we anticipate that the most likely exit route will be dissolution.

### **5.2 Discharge from liability**

We propose to seek approval from the Secured Creditor that we will be discharged from liability in respect of any action as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

Should the circumstances of the administration change, we reserve the right to revert to the unsecured creditors in order to obtain discharge from liability

## **6 Approval of proposals**

### **6.1 Deemed approval of proposals**

The administrators' proposals will be deemed approved, with no requirement to seek deemed consent or use a decision procedure, as it appears that the Company has insufficient property to enable us to make a distribution to the unsecured creditors.

On expiry of eight business days from the date our proposals were delivered to the creditors, they will be deemed to have been approved by the creditors unless 10% in value of creditors request that a decision procedure is convened. Further details of the steps to convene a procedure are detailed below.

### **6.2 Creditors' right to request a decision**

We will use a decision making procedure or deemed consent to seek approval of our proposals (1) if asked to do so by creditors whose debts amount to at least 10% of the total debts of the Company, and (2) if the procedures set out below are followed.

Requests for a decision must be made within eight business days of the date on which our proposals were delivered. They must include:

- a statement of the requesting creditor claim;

- a list of the creditors concurring with the request, showing the amounts of their respective debts in the administration;
- written confirmation of their concurrence from each concurring creditor; and
- a statement of the purpose of the proposed meeting;

In addition, the expenses of the decision procedure at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us.

If you wish to request a decision, please complete and return the decision requisition form found on our insolvency portal as detailed in the cover letter.

## **7 Joint Administrators' remuneration, disbursements and pre-administration costs**

### **7.1 Approval of the basis of remuneration and disbursements**

We propose to seek approval from the Secured Creditor that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5;
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 5.

Agreement to the basis of our remuneration and the drawing of Category 2 disbursements is subject to specific approval. It is not part of our proposals.

Should the circumstances of the administration change, we reserve the right to revert to the unsecured creditors in order to seek approval for the basis of remuneration and the drawing of Category 2 disbursements.

#### **Time costs**

From the date of our appointment to 6 December 2019, we have incurred time costs of £32,380. These represent 82 hours at an average rate of £393 per hour.

#### **Disbursements**

We have not incurred any disbursements during the period.

#### **Additional information**

We have attached (Appendix 5) an analysis of the time spent, the charge-out rates for each grade of staff and the disbursements paid directly by KPMG for the period from our appointment to 6 December 2019. We have also attached our charging and disbursements recovery policy.

## 7.2 Pre-administration costs

The following pre-administration costs have been incurred in relation to the pre-administration work detailed in Section 2.4:

Pre-administration costs			
	Paid (£)	Unpaid (£)	Total (£)
KPMG fees		109,194.00	<b>109,194.00</b>
Legal Fees		145,523.00	<b>145,523.00</b>
<b>Total</b>		<b>254,717.00</b>	<b>254,717.00</b>

The payment of unpaid pre-administration costs as an expense of the administration is subject to the same approval as our remuneration, as outlined above. It is not part of our proposals.

## 8 Summary of proposals

We propose the following:

### General matters

- to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of the Company in accordance with the objective as set out above;
- to investigate and, if appropriate, to pursue any claims the Company may have;
- to seek an extension to the administration period if we consider it necessary.

### Distributions

- to make distributions to the Secured Creditor where funds allow;
- to make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

### Ending the administration

We might use any or a combination of the following exit route strategies in order to bring the administration to an end:

- apply to Court for the administration order to cease to have effect from a specified time and for control of the Company to be returned to the Directors;
- formulate a proposal for either a company voluntary arrangement (CVA) or a scheme of arrangement and put it to meetings of the Company's creditors, shareholders or the Court for approval as appropriate;
- place the Company into creditors' voluntary liquidation. In these circumstances we propose that we, David Pike and Will Wright, be appointed as Joint Liquidators of the Company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved;

- petition the Court for a winding-up order placing the Company into compulsory liquidation and to consider, if deemed appropriate, appointing us, David Pike and Will Wright, as Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together;
- file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation. The Company will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

Joint Administrators' remuneration and pre-administration costs

We propose that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5;
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 5;
- unpaid pre-administration costs be an expense of the administration.

Discharge from liability

We propose that we shall be discharged from liability in respect of any action of ours as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

## Appendix 1 Statutory information

Company information	
Company and Trading name	Cox & Kings Travel Limited
Date of incorporation	23 May 1916
Company registration number	00143904
Trading address	6th Floor, 30 Millbank, London, SW1P 4EE
Previous registered office	4 <sup>th</sup> Floor, Gordon House, 10 Greencoat Place, London, SW1P 1PH
Present registered office	KPMG LLP, 15 Canada Square, Canary Wharf, London, E14 5GL
Company Directors	GOOD, Anthony Bruton Meyrick KERKAR, Peter Ajit Ajay QUINN, David John

Administration information	
Administration appointment	The administration appointment granted in High Court of Justice Business and Property Courts of England and Wales, 008125 of 2019
Appointor	Directors
Date of appointment	4 December 2019
Joint Administrators	David Pike and Will Wright
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2).
Current administration expiry date	3 December 2020
Prescribed Part distribution	<p>The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply.</p> <p>This is because it is anticipated that the Prescribed Part will be automatically disapplied given that the estimated Net Property is less than £10,000 and the costs of making a distribution are anticipated to be disproportionate to the benefits.</p> <p>However, if the circumstances of the administration change, the Joint Administrators may make a distribution to the unsecured creditors; or if appropriate, may apply to the Court to obtain an order that the Prescribed Part shall not apply on the grounds that the cost of making a distribution to the unsecured creditors would be disproportionate to the benefits.</p>
Application of EC Regulations	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.

## Appendix 2      Joint Administrators' receipts and payments account

There are no receipts or payments to date.

<b>Cox &amp; Kings Travel Limited - in Administration</b>		
<b>Abstract of receipts &amp; payments</b>		
	From 04/12/2019 To 06/12/2019 (£)	From 04/12/2019 To 06/12/2019 (£)
Statement of affairs (£)	<b>NIL</b>	<b>NIL</b>



## Appendix 3 Joint Administrators' fees estimate

Estimated time costs for the engagement				
	Narrative	Estimated total hours	Estimated time cost (£)	Estimated average hourly rate (£)
<b>Administration &amp; Planning</b>				
<b>Bankrupt/Director/Member</b>		11.60	6,180.00	532.76
<b>Cashiering</b> - processing receipts, payments and bank reconciliations	Note 1	10.00	2,675.00	267.50
<b>General</b> - books & records, fees & work in progress	Note 2	73.00	28,850.50	395.21
<b>Statutory and compliance</b> - appointment & related formalities, bonding, checklist & reviews, reports to secured creditors, advertising, strategy	Note 3	142.20	52,701.00	370.61
<b>Tax</b> - VAT & Corporation tax, initial reviews, pre and post appointment tax	Note 4	15.90	8,966.50	563.93
<b>Creditors</b>				
<b>Committees</b> - committee meetings and reports to the committee	Note 5	9.00	2,940.00	326.67
<b>Creditors and claims</b> - general correspondence, notification of appointment, statutory reports	Note 6	91.95	33,731.25	366.84
<b>Employees</b> - correspondence	Note 7	22.50	11,097.50	493.22
<b>Investigations</b>				
<b>Directors</b> - correspondence, statement of affairs, questionnaires	Note 8	46.90	18,809.50	401.06
<b>Investigations</b> - director conduct and affairs of the Company	Note 9	44.50	17,807.50	400.17
<b>Realisation of Assets</b>				
<b>Asset Realisation</b> - including insurance of assets	Note 10	33.20	16,159.50	486.73
<b>Total</b>		<b>500.75</b>	<b>199,918.25</b>	<b>399.24</b>

### Note 1 – Cashiering

Our anticipated work will involve closing the Company's pre-appointment bank accounts, opening a separate administration account, maintaining the accounts, including monthly bank reconciliations and processing receipts and payments transactions throughout the administration transactions during the initial months of the administration.

It has been necessary to maintain the Company's pre-appointment account to collect any transactions that were in transit at the time of the Joint Administrators' appointment.

### Note 2 – General

General time costs include collection of the Company's books and records not included in the sales contract and maintaining the Joint Administrators' files.

### Note 3 – Statutory and compliance

Statutory and compliance work will include notifying the Registrar of Companies and other relevant parties of our appointment, arranging bonding, filing the Statement of Affairs and Statements of Concurrence and ensuring compliance with all other statutory obligations. The Joint Administrators are required to conduct periodic internal reviews of the case, and update their strategy documents as the administration progresses. Once all outstanding matters have been dealt with, time costs will be charged in dealing with closure formalities, including providing creditors with a final report.

**Note 4 – Tax**

We have instructed our internal VAT and Tax specialists to review the Company's tax and VAT affairs. We will submit post-administration tax and VAT returns as required. We anticipate additional work to be required to ascertain the taxable nature of the sale of business.

**Note 5 – Committees**

Assist with committee meetings if established by creditors.

**Note 6 – Creditors and claims**

Our work includes notification of our appointment and issuing statutory reports to creditors alongside responding to general creditor queries and correspondence received during the administration.

**Note 7 – Employees**

Whilst employees have transferred to the purchaser under TUPE, we will liaise with staff representatives regarding this and also comply with our requirement to carry out a review of the Company's pension arrangements.

**Note 8 – Directors**

We will correspond with the Director's in relation to the submission of their statement of affairs and director questionnaires and general correspondence with the Directors of the Company.

**Note 9 – Investigations**

We will perform our statutory investigation into the conduct of the Director's and the affairs of the Company prior to our appointment as Joint Administrators. This will involve directorship searches, compliance with our statutory duties and submitting director reports and other relevant reports to the Secretary of State.

**Note 10 – Asset realisation**

We will conclude any outstanding matters relating to the business sale.

## Appendix 4 Joint Administrators' expenses estimate

Summary of Expenses from appointment		
Expenses (£)	Narrative	Initial Estimates (£)
<b>Cost of realisations</b>		
Administrators pre-administration fees	1	109,194
Pre-administration legal fees & expenses	2	145,523
Legal fees	3	70,000
Stationery & postage	4	800
Statutory advertising	5	200
Other costs	6	5,000
<b>TOTAL</b>		<b>330,717</b>

### Note 1 - Administrators pre-administration fees

Our pre-administration fees are charged on an hourly basis, which is set out in Appendix 5. Pre-administration fees include liaising with interested parties, our solicitors and preparing the sale of the Business and assets of the Company.

### Note 2 - Pre-administration legal fees & expenses

Womble Bond Dickinson (WBD) assisted with the preparation of the various documents required for the sale of the business and assets of the Company to the Purchaser. Irwin Mitchell were the legal advisors for the State Bank of India.

### Note 3 - Legal fees

The fees paid to our post appointment legal advisors (WBD) will include providing ad-hoc advice as required during the administration. Osborne Clarke have been engaged to provide confirmation of validity of appointment.

### Note 4 - Stationery & postage

Letters will be issued to all known creditors of the Company which is estimated to cost £800.

### Note 5 - Statutory advertising

Statutory advertising costs are estimated to be £200 including our statutory requirement to advertise the administration in the London Gazette.

### Note 6 - Other costs

We estimate that additional costs of £5,000 will be incurred in relation to mail redirection, storage and bank charges.

## Appendix 5 Joint Administrators' charging and disbursements policy

### Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/what-we-do/publications/professional/fees/administrators-fees>

If you are unable to access this guide and would like a copy, please contact Sharon Turner on 0118 3731411.

### Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

#### Charge-out rates (£) for: Restructuring

Grade	From 01 Oct 2019 £/hr
Partner	655
Director	590
Senior Manager	535
Manager	445
Senior Administrator	310
Administrator	225
Support	140

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

## Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

*Category 1 disbursements:* These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

*Category 2 disbursements:* These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile.
- Use of company car – 60p per mile.
- Use of partner's car – 60p per mile.

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have not incurred any disbursements during the period 4 December 2019 to 6 December 2019.

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

Category 2 disbursements are to be approved in the same manner as our remuneration.

Narrative of work carried out for the period 4 December 2019 to 6 December 2019  
The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"><li>■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences;</li><li>■ providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment;</li><li>■ issuing regular press releases and posting information on a dedicated web page;</li><li>■ ensuring compliance with all statutory obligations within the relevant timescales.</li></ul>
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"><li>■ formulating, the administration strategy, and meetings with internal and external parties to agree the same;</li><li>■ briefing of our staff on the administration strategy and matters in relation to various work-streams;</li><li>■ reviewing and authorising junior staff correspondence and other work;</li><li>■ dealing with queries arising during the appointment;</li><li>■ reviewing matters affecting the outcome of the administration;</li><li>■ allocating and managing staff/case resourcing and budgeting exercises and reviews;</li><li>■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters;</li><li>■ complying with internal filing and information recording practices, including documenting</li></ul>

	strategy decisions.
Reports to debenture holders	■ providing written and oral updates to representatives of State Bank of India regarding the progress of the administration and case strategy.
Cashiering	■ setting up administration bank accounts and dealing with the Company's pre-appointment accounts;
Tax	<ul style="list-style-type: none"> <li>■ gathering initial information from the Company's records in relation to the taxation position of the Company;</li> <li>■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations;</li> <li>■ reviewing the Company's duty position to ensure compliance with duty requirements;</li> </ul>
Sale of business	■ Completing any outstanding matters relating to the sale.
Open cover insurance	■ arranging ongoing insurance cover for the Company's business and assets;
Employees	<ul style="list-style-type: none"> <li>■ dealing with queries from employees regarding various matters relating to the administration and their employment;</li> <li>■ holding employee briefing meetings to update employees on progress in the administration and our strategy;</li> </ul>
Investigations/ directors	<ul style="list-style-type: none"> <li>■ reviewing Company and directorship searches and advising the directors of the effect of the administration;</li> <li>■ liaising with management to produce the Statement of Affairs .</li> </ul>

## Time costs

<b>Pre-Administration costs (25/11/2019 to 03/12/2019)</b>						
	Hours					Average
	Partner / Director	Manager	Administrator	Support	<b>Total</b>	Hourly Rate (£)
Pre-Administration Sale of business - preparation	64.00		0.50		<b>64.50</b>	39,800.00
Advising directors	21.00		28.50		<b>49.50</b>	20,652.50
Appointment documents	19.00		9.00		<b>28.00</b>	13,915.00
Pre-administration checks	58.50	0.70			<b>59.20</b>	34,826.50
<b>Total</b>	<b>162.50</b>	<b>0.70</b>	<b>38.00</b>	<b>0.00</b>	<b>201.20</b>	<b>109,194.00</b>
						<b>542.71</b>

<b>SIP 9 –Time costs analysis (04/12/2019 to 06/12/2019)</b>			
	Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Administration &amp; planning</b>			
Bankrupt/Director/Member			
General correspondence	<b>1.50</b>	982.50	655.00
Notification of appointment	<b>1.50</b>	812.50	541.67
Cashiering			
General (Cashiering)	<b>1.50</b>	456.50	304.33
General			
Books and records	<b>9.50</b>	3,842.50	404.47
Statutory and compliance			
Advising directors	<b>4.00</b>	1,240.00	310.00
Appointment and related formalities	<b>26.00</b>	7,941.50	305.44
Appointment documents	<b>12.00</b>	5,960.00	496.67
Checklist & reviews	<b>2.80</b>	1,536.00	548.57
Statutory advertising	<b>0.20</b>	89.00	445.00
Strategy documents	<b>1.50</b>	667.50	445.00
<b>Creditors</b>			
Creditors and claims			
General correspondence	<b>3.50</b>	1,085.00	310.00
Notification of appointment	<b>3.10</b>	1,109.50	357.90
<b>Investigation</b>			
Directors			

**SIP 9 –Time costs analysis (04/12/2019 to 06/12/2019)**

	Hours	Time Cost (£)	Average Hourly Rate (£)
Correspondence with directors	<b>0.80</b>	356.00	445.00
Directors' questionnaire / checklist	<b>0.20</b>	89.00	445.00
Statement of affairs	<b>6.20</b>	2,789.00	449.84
Investigations			
Correspondence re investigations	<b>3.00</b>	930.00	310.00
Review of pre-appt transactions	<b>1.50</b>	982.50	655.00
<b>Realisation of assets</b>			
Asset Realisation			
Insurance	<b>0.80</b>	356.00	445.00
Leasehold property	<b>2.30</b>	827.50	359.78
Sale of business	<b>0.50</b>	327.50	655.00
<b>Total in period</b>	<b>82.40</b>	<b>32,380.00</b>	<b>392.96</b>
Brought forward time (appointment date to SIP 9 period start date)	0.00	0.00	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	82.40	32,380.00	
Carry forward time (appointment date to SIP 9 period end date)	82.40	32,380.00	



## Appendix 6 Estimated financial position

The Director was due to provide a Statement of the Affairs of the Company by 16 December 2019.

To date we have not received the Statement of Affairs.

As a Statement of Affairs has not been provided, details of the estimated financial position of the Company at the latest practicable date, are given below.

### Cox & Kings Travel Limited Estimated Financial Position as at 4 December 2019

#### A - Summary of Assets

Assets	Book Value £	Estimated to Realise £
<b>Assets subject to fixed charge:</b>		
Goodwill	-	710,255.00
IP	-	1.00
Cash In Bank & In Hand	191,232.46	1.00
Freehold property	2,436,608.89	2,436,608.89
Leasehold Property	72,233.48	1.00
Motor Vehicles	7,743.03	-
Fixtures & Fittings	17,683.70	1.00
Plant & Equipment	44,486.92	-
Computer Equipment	2,059,863.23	3.00
Debtors	3,198,450.38	5.00
Amounts Owed By Participating Interests	52,258,711.05	-
Fixed charge creditor	(5,400,041.96)	(5,400,041.96)
Surplus / (Deficit) c/d	<u>54,886,971.18</u>	<u>(2,253,166.07)</u>
<b>Assets subject to floating charge:</b>		
Shares in Group Companies	14,966,451.80	-
	<u>14,966,451.80</u>	
<b>Uncharged assets:</b>		
Nil		
		<u>0.00</u>
<b>Estimated total assets available for preferential creditors</b>		<u>0.00</u>

**Cox & Kings Travel Limited**  
**Estimated Financial Position as at 4 December 2019**

**A1 - Summary of Liabilities**

	<b>Estimated to Realise £</b>
<b>Estimated total assets available for preferential creditors (Carried from Page A)</b>	<b>0.00</b>
<b>Liabilities</b>	
Preferential Creditors:-	0.00
<b>Estimated surplus as regards preferential creditors</b>	<b>0.00</b>
<b>Estimated prescribed part of net property where applicable (to carry forward)</b>	<b>0.00</b>
<b>Estimated total assets available for floating charge holders</b>	<b>0.00</b>
<b>Floating chargeholder *</b>	<b>0.00</b>
<b>Estimated deficiency of assets after floating charges</b>	<b>0.00</b>
<b>Estimated prescribed part of net property where applicable (brought down)</b>	<b>0.00</b>
<b>Total assets available to unsecured creditor</b>	<b>0.00</b>
<b>Unsecured non-preferential claims (excluding any shortfall to floating charge holders)</b>	
Amounts Owing to Participating Interests	(11,302,610.55)
Trade & expense	(5,432,867.96)
<b>Estimated deficiency as regards non-preferential creditors</b>	<b>(16,735,478.51)</b>
<b>Issued and called up capital</b>	<b>(639,000.00)</b>
<b>Estimated total deficiency as regards members</b>	<b>(17,374,478.51)</b>

\* Note: The State Bank of India is yet to confirm the balance owing to them under their floating charge

A schedule of the known creditors' names, addresses, debts and details of any security held is shown below.

Company Name	Address					GSP Amount Outstanding
ZAS TRAVEL						2,110.42
ADINSIGHT						961.65
ADSTREAM (UK) LT						38.62
Advantage Travel						1,056.00
AI Media Data U						7,800.00
AIR WELCOME LTD						2,825.00
AITO						714.00
AITO Specialist						574.80
Ajuntament	#1271 MAN-HATTAN BLDG	35-2 YONDO	YOJUNGDEUNGPO-GU	SEOUL	KOREA	15,028.52
Albania Holidays Ltd	Rr. "Samir Frasheri"	Pall.20	SHK1	APB	Tirana, Albania	17,134.70
All About België						89.17
Alphabet (GB) Lt						869.47
Alviani Viaggi	Piazza Venezia 15/16	80067 Sprento	Italy			17,754.05
Ame D'Aventure	81 rue Tournet	Semur-la	P.O. Box 977	1AA 40100 Muret-sur	Mexico	54,089.51
Apline Sterling Travel						9,349.44
B P Travel Trade						19,221.34
BALDIWINS TRAVEL						576.00
Bank Settlement						159.36
Blumar	Av. Alvarado de Mela, Francisco	290	offices 405-408, Leblon	22430-060 Rio de Janeiro		55,993.81
Bradbury Hamilton						200.00
British Telecom						26.37
Buxton Press Ltd						33,422.70
Carroll Tours	Calle Principal Colonico	Los Robles del Sandy's 27 carritos	1 carritos al Apodo	Postal C 134 Managua	Nicaragua	3,079.66
Carrick Travel L						960.00
CATS LTD						168,323.72
Cawestat Travel	44/11 Linsalduze str	0105 Tbilisi	Georgia			60,607.11
CITY & SUBURBAN						450.00
City of Westminster						22,324.00
Clarion Events L						6,288.48
Colombian Journeys Ltd	Calle 81 # 11-68 Centro Ejecutivo 2 Ofic.238	Bogota D.C.	Columba			19,332.56
Condor Verde	Av. Universidad 989 int. 207 y 208	Cali Del Valle	63100 Mexico City			8,180.82
Crifon Tours S.						19,329.16
CUSQUITY MEDIA						264.00
Cyber Source Ltd						1,199.89
De9 Products						5,076.00
Destination Expe						8,507.35
DESTINATION REPR						690.00
DIANA DRISCOLL						4,303.31

East Travel	Asia 26	del Norte	U Aung Myat Street	The Pyaw Corner	Yangon, Burma	11,249.81
EBX Limited - G						\$60,579.00
EBX Limited - I						81,409.69
EBX Limited - U						12,191.90
ETI Worldwide						455.43
Eurolamp Travel						\$99.13
FAIRWIND PEACE H						4,874.31
Festivals Internet						35.00
Gadapagon District						812.45
Gallagher March						49,099.56
Gallagher Travel	EMLE 1283 PMSO 2 DEPTO M	CAPITAL FEDERAL	Buenos Aires	Argentina		\$4,778.03
Georgian Insider						77,569.24
Global Support L						1,224.00
HanChao	As Santa Maria 5888	Vladivostok	Soviet Union	China		3,101.31
Happy Tours	Druzhba Krumpholtz 010	Brazzaville	Congo	Slovenia		14,654.83
Harmagedon Britain						1,626.60
HAYS TRAVEL						5,040.00
Highways Travel						120.00
Hotel Des Calais						48,877.06
I.T.A. Travel B						19,867.86
Imperial Travel	Tenacarpus ulica 5	Se 1000	Ljubljana			8,825.23
INTERFACE SYSTEM						12,521.00
Interpolon AM T						50.03
Intuition Romania						
Travel	Bucuresti	Sector 2	Sti. Franciscus	nr 56	Romania	87,207.40
ITC Enterprises						278,726.34
Jetwing	Alu 26 Karama Marathia	Columbo 02	Sri Lanka			1,763.34
JONES YARBRELL &						677.30
JULIA'S Cleaning						7,870.00
Karimov	Makarska 112	E 7 Dumanbeg	Isztambul	Turkey		10,610.40
Kora Tours	KOMPA TOURS PVT LTD	P O Box No. 20754	Bhaktacharya Complex - 1st floor	The Bore Road	Bahawalpur, Bahawalpur	6,240.53
KPMG LLP						30,300.00
Kyrenia Holidays						1,696.00
Kyrenia						4,458.65
Lewis Smith LLP	Burton 1042	P O Box 4340	Lima 7	Peru		1,202.60
Luxury Tours						733,596.87
Logica Document						1,500.03
LYREGO UK LIMITED						499.75
Marmaris	CMAC Marmaris s r l					84.10
Merito Lux Three						15,992.09

Metropolitan Touring	Av. De Las Palmeras N 35 74 y De Las	Quito-Ecuador					21,203.84
MILES MORGAN TRA	Oreg. de las						3,420.00
Ministria Pini Lim							310.80
Mondial - EUROPS							3,484.24
Mosaic							59,500.00
Ni Travel & Leisure							900.00
North Bhutan Tra							14,099.71
Oasis Travel							480.00
Office Realty L							122.47
Office Test Ltd							927.02
One Post							10,000.31
OPHIR TOURS							64,351.89
ORANGE							661.16
Panama Journeys	53rd Street	Marbella		PH WTC PB Di c	No.10 Panama		270.69
Paragad	145 Africa Avenue	Tehran 1915613359		Iran			245,798.80
Pepper Communica							536.90
PLANTDISPLAYS PL							2,402.00
PROTOURS CHILE							6,127.61
Purple Results L							29,639.18
R A CATERPRISES							3,600.00
RAFFINERS STUAR							16,940.00
ROBERT BROAD TRA							288.00
Robert Harding P							960.00
Robin Pope Safaris	PO Box 80	Munich 241/844					19,170.25
Royal Mail Lette							2,702.43
Royal Mountain Travel	Lal Durtur Mang	Kathmandu		Nepal			7,704.57
RTP Solutions							1,900.17
Salvadorean Tours	Centro Comercial Fama Rosa	1ra Planta Local 118 B	San Salvador	El Salvador	C.A.		6,983.76
Sandbanks Travel							261.20
Secure Data Mana							1,124.60
SELECT WORLD TRA							552.00
SHANGRI-LA HOTEL							1,124.94
Sheraton Iguazu							4,618.01
Six Road Travel							47,107.50
Simba Safaris Lt							27,979.90
Simply Washrooms							140.39
South Sinai							39,913.49
South Sinai (GSP							5,362.00
Southern Cross S							39,673.64
St James Travel							346.08
Success Travel	House of Success	86 Fo Tan Chan	Fo Tan	Shatin	Hong Kong		410.00
SUNWAYS TRAVEL							240.00
Tahiti Tours	PO Box 627	Papeet	Tahiti	French Polynesia			420.26
TATA COMMUNICATI							1,096.62
TATA COMMUNICATI							3,247.20
THE PENINSULA BE							851.10
The Ultimate Tra							3,162.51
TOP CHINA TOUR							59,326.38
Toucan Travel Lt							224.00
Tranquilico.com							300.00
TRAVEL COUNSELLO							7,858.52
TRAVEL EXCELLENC							14,549.11
Travel p.r.							1,800.00
TRAVEL WILD							14,000.92
TRAVELART							205,129.82
Travelport Inter							2,407.10
TRAVELTIME							60.00
Travieso							22,800.00
TRAVELW LLP							4,635.20
Trinita Ltd							3.60
Trust Travel Ass							1,800.00
Tui China	Bright China Chang An Building	Tower 2 Unit 921-926	7 Jianshiyuan Ave. Avenue	BEIJING 100005 P.R. China			75,713.84
Turnfare Corporat							290.96
TVI GROUP							819.00
U2 Events Ltd							331.50
UK TRAVEL AWARDS							372.00
Venice Simplan-O							8,222.74
VICTORIA CRUISES							102.86
Vidiotour	145 Nam Ky Khoe Ngh a						119,244.48
Wanderlust Publ							756.00
Wormble Bond Dickinson							11,989.20
Your Perfect Esc							75.00
Za Tours	Left 11 178 AB bin	Ambedwainjo Ambedwainjo	Madagascar				24,693.95
Zahara Tours	P.O. Box 831	Rabat	P.O. 112	Sultanate of Oman			5,332.33
<b>TOTAL</b>							<b>3,941,829.78</b>

This information has been extracted from the Company's books and records and we have not carried out anything in the nature of an audit on this information. The figures do not take into account the costs of the administration.

Please note that the actual level of asset recoveries and claims against the Company may differ materially from the amounts included in the statement above.

Please also note that there is a variance between the Creditor list and the creditor information in the Estimated Financial Position. The Estimated Financial Position includes accruals, provisions, deferred taxation and subordinated loans that the Company carried on the Balance Sheet.

# Cox & Kings Travel Limited - in Administration

## SIP 16 memorandum of sale of business

### Introduction

The entity that is subject to this SIP16 memorandum of sale of business is Cox & Kings Travel Limited ("the Company"). The Company was incorporated on 23 May 1916 and is the only trading entity of the UK business.

As part of this transaction, the Company is selling its business and assets, largely comprising its intellectual property and goodwill to C&K Luxury Travel Limited ("the Purchaser"), part of the Abercrombie and Kent Group. Save for an exclamation of interest in the business prior to our involvement, the Purchaser has had no historical involvement in the Company.

A related, but separate, part of this transaction is the sale of the registered trademarks of Cox & Kings for the UK, European Union, USA, Australia, New Zealand and Mauritius. These were owned by Cox & Kings (UK) Limited, and are not part of this memorandum of sale.

### Company Background

The principal activities of the Company are as a luxury multi-destination tour operator and travel organiser providing luxury tours and tailor-made holidays ("the Business"). We understand that it is the longest established travel business in the world, having commenced trading around 1758.

The Company is part of a wider international group ("the Group") trading under the Cox and Kings brand in various territories worldwide, as well as a number of other separate entities/brands trading in the hospitality and leisure industry. The Company was the UK trading entity of the Group. The Company held an Air Travel Organisers Licence (ATOL). The ultimate parent of the Group is Indian registered entity, Cox and Kings Limited ("the Parent").

The Company operated out of offices in London and its core focus is around premium bespoke holiday packages to destinations in Africa, Australasia, the Caribbean, Europe, the Far East, the Indian Ocean, the Indian Subcontinent, Latin America, the Middle East and Canada.

The Company employed 67 people at the date of the administration, comprising finance, HR, sales and marketing, operations and specialist holiday planners.

The Company was historically profitable and cash generative, and enjoyed the benefit of its purchasing power from the Group's global supplier base. However, in July 2019, the Parent in India experienced trading difficulties. Subsequently, the Parent was placed into liquidation on 20 November 2019.

The demise of the Parent and other Group entities around the world has resulted in the Company losing its purchasing power and it had to source its own supplies directly with suppliers. This caused costs to increase and, due to concerns around the viability of companies associated with the Group and the loss of its IATA status, the supplier base of the Company moved from credit terms of 30-60 days to requiring advance payments.

This led to a significant deterioration in profitability, liquidity pressures causing creditor arrears and a requirement for additional funding at the end of October 2019.



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## Initial introduction

We initially met with the Company and its Bank, the State Bank of India ("the Bank") on 21 October 2019. KPMG LLP had no prior professional relationship with the Company or its directors in any capacity prior to this meeting.

## Pre-appointment considerations

KPMG LLP was engaged by the Company on 24 October 2019 to assist it to explore its options for investment or a sale of the Company. This included meetings with the Company's Management, potential investors and engaging with key stakeholders of the business, comprising the Bank and the Civil Aviation Authority ("CAA").

Fees charged by KPMG LLP (and paid for by the Company) for the work performed to explore the Company's options for investment and a sale of the Company totalled £72,000 (excluding disbursements and VAT).

Having carefully considered the position, and in view of KPMG LLP not having any professional relationship with the Company prior to the above engagement, the officeholders concluded that there was no conflict of interest arising from these services and the associated fees charged. Therefore, these did not prevent them from taking an administration appointment over the Company.

### *Insolvency fees*

The Purchaser has agreed to cover the pre-administration professional costs in relation to the transaction. These fees would ordinarily be deducted from the consideration paid as a cost of realisation, and therefore this agreement has benefit to the creditors.

Notwithstanding this, these pre-administration costs and Administrators' fees for the Company's estate will be approved by the creditors in accordance with the relevant regulation concerning payments to Insolvency officeholders.

### *Independent legal advice*

The directors of the Company were advised to take independent legal advice in the lead-up to and in the event of an insolvency. This advice was provided by Womble Bond Dickinson LLP ("WBD").

The administrators were provided separate legal advice by Osborne Clarke LLP ("OC").

## Other courses of action considered

The key creditors of the Company are: (1) the Bank; (2) the employees; (3) those customers who have made prepayments for holidays and/or who are currently on holiday; (4) the Air Travel Trust in respect of obligations in respect the ATOL scheme; (5) trade and operational creditors (including those with significant arrears); and (6) HMRC in respect of PAYE.

In considering the available options for the Company, regard is needed for seeking to mitigate the impact of the failure of the Company in respect of the above and also for the limited timescales driven by the short regulatory extension provided by ATOL/ CAA and available liquidity from the Bank.

As such, a review of possible courses of action was undertaken by the Administrators immediately prior to their appointment, comparing the likely outcomes from various options including, but not limited to:



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### **1. The Company staying out of an insolvency process, receiving further funding from the Bank, shareholders, directors or a third party source**

Whilst unaudited management information suggests that the Company remained profitable, the gross margin had significantly deteriorated and the issues with the wider Group had created a significant level of arrears of balances due to suppliers. Furthermore, the Company faced a cash shortfall.

Given the insolvency of the Parent in India, no further funding was offered from the shareholders, directors or any other third party source. The Bank confirmed that it was unable to provide a sufficient level of further funding to the Company, other than limited short-term funding to support the Company to explore whether alternative investment might be available.

The Bank issued a formal letter of demand to the Company on 26 November 2019 for immediate full payment of its facility. The Bank's facility exposure prior to the appointment of administrators was £7.2 million. On this basis, the board concluded that the Company was cashflow insolvent.

The Company being a travel operator, also required an ATOL licence in order to take customer bookings. The Company's ATOL licence expired on 30 September 2019, and in view of the concerns over the viability of the Company, the CAA was only able to provide short term extensions of its ATOL licence. This was initially provided to 25 October 2019, (followed by a number of further short term extensions, finally ending on 2 December 2019), only on the basis that it would allow the Company a short period of time to explore alternative funding options.

During this period, a demand was received by the Company from Yes Bank Ltd on 22 November 2019 for the payment of \$191,240,809 under a guarantee provided by the Company to its immediate parent, Prometheon Enterprise Ltd. This was in addition to the Bank's facility exposure and in excess of £4 million of trade creditor arrears which the Company had no prospect of regularising.

There is no group licence agreement permitting continued use of the Cox and Kings registered trademarks by the Company as these are owned by Cox & Kings (UK) Limited. Given that Cox & Kings (UK) Limited is in administration, its administrator (who is a partner at David Rubin & Partners) is seeking to realise these assets and as such there is no guarantee that the Company would be able to continue to use them. Without access to these trademarks, it would be challenging for the Company to continue to trade.

These various challenges also precluded the option of considering a Company Voluntary Arrangement, given the time required to develop and deliver such a solution.

Subsequently, following the period of marketing (see Marketing Process section below), on 24 November 2019, the board (as advised by independent legal advisors) considered that the Company's only options were to either: (1) cease trading and place the Company in to liquidation; or (2) proceed with the only offer that could be delivered to the Purchaser on the basis of a pre-pack administration transaction.

### **2. Administration of the Company – trading on the Company to seek a buyer**

Trading-on during an administration to allow further time to seek a sale of the business was not a viable option, as the ATOL licence would immediately expire on appointment and the Company would be unable to continue trading.

### **3. Shut down of the Company - Liquidation or Administration**

A liquidation of the Company (or shut down in administration), would result in an immediate cessation of trade, necessitating disruption and potential additional cost for customers currently on holiday or booked to travel and leading to claims against the CAA under the ATOL scheme. Furthermore, a



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significant level of employee claims would crystallise under an immediate shutdown and there would be no prospect of suppliers continuing to benefit from future trading relationships with the business.

Professional valuation agents provided advice prior to our appointment (set out below) and concluded that the business and assets had a negligible realisable value in a close down scenario.

This option was considered to be the most likely deliverable alternative to the pre-packaged sale of the Company's business and assets to the Purchaser.

## Marketing process

The regulatory requirements around the Company's ability to continue to operate its ATOL licence, meant that the available timeframe to run the marketing process was governed by the temporary licence extensions provided by the CAA.

Having been engaged that day, the KPMG marketing process commenced on 24 October 2019. At this time, the Company's ATOL licence was due to expire on 25 October 2019. The CAA agreed to provide a short term extension of the licence to 29 October 2019, subject to certain conditions, to allow the Company a short period to: (1) seek additional funding from the Bank to support the sale process; and (2) to seek initial feedback from potential interested parties to inform the Bank and the CAA's decisions as to whether to support the sale process.

Due to the short timeframe available, KPMG directly contacted certain specialist financial investors who were considered able to either complete a transaction within this timeframe or provide meaningful feedback on the opportunity (such that the Bank and CAA could better consider their respective positions). KPMG also commenced discussions with certain trade parties that had previously held conversations with Management to gauge their confirmed interest and deliverability, as well as to develop proposals.

During the period of the initial ATOL licence extension (between 25 October 2019 and 29 October 2019), six meetings were held with potential interested parties. Given the level of potential interest garnered in this short timeframe, the Bank agreed to provide additional short term funding and the CAA agreed to a further short term extension of the ATOL licence to 14 November 2019. Both were necessary precursors to allow the marketing process to continue.

Following this extension to the available timeframe, we immediately commenced a wider marketing process, and directly contacted further potential interested parties (taking this to a total of 17 financial and 20 trade parties). These potential interested parties were identified in light of the challenges facing the Company, through KPMG's sector/situational knowledge and its contact base. They were also agreed by Management and shared with the Bank and CAA.

Sky News released a story on 7 November 2019 describing the sale process which had the effect of making the business's availability known to the widest group of potential purchasers. A further five inbound enquiries were received following this press story (taking us to contact with a total of 18 financial and 24 trade parties).

When parties responded stating their interest, they were required to sign a non-disclosure agreement ("NDA"), before being provided with access to further information, which contained information on the Company's operations, structure, key assets, financial performance and its financial forecast reflecting plans to improve performance.

Parties were advised that the Company was willing to consider offers on any transaction basis (i.e. solvent, refinancing, specific assets etc.) and for any combination of assets in the Company (i.e. business/assets or shares).

The deadline for indicative offers was set at Friday 8 November 2019 to allow completion by the expiry of the Company's ATOL licence on 14 November 2019.

The level of contact, interest and progress at the various stages of the process are summarised as follows:



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- Eight specialist financial parties were initially contacted and six subsequent meetings held to gauge initial progress before the expiry of the ATOL licence on 29 October 2019. Following the further extension of the licence to 14 November 2019, further discussions were held taking this to a total of 42 trade and financial parties contacted (18 financial and 24 trade). Five of these were additional inbound enquiries following the press release to Sky News regarding the sale process
- 26 parties of these parties expressed an initial interest with 24 requesting to be provided with NDAs.
- 21 of these parties signed and returned NDAs and were provided with access to further information.
- 13 meetings were held with the Company and interested parties.
- 3 indicative offers received, all for the business and assets of the Business on a pre-packaged basis. However, following a further period of due diligence and negotiations, one of the offers was withdrawn and one of the offerors transferred their interest solely to the registered trademarks owned by Cox and Kings (UK) Limited.

At a board meeting on 24 November 2019, the Board (as advised by independent legal advisors) considered that the Company's only options were to either cease trading and place the Company into liquidation, or to proceed with the only offer that could be delivered (i.e. a sale to the Purchaser via a pre-pack administration transaction). As such, the Board resolved at the board meeting on 24 November 2019 that the offer from the Purchaser represented the best outcome for creditors overall, and was the only transaction that had been sufficiently diligenced and was agreed in principle by the CAA. This sale was also approved by the Bank, as the value-break creditor most impacted by the final terms of the transaction based on the structure of the offer received.

From this time until the appointment of administrators, no further offers or exclamations of interest were received

Given the timescales available, the Joint Administrators are satisfied that the marketing process was comprehensive.

## Valuation of the business and assets

Given the inability of the Company to trade on during an administration due to the ATOL licencing requirements, the only alternative option to the sale to the Purchaser was a liquidation closure of the business

As such, the Company arranged for independent valuations of the Company's assets in a close down liquidation scenario to be obtained from Hilco Valuation Services ("Hilco"). The primary contact at Hilco was Sam Hinder, MRICS, Associate Director at Hilco, who is a registered member of the Royal Institution of Chartered Surveyors ("RICS") Valuation Scheme. Hilco have confirmed their independence with the Company, the Group and other parties to the valuation assignment. The valuation has been conducted in accordance with the RICS Valuation – Global Standards 2017, incorporating the International Valuation Standards ("IVS") 2017, referred to as the "Red Book", primarily by comparing subject assets with identical or similar assets for which comparable market price information is available.

We were provided with independent valuation of the Company's tangible assets by Hilco on a break up basis in insolvency as follows:

- Plant & equipment: £30,600
- Vehicles: £22,500

The valuations exclude any costs of realisations, including the cost of holding and maintaining the sites during the marketing period.



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We were provided with independent valuation of the leasehold property assets by Hilco, confirming that the lease had no value due to the short remaining term of the lease.

The Company also own a residential investment property which is secured under a debenture dated 26 March 2019 in favour of the Bank. This residential investment property is excluded from the transaction to the Purchaser and will be dealt with separately by the Bank under their fixed charge security. No Hilco valuation has been provided for this residential investment property.

The only realisable unregistered intellectual property of the Company in a close down scenario comprised its customer database. Hilco advised that this only had a negligible value in a close down scenario largely due to the limitations caused by the General Data Protection Regulations (GDPR).

The Cox and Kings registered trademarks (for UK, European Union, Australia, New Zealand, Mauritius and USA) were held by a separate legal entity, Cox and Kings (UK) Limited, under the common ownership of Cox and Kings Ltd in India. The sale of these assets to the Purchaser as part of this transaction is primarily covered by separate disclosures but is discussed further below.

On the basis that the business was understood to have negative net value (as a result of the Company's creditor position and that liabilities associated with pre-arranged holiday bookings exceeded associated residual receipts arising from customer payments on account), no valuation was obtained for goodwill.

Although offers were invited on any transaction basis and for any combination of assets of the Company, no offers were received for any of parts of the business and assets in isolation during the marketing process.

## Administration pre-packaged sale

As outlined above, following the marketing process being undertaken, the Joint Administrators have accepted the appointment over the Company with the objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration) in accordance with Paragraph 3(1)(b) of Schedule B1 of the Insolvency Act 1986.

The Joint Administrators are satisfied that this pre-packaged sale has enabled them to achieve this purpose for the reasons set out below.

1. The consideration achieved totalled £710,267 for the goodwill in respect of the business and assets of Cox and Kings Travel Ltd. An additional £250,000 was paid for the registered trademarks of Cox & Kings for the UK, European Union, USA, Australia, New Zealand and Mauritius trademarks owned by Cox and Kings (UK) Ltd (primarily dealt with by disclosures from the administrator of that company). This collective offer was higher than the only alternative offer that remained open at the time of the sale to the Purchaser, and which was subject to further points of clarification, due diligence and the agreement of the CAA.
2. A trade-on administration of the Company was not considered possible and the recoveries in the alternative winding-up scenario (as confirmed by the specialist valuation as set out above) would be significantly lower than the pre-packaged sale. This would have had a detrimental effect on the position of all creditors.
3. The Company will continue to operate as a going concern, thereby preserving in excess of 60 jobs and mitigating a significant level of employee claims that would otherwise be unpaid and crystallise in the event of the Company entering into liquidation.
4. Under this transaction, the suppliers benefit from a future trading relationship from a significant injection of significant working capital funding into the business, which would not be possible if the Company was wound-up.



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5. The Purchaser has committed to delivering holidays to customers who have paid deposits, despite deliver of these holidays being materially cash flow negative to the Purchaser. By extension, this also mitigates any potential loss in this regard to the CAA through the ATOL scheme
6. This option allows the Purchaser to occupy the head office with the existing lease terms under a licence to occupy, whereas a liquidation of the Company would not permit this (thereby increasing the Company's liabilities to its landlord). The Purchaser will take forward the lease with the aim of securing a leasehold assignment.

## The transaction

Following their appointment on 4 December 2019, the Joint Administrators of the Company, entered into an asset sale agreement with the Purchaser on the same day to sell such right, title and interest (if any) as the Company has in the business of providing luxury tours and tailor-made holidays and the following assets:

- a. the goodwill in relation to the Business;
- b. all of the Company's fixtures and fittings, furniture, utensils, templates, tooling, implements, chattels and equipment owned in relation to the Business;
- c. merchant funds held as payments made by Customers;
- d. prepayments made by the Company for goods and services to be supplied to the Business;
- e. the benefit of the Customer Contracts, Supplier Contracts and all other contracts, arrangements and licences relating to the Business and that remain to be performed in whole or in part;
- f. the future customer payments on account, comprising all amounts due to the Company from customers in connection with the Business (whether or not due and payable) including interest payable on those sums. The purchaser will also take on the obligation to settle supplier debts due in order to honour the future holiday commitments
- g. all information, records, know-how and techniques which has been used in relation to carrying on the Business or which is required for carrying on the Business;
- h. the intellectual property rights owned by the Seller in, or in connection with, the Business;
- i. the IT Systems;
- j. the Websites;
- k. the Social Media Accounts;
- l. the leasehold property at Part 6th Floor and basement storage (Rooms B6 and B11) at 30 Millbank, Millbank, London SW1;

## Purchaser and related parties

- The Purchaser is C&K Luxury Travel Limited, company number 12316055.
- This is a newly incorporated company completely independent to the Company, with no common owners or directors to the Company, its former directors, its shareholders, the secured creditors of the Company or their associates.



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The Purchaser is therefore not a connected party and we have concluded that SIP13 does not apply.

We advised the Purchaser regarding the existence of the pre pack pool, however we understand that they have not been approached in connection with this transaction

## Assets

The assets involved in the transaction are all of the business and assets of the Company associated with the Business, as set out in the Valuation of the Business and Assets section above.

The Company also owned a freehold residential investment property, but this is subject to the Bank's fixed charge security and was not included in the sale to the Purchaser.

## Sale consideration

The total sale consideration consists of £710,267 which was paid in cash by the Purchaser on completion. The consideration is apportioned as follows;

- £710,255 for goodwill;
- £3 for IT systems, websites and social media accounts;
- £2 for customer payments on account and related obligations;
- £2 for business information and contracts.
- £1 for the fixtures and fittings;
- £1 for merchant funds in transit;
- £1 for prepayments made by the Company;
- £1 for business intellectual property rights;
- £1 for leasehold property.

We anticipate that realisations from all assets are all likely to be the subject of the Bank's fixed and floating security. The Administrators' solicitors have provided advice confirming the validity of the Bank's security.

The consideration has been fully allocated to the fixed charge on the basis that it fundamentally pertains to goodwill. None of these assets would be recoverable, absent a going concern sale. By continuing to trade the business and fulfil the Company's customer bookings after the transaction, the Purchaser are effectively acquiring a negative working capital position (i.e. where liabilities owing to trade suppliers exceed net sums owing from customers), such that all consideration is attributable to goodwill.

We have received advice from Womble Bond Dickinson and Osborne Clarke on the appropriateness of the allocation of the consideration and that goodwill be treated as an asset subject to fixed charge.

There are no options, buy-back agreements, deferred consideration or other conditions attached to the transaction.

We anticipate that preferential creditors will be mitigated in full as a result of the TUPE transfer, but a significant shortfall will remain on the Bank's secured lending.

## Conclusion



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The Joint Administrators have accepted the appointment over the Company with the objective of receiving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration) in accordance with Paragraph 3(1)(b).

They are satisfied that this pre-packaged sale of the Company's business and assets has enabled them to achieve this purpose because the alternative immediate shut-down of the Company would have resulted in significant erosion in value of the Company's assets, as well as increased employee claims and significant trade creditor and customer claims.

As highlighted above, the continuation of trade by making this sale to the Purchaser mitigates a significant level of creditors' claims, through saving over 60 jobs, ensuring that existing prepaid bookings are honoured and allowing the lease to continue, which would otherwise crystallise as claims in the event of the Company entering into liquidation.

The Joint Administrators have acted in the best interests of the Company's creditors as a whole when negotiating this pre-packaged sale, and are satisfied that the sale price achieved was the best available outcome in the circumstances. The pre-packaged sale also represents the best outcome for the Bank in its capacity as secured creditor.

Furthermore, as it relates to the future viability of the business, the Joint Administrators understand the benefits of this offer to include:

1. **ATOL licence** – The sale to the Purchaser has been agreed by the CAA and an ATOL licence has been provided to the Purchaser to allow it to continue to trade the Business.
2. **Liquidity and investment** – The Purchaser is able to provide additional investment in to the Business to support and regularise its significant working capital requirements in the short and medium term.
3. **Stable operating model and margin recovery** – The Purchaser can leverage its scale, supply chain and operations to provide both a stable operating platform as well as drive efficiencies and access a more diversified and cost effective supply chain.
4. **Platform for growth** – the Purchaser intends to pursue a further growth strategy with the benefit of its existing international footprint and capabilities.

The Joint Administrators will send out their proposals, providing further information regarding the Company and their appointment, within two weeks of appointment.



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## Appendix 8      Glossary

<b>ATOL</b>	Air Traffic Organisers Licence
<b>Bank/Secured Creditor</b>	State Bank of India
<b>Company</b>	Cox & Kings Travel Limited - in Administration
<b>Joint Administrators/we/our/us</b>	David Pike and Will Wright
<b>KPMG</b>	KPMG LLP
<b>WBD</b>	Womble Bond Dickinson
<b>TUPE</b>	Transfer of Undertakings (Protection of Employment) Regulations 2006

Any references in these proposals to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.



## Appendix 9      Notice: About this statement of proposals

This statement of proposals ('proposals') has been prepared by David Pike and Will Wright, the Joint Administrators of Cox & Kings Travel Limited – in Administration (the 'Company'), solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their proposals for achieving the purposes of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

These proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the same group.

Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on these proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these proposals.

David John Pike and William James Wright are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Officeholders are Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – [home.kpmg.com/uk/en/home/misc/privacy-policy-insolvency-court-appointments.html](https://home.kpmg.com/uk/en/home/misc/privacy-policy-insolvency-court-appointments.html).

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of these proposals or the conduct of the administration.

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