

TENSIONS IN THE MIDDLE EAST

A recent newspaper article commented that “there was no holiday for travel businesses yesterday as tensions in the Middle East pushed up the oil price, making the cost of doing business for cruise operators, airlines and tour operators more expensive.

The oil price was back above \$114 a barrel after reports that Saudi Arabia, the world’s largest oil exporter, could be drawn into the unrest in the region by trying to quell protests in Bahrain.

Thomas Cook Group plc was also hit by a piece of research from the analyst Morgan Stanley, which cut its profits forecasts on the holiday business by 5 per cent, partly due to concerns about higher fuel costs and the political turmoil in popular destinations such as Egypt and Tunisia.”

Adapted from The Times, 02 March 2011

THOMAS COOK GROUP plc’s FINANCIAL PERFORMANCE**PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDING 30 SEPTEMBER**

	2010 £m	2009 £m
Total Revenue	8 890	9 269
<i>Less</i> Cost of Sales	6 827	7 085
Gross Profit	2 063	2 184
<i>Less</i> Expenses	1 896	2 027
Net Profit	167	157

BALANCE SHEETS AS AT 30 SEPTEMBER

	2010 £m	2009 £m
Fixed Assets	5 426	5 377
Current Assets		
Stock	32	27
Debtors	973	926
Bank & Cash	340	550
Other	129	182
Total Current Assets	1 474	1 685
Current Liabilities		
Creditors	1 821	1 904
Other	1 564	2 284
Total Long-term Liabilities	3 385	4 188
Long-term Liabilities		
Loans	1 773	1 154
Net Assets	1 742	1 720
Shareholders' Capital		
Share Capital	91	86
Reserves	1 651	1 634
Total Shareholders' Capital	1 742	1 720

Source: www.thomascookgroup.com

Question: Analyse & evaluate the performance of Thomas Cook PLC
(14 marks)