



3 April 2009

Our ref: MNC/AMR/XL01ADL/ADM502/2203
Your ref:

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31 Wellington Street
Leeds LS1 4DL
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TO ALL KNOWN CREDITORS

When telephoning please ask for:
Erica Walters

Direct Line:
0113 386 0819

Dear Sirs

XL Leisure Group plc - In Administration (the Company) Administrators' Progress Report

As you may be aware Alastair Beveridge, Nick Cropper, Simon Appell and I were appointed Joint Administrators of the Company on 12 September 2008 by the High Court, Chancery Division, Companies Court. From 1 January 2009 Alastair Beveridge, Simon Appell, Nick Cropper and I are now licensed by the Insolvency Practitioners Association (IPA).

Please find attached a formal notice and detailed report covering progress in the Administration during the six month period ended 11 March 2009.

Please note that it is a statutory requirement for the Joint Administrators to prepare and make available for all actual and potential creditors of the Company a Progress Report. However, for those passengers who have submitted claims for refunds to the Civil Aviation Authority under the ATOL scheme, to their credit card company or through an insurance company THIS IS FOR INFORMATION ONLY and DOES NOT affect your claim in any way.

Further update as at 3 April 2009

In order to minimise costs (printing and postage) to the creditors, the Joint Administrators applied to Court on 3 April 2009, to release them from their statutory obligations of sending to all known creditors (of which there is approximately 144,000) the following documents:

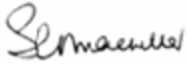
- Notices of the result of any meetings of creditors
- Progress reports to creditors
- Any notice of intention to declare and distribute a dividend
- Any notice of automatic end of Administration
- Any notice of moving from Administration to Creditors' Voluntary Liquidation
- Any notice of moving from Administration to Dissolution

Registrar Derrett of The High Court of Justice, Chancery Division, Companies Court granted the Joint Administrators' application and ordered that the Joint Administrators publish the relevant creditor information, instead of mailing hard copies to creditors.

Accordingly, for the purposes of this and future creditor communication, the Joint Administrators will publish all documents on the www.xladministration.com website and will provide a helpline for creditors to request information free of charge. The helpline number is 0800 068 8991.

Please also note that following the recent completion of a Management Buy-Out (MBO) by the partner group of Kroll's UK Corporate Advisory and Business Recovery practice from Kroll Inc, we will be operating under the Zolfo Cooper brand name going forward. Zolfo Cooper Europe will continue to be headquartered at 10 Fleet Place, London EC4M 7RB with our existing network of UK offices remaining in their current locations.

Yours faithfully
For and on behalf of
XL Leisure Group plc



S C E Mackellar
Joint Administrator

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The affairs, business and property of the Company are being managed by the Joint Administrators. The Joint Administrators act as agents of the Company and without personal liability.

The Insolvency Act 1986

Administrator's progress report

Name of Company XL Leisure Group plc	Company number 04513359
In the High Court, Chancery Division, Companies Court	Court case number 7858 of 2008

We, Alastair Paul Beveridge, Simon Jonathan Appell, Mark Nicholas Cropper of Zolfo Cooper, 10 Fleet Place, London, EC4M 7RB and Stuart Charles Edward Mackellar of Zolfo Cooper, Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL

Joint Administrators of the above company attach a progress report for the period

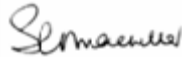
from

to

(b) 12 September 2008

(b) 11 March 2009

Signed



Joint Administrator

Dated: 3 April 2009

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

Erica Walters, Zolfo Cooper, Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL	
Tel : 0113 386 0819	
DX Number	DX Exchange

Companies
House receipt
date barcode

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

3 April 2009

Joint Administrators' Progress Report

For the Period
12 September 2008 to 11 March 2009

XL Leisure Group plc -
In Administration



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1 Statutory Information

- 1.1 I was appointed Joint Administrator of XL Leisure Group plc (the **Company**, the **Parent Company**) together with Alastair Paul Beveridge, Simon Jonathan Appell and Mark Nicholas Cropper on 12 September 2008 by the High Court of Justice. The application for the appointment of an Administrator was made by the Directors of the Company.
- 1.2 Please note that as of 1 January 2009, Alastair Paul Beveridge, Simon Jonathan Appell, Mark Nicholas Cropper and I are now licensed by the Insolvency Practitioners Association (IPA).
- 1.3 The Company formed part of the XL Leisure Group of companies (the **Group**).
- 1.4 The Company is one of 11 Companies (the **Companies**) within the Group which were placed into Administration by the Court at 1am on 12 September 2008. The additional 10 companies are as follows:
- Freedom Flights Limited (03761690)
 - Travel City Flights Limited (03676161)
 - Excel Aviation Limited (03720932)
 - Explorer House Limited (05183147)
 - The Really Great Holiday Company plc (02813710)
 - Medlife Hotels Limited (05311104)
 - Aspire Holidays Limited (03813759)
 - XL Airways UK Limited (02980023)
 - Freedom Flights (Aviation) Limited (03778561)
 - Kosmar Villa Holidays plc (01673531)
- 1.5 A copy of the Group structure is attached at Appendix A.
- 1.6 The other entities within the Group are either dormant or non-trading
- 1.7 The Administration is being handled by Zolfo Cooper's Leeds office, situated at Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL.
- 1.8 The Administration is registered in the High Court of Justice, Chancery Division, Companies Court under reference number 7858 of 2008.

- 1.9 The main headquarters of the Company were Explorer House, Fleming Way, Crawley, West Sussex, RH10 9EA (**Explorer House**).
- 1.10 The registered office of the Company has been changed from Explorer House to c/o Zolfo Cooper, Wellington Plaza, 31 Wellington Street, LS1 4DL and its registered number is 04513359.
- 1.11 The functions of the Joint Administrators may be exercised by either or all, acting jointly or alone.
- 1.12 Please note that following the recent completion of a Management Buy-Out (**MBO**) by the partner group of Kroll's UK Corporate Advisory and Business Recovery practice from Kroll Inc, we will be operating under the Zolfo Cooper brand name going forward. Zolfo Cooper Europe will continue to be headquartered at 10 Fleet Place, London EC4M 7RB with our existing network of UK offices remaining in their current locations

2 Progress of the Administration

Overall Administration Progress for the Companies

- 2.1 Since the date of my last report, I have continued to facilitate a controlled and orderly wind down of the operations of all of the Companies which entered Administration.
- 2.2 I have proceeded to realise the various assets held across the Companies which include agency and trade debtors totalling in excess of £15 million excluding intercompany debts, the brands, trademarks and intellectual property of the major trading entities, prepayments relating to airport charges, fuel and insurance, six freehold properties and aircraft stock.
- 2.3 A considerable amount of time has also been spent liaising and corresponding with the Companies' stakeholders and in particular in relation to the substantial telephone and written queries received from customers with regard to their pre-booked holidays which were unfortunately cancelled as a result of the Administrations. I have liaised extensively with the Civil Aviation Authority (**CAA**) and credit card providers to ensure that any information they have required relating to customer bookings has been provided swiftly, efficiently and accurately.
- 2.4 There has also been a large volume of correspondence received from former employees with regard to their redundancy and preferential claims, requests for access to training records and files and also with a view to obtaining references for their new employers.

- 2.5 As you are aware, the Companies' IT systems were complex and data was held across seven separate IT systems and packages, some of which were hosted by external providers. The operations of the Companies were heavily reliant on these systems, such as customer booking systems, finance systems and aircraft maintenance systems. As such, a managed shut down and decommissioning strategy of over 100 servers has had to be undertaken together with IT consultants and former third party service providers to the Companies. I can confirm that the shut down strategy is in its final stage.
- 2.6 An operation to box up the Companies' books and records which were held across various national locations has also been undertaken and a small number of former employees were initially retained on a consultancy basis to assist with this process. There are now in excess of 5,000 boxes of books and records held at a storage facility in Leeds.
- 2.7 In order to minimise costs (printing and postage) to the creditors, the Joint Administrators applied to Court on 3 April 2009, to be released from the statutory obligations of sending to all known creditors (of which there is approximately 144,000) the following documents;
- Notices of the result of any meetings of creditors
 - Progress reports to creditors
 - Any notice of intention to declare and distribute a dividend
 - Any notice of automatic end of Administration
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Registrar Derrett of The High Court of Justice, Chancery Division, Companies Court granted the Joint Administrators' application and ordered that the Joint Administrators publish the relevant creditor information, instead of mailing hard copies to creditors. Accordingly, for the purposes of this and future creditor communication, the Joint Administrators will publish all documents on the www.xladministration.com website and will provide a helpline for creditors to request information free of charge. The helpline number is 0800 068 8991.

Administration Progress for the Company

- 2.8 The Company was the immediate parent of the UK, French and German divisions in which it directly and indirectly held operating subsidiaries. The Company was also the principal borrower under banking facilities with Straumur and Barclays and performed a treasury role in the Group by overseeing cash pooling, servicing of principal debt and co-ordinating hedging across the Group.

Employees

- 2.9 As you are aware from my previous report, prior to my appointment the Company employed 38 employees and subsequently upon appointment 24 employees were made redundant due to the considerable reduction in the Company's operations. Although 14 employees were initially retained to assist with the controlled wind down of operations, the number retained was gradually reduced, and as of 28 November 2008 I can confirm that all employees had been made redundant.
- 2.10 A small number of former employees were employed on a consultancy basis to assist with book debt collection, the archiving of the books and records and the decommissioning of the IT systems, details of these employees can be found in Appendix D of this report.

Leasehold properties

- 2.11 The Company held leases for 5 and 15 Raleigh Court, Discovery Park, Priestley Way, Crawley, RH10 9NT (the **Properties**) and I have attempted to informally surrender the Properties' leases.
- 2.12 Attached at Appendix B is my Receipts and Payments Account for the period from 12 September 2008 to 11 March 2009.

Straumur funding

- 2.13 As you are aware upon appointment the Company entered into a funding agreement with Straumur-Burdarás Investment Bank hf. (**Straumur**) which allowed the Company access to loan funding to ensure a controlled wind down of the operations could be affected whilst the assets of the Company were realised. These sums are to be repaid from asset realisations from the Company's estate prior to any distribution to the creditors of the Company, subject to there being sufficient realisations available.
- 2.14 We have received Straumur funding of £4 million, of which £nil has been repaid to date, consequently funds in hand and future realisations are likely to be utilised in partial repayment of Straumur's funding.

France and Germany shares

- 2.15 The Company's shares in XL Airways France SA (**XL France**) and XL Airways Germany GmbH (**XL Germany**) were sold to Frontier Travel ehf and Glacier Travel ehf for £2.6 million and £0.4 million respectively.

- 2.16 Pursuant to the Sale and Purchase Agreement (SPA) and an associated Transitional Services Agreement (TSA), certain reasonable costs associated with delinking France and Germany are to be borne by the Joint Administrators and deducted from the sale consideration. To date costs of £12,000 have been incurred and the Joint Administrators time costs in relation to the delinking of France and Germany are £36,381.

Prepayments and refunds

- 2.17 The refund due from Howden Insurance Brokers (Howden) relating to the prepayment of Director and Officer insurance has been received, however the refund was approximately \$70,000 and not the previously stated £70,000 and thus realisations amount to £36,181.
- 2.18 Sundry refunds amounting to £1,337 have been obtained.

Cash at bank

- 2.19 As expected, the Company's pre-appointment credit bank account balances were subject to set off by the relevant Banks with whom these accounts were held, and thus realisations have been £nil. I do not envisage future realisations from this source.
- 2.20 £79,967 has been received in relation to bank interest on monies held in the Administration bank accounts.

Computer equipment

- 2.21 Since my last report further items of computer equipment have been sold for £600 and total realisations amount to £1,900.
- 2.22 In accordance with Statement of Insolvency Practice No 13 (SIP13), I would advise you that the following assets were sold to a Director of the Company:

Date of Transaction	Asset Involved and Nature of Transaction	Consideration Paid and Date	Sold To	Relationship
6 October 2008	Laptop	£70 paid on 6 October 2008	P Aird-Mash	Director
7 October 2008	Desktop PC	£40 paid on 7 October 2008	J Bousfield	Director
22 October 2008	Monitor	£10 paid on 22 October 2008	N Morris	Director

3 Assets still to be Realised

Intercompany debts

- 3.1 As per my last report, it is believed that the Company is due funds from intercompany debts. However, the amount realised will be dependent upon whether the level of realisations in the debtor company are sufficient to enable a distribution to its unsecured creditors. If an unsecured distribution is made, the level of realisation is likely to be negligible and is likely only to represent a minimal amount of the intercompany debt which is owed.

Microsoft licenses

- 3.2 I have continued to pursue the possibility of a sale of the licenses the Company holds to use Microsoft branded products, and it has subsequently been established that the licenses extend beyond the previously stated expiry date of February 2009. The sale has been protracted due to the IT shutdown detailed in section 2.5, however it is expected that proceeds will amount to approximately £3,300.

Fixtures and fittings

- 3.3 £6,200 has been received in relation to a sale of the Company's fixtures and fittings and my agents, Edward Symmons (ES) continue to pursue sales of the additional fixtures and fittings however further realisations are expected to be minimal.

4 Joint Administrators' Remuneration

- 4.1 Creditors approved that the basis of the Joint Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in managing the Administration.
- 4.2 The Joint Administrators' time costs at 11 March 2009 are £1,055,422. This represents 3,609 hours at an average rate of £292 per hour. This represents 3,610 hours at an average rate of £292 per hour. To date £934,724 plus disbursements of £339,634 have been drawn on account.
- 4.3 The Joint Administrators' time costs at 11 March 2009 relating to the sale of French and German entities and further assistance provided to XL France and XL Germany since the sale, are £36,381. This represents 143 hours at an average rate of £254 per hour. As at 11 March 2009 no fees or disbursements have been drawn on account.

- 4.4 The Joint Administrators' time costs at 11 March 2009, relating to the assistance provided to the CAA which are being separately funded by the CAA are £128,416. This represents 427 hours at an average rate of £301 per hour. To date £128,416 plus disbursements of £nil have been drawn on account.
- 4.5 Attached as Appendix D is additional information in relation to our policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade.

Administration and Planning

The time recorded here reflects the statutory duties of the Joint Administrators including initial notification to creditors and the preparation of creditor reports. In addition, it covers the time spent formulating the strategy of the Administration, internal meetings and case related travel time.

Investigations

This section relates to time spent investigating the conduct and actions of the Company's directors prior to appointment.

Realisation of Assets - Fixed Charge

This refers to time spent dealing with the sale of the Company's fixed charge assets which includes instructing agents, obtaining initial valuations and conducting negotiations with interested parties.

Realisation of Assets - Debtors

The work involved within this area covers the extensive time taken to reconcile the Company's debtor ledger to the date of appointment and the subsequent actions required to recover the book debts.

Realisation of Assets - Floating Charge

This refers to time spent dealing with the sale of the Company's floating charge assets which includes instructing agents, obtaining initial valuations and negotiations with interested parties. In particular, this section includes the extensive amount of due diligence and time connected with the marketing and potential sale of the Company's brands.

Trading

The time recorded here includes the ongoing day to day management and wind down of the Company, along with preparation of cash flow forecasts and maintaining funding requirements. This reflects the time spent reconciling and finalising the accounts and ledgers to the date of the appointment and ensuring that a potential sale of the Company's assets and brands would not be jeopardised.

Creditors

This area reflects the time incurred dealing with the large volume of both customer and trade creditors of the Company, including telephone calls and emails, which were substantial. The time spent dealing with employees is also recorded here.

5 Estimated Outcome for Creditors

- 5.1 The Company granted fixed and floating charges to Straumur-Burdarás Investment Bank hf. (Straumur) on 18 August 2008.
- 5.2 The indebtedness to Straumur secured by its fixed charge is supported by a cross guarantee provided by all of the Companies with the exception of Kosmar Villa Holidays plc.
- 5.3 To date £2 million has been distributed to Straumur under its fixed charge, and there may be sufficient funds remaining after professional costs from fixed realisations to enable a further distribution to Straumur under its fixed charge.
- 5.4 Based on current information the preferential claims against the Company relating to employees' arrears of wages and holiday pay are estimated at £58,967. The Redundancy Payments Office (RPO) has yet to submit its preferential claim but I anticipate that this will be received shortly.
- 5.5 Net floating charge realisations are expected to be £nil and there will be insufficient funds to enable a distribution to the preferential creditors.
- 5.6 As Straumur's floating charge post-dates the introduction of the Enterprise Act 2002 on 15 September 2003, there is a requirement to set aside an "Unsecured Creditors' Fund". This obliges the Joint Administrators to ring-fence a proportion of the floating charge realisations for unsecured creditors under Section 176A (2) of the Insolvency Act 1986 (the Act). These funds are known as the Prescribed Part. As there is not expected to be any floating charge realisations, the Prescribed Part is expected to be £nil.

- 5.7 As per the Directors' Statement of Affairs the amount owed to the unsecured creditors is estimated at £214,549,202.
- 5.8 Based upon the current estimated financial position there is no prospect of a distribution to the unsecured creditors.

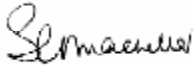
6 Ending the Administration

- 6.1 Based on present information, the Joint Administrators do not believe that there will be sufficient asset realisations to enable a distribution to be paid to the Company's unsecured creditors. In this situation, a notice will be filed together with a final progress report at Court and with the Registrar of Companies for the dissolution of the Company. Copies of these documents will be published on the www.xladministration.com website. The appointment will end following the registration of the notice by the Registrar of Companies.
- 6.2 Alternatively, if having realised the assets of the Company, the Joint Administrators subsequently establish that there are sufficient asset realisations to enable a distribution to be made to the unsecured creditors from the Unsecured Creditors Fund, they will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation (CVL) in order to make the distribution. The Joint Administrators will also become the Joint Liquidators of the CVL.
- 6.3 The Joint Administrators will be discharged from liability under Paragraph 98 of Schedule B1 of the Act immediately upon their appointment as Administrators ceasing to have effect.

7 Next Report

- 7.1 The Joint Administrators are required to provide a progress report within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised. All future reports will be available on the www.xladministration.com website.

For and on behalf of
XL Leisure Group plc

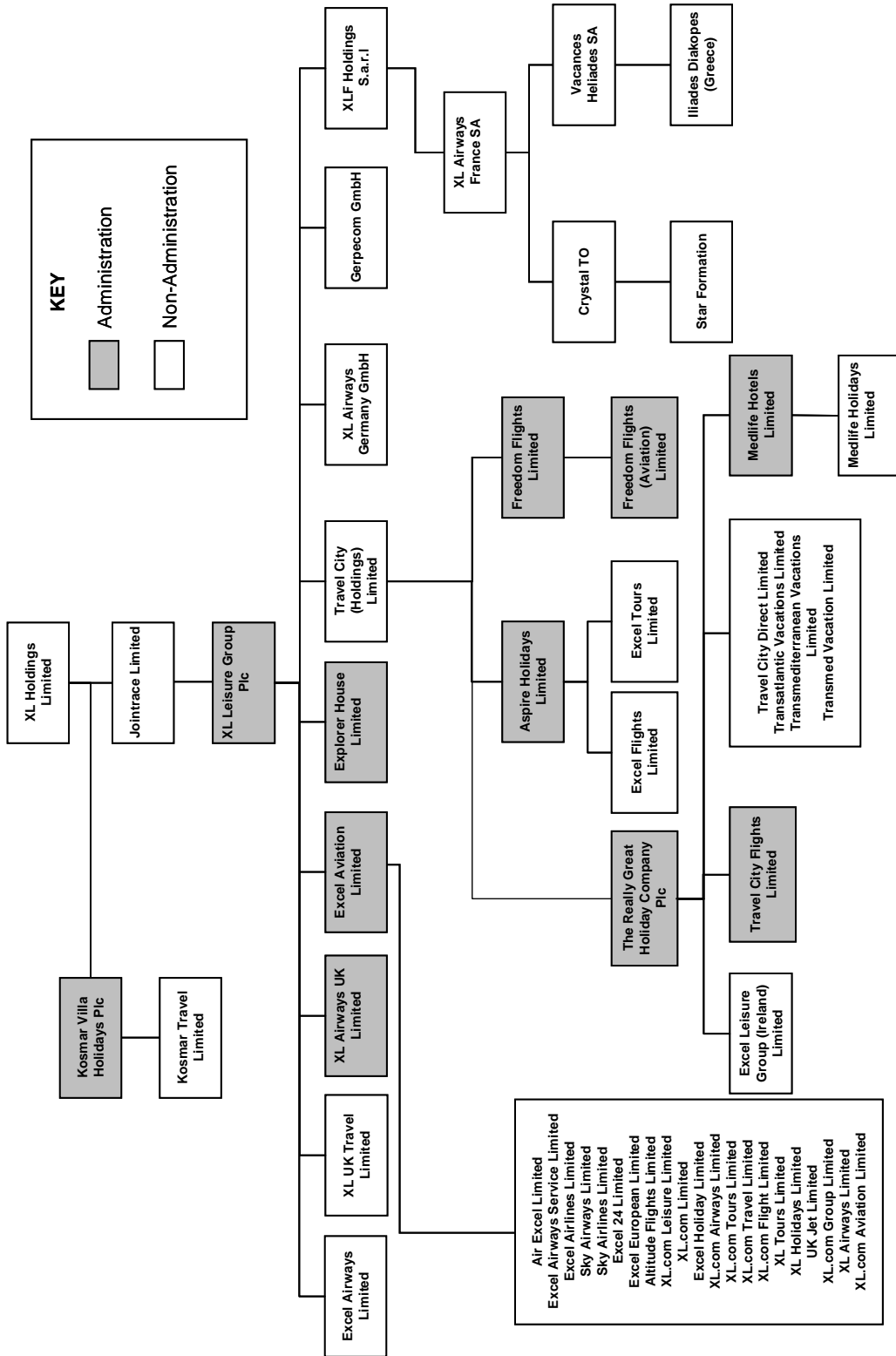


S C E Mackellar
Joint Administrator

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Group Structure

Appendix A



Receipts and Payments Account for the Period from 12 September 2008 to 11 March 2009

Appendix B

Statement of Affairs	Fixed Charge	Floating Charge	CAA	Total
£	£	£	£	£
RECEIPTS				
		3,000.00		3,000.00
	415.06		6,428.32	6,843.38
400,000	400,000.00			400,000.00
2,600,000	2,600,000.00			2,600,000.00
		4,060,000.00		4,060,000.00
			1,264,019.26	1,264,019.26
		1,900.00		1,900.00
33,680		6,200.00		6,200.00
		36,181.24		36,181.24
		55,392.04		55,392.04
		24,160.22		24,160.22
		1,336.73		1,336.73
1,092,230		NIL		NIL
2,697		NIL		NIL
37,891		NIL		NIL
TOTAL RECEIPTS	3,000,415.06	4,188,170.23	1,270,447.58	8,459,032.87
PAYMENTS				
		22,083.79	8,983.28	31,067.07
		108.20		108.20
	75,500.00			75,500.00
	5,815.09			5,815.09
	5,815.09			5,815.09
	2,000,000.00			2,000,000.00
		119.31		119.31
		63,899.33	404,746.72	468,646.05
		1,035.00		1,035.00
		1,071.00		1,071.00
		554.63		554.63
		19,397.87	12,340.00	31,737.87
		4,346.10		4,346.10
		11,737.66		11,737.66
		1,078.11	1,554.39	2,632.50
		934,724.50	128,416.00	1,063,140.50
		339,634.60		339,634.60

Zolfo Cooper

Joint Administrators' Progress Report

XL Leisure Group plc - In Administration

	IT Costs	157,252.69	182,222.04	339,474.73
	Staff repatriation costs	24,201.21		24,201.21
	Professional fees	72,223.46		72,223.46
	Consultancy Fees	4,433.50		4,433.50
	Tax Review Fees	30,000.00		30,000.00
	Legal fees	270,345.43	13,563.00	283,908.43
	Legal Disbursements	16,830.91		16,830.91
	Repayment of CAA Funding		300,000.00	300,000.00
	Telephone Telex & Fax	16,614.02		16,614.02
	Stationery & Postage	2,640.35		2,640.35
	Sale of Business Advertising	3,366.95		3,366.95
	Storage Costs	3,540.25		3,540.25
	Re-Direction of Mail	199.20		199.20
	Statutory Advertising	5,390.61		5,390.61
	Rents Payable	3,932.62	40,369.89	44,302.51
	Other Property Expenses	1,194.78	932.59	2,127.37
	PAYE and NI Contributions	45,159.36		45,159.36
	Pension Contributions	7,202.89		7,202.89
	HP and Lease Payments	20,536.89		20,536.89
	Bank Charges	310.20	75.00	385.20
	Office cleaning and consumables	2,141.01	2,433.00	4,574.01
	Sundry Expenses	411.79		411.79
	Wages & Salaries Control Account	32,236.91		32,236.91
	Floating Vat Control A/c	9,578.51		9,578.51
	Fixed VAT Receivable	87.50		87.50
(68,570)	Preferential Creditors		NIL	NIL
(214,549,202)	Unsecured Creditors		NIL	NIL
	TOTAL PAYMENTS	2,087,217.68	2,129,533.64	1,095,635.91
				5,312,387.23
(210,451,274)	Balances in Hand	913,197.38	2,058,636.59	174,811.67
				3,146,645.64
	REPRESENTED BY			
	Floating Interest Bearing			416,242.69
	External Funding Account			1,262,027.50
	Fixed Interesting Bearing			953,611.16
	CAA Account			186,380.34
	CAA VAT Payable			(13,153.17)
	Floating VAT Receivable			341,449.62
	Fixed VAT Receivable			87.50
				3,146,645.64

Note: £955,046 of the £2 million distributed to Straumur under its fixed charge was paid to Zolfo Cooper in relation to time costs for pre-appointment work which was undertaken.

Zolfo Cooper

Joint Administrators' Progress Report

Time Analysis for the Period from 12 September 2008 to 11 March 2009

Appendix C

	Employee Grade				Hours To Date	(£s)	
	(Hours)					Total Cost	Average Rate p/h
	Partner / Director	Senior Associate	Associate / Analyst	Junior Analyst / Support			
ADMINISTRATION AND PLANNING							
Strategy and Control	107.70	179.70	298.30	9.80	595.50	187,728.00	315
Bank and Creditor Reporting	3.00	20.50	79.20	4.90	107.60	29,064.00	270
Creditors Committee	0.00	0.00	1.00	0.00	1.00	290.00	290
Statutory Duties	1.90	5.60	5.10	5.10	17.70	4,655.00	263
Job Administration	9.80	63.90	150.20	50.00	273.90	70,011.50	256
Cash Accounting and Time Records	3.40	12.10	91.90	72.60	180.00	41,287.00	229
Case Related Travel Time	8.00	169.70	289.00	3.10	469.80	136,545.00	291
Case Closure	0.00	62.10	0.00	0.00	62.10	20,182.50	325
Internal Documentation and IT	0.00	17.10	110.50	7.80	135.40	33,783.00	250
ADMINISTRATION & PLANNING Total	133.80	530.70	1,025.20	153.30	1,843.00	523,546.00	284
INVESTIGATIONS							
D Reports	0.10	0.70	4.00	1.20	6.00	1,528.50	255
Other Investigations	203.50	8.10	7.70	0.40	219.70	96,904.00	441
Internal Documentation	0.00	0.20	4.00	0.10	4.30	1,242.50	289
INVESTIGATIONS Total	203.60	9.00	15.70	1.70	230.00	99,675.00	433
REALISATION OF ASSETS - FIXED CHARGE							
Initial Actions and Valuations	5.50	5.00	3.40	0.00	13.90	4,743.00	341
Sale of Assets	9.50	27.50	1.10	0.00	38.10	13,259.50	348
Insurance	0.00	0.00	0.30	0.00	0.30	81.00	270
Internal Documentation	0.00	3.00	0.00	0.00	3.00	975.00	325
REALISATION OF ASSETS - FIXED CHARGE Total	15.00	35.50	4.80	0.00	55.30	19,058.50	345
REALISATION OF ASSETS - DEBTORS							
Debt Collection	10.00	11.10	6.40	12.40	39.90	10,910.00	273
Debtors Litigation	0.00	0.00	1.40	7.80	9.20	1,311.00	143
Crown Debtors	0.00	0.00	2.30	0.00	2.30	621.00	270
Internal Documentation	0.00	1.00	1.30	0.30	2.60	680.50	262
REALISATION OF ASSETS - DEBTORS Total	10.00	12.10	11.40	20.50	54.00	13,522.50	250
REALISATION OF ASSETS - FLOATING CHARGE							
Initial Actions and Valuations	0.00	1.10	29.60	0.00	30.70	8,252.50	269
Sale of Assets	36.50	47.50	50.60	0.00	134.60	42,820.50	318
Insurance	3.00	3.70	5.00	0.00	11.70	3,781.00	323
Retention of Title	0.00	0.00	3.50	0.00	3.50	955.00	273
Hire Purchase/Leased Assets	2.00	1.90	14.10	0.00	18.00	5,318.50	295
Internal Documentation	1.00	3.30	18.30	0.60	23.20	6,262.00	270
REALISATION OF ASSETS - FLOATING CHARGE Total	42.50	57.50	121.10	0.60	221.70	67,389.50	304
TRADING							
Initial Actions	35.80	29.10	76.80	21.40	163.10	49,801.50	305
Cash Accounting	0.50	0.00	21.20	3.90	25.60	5,991.50	234
Ongoing Trading Activities	9.70	92.70	159.30	38.30	300.00	81,822.50	273
Internal and External Documentation	0.00	8.10	3.00	2.50	13.60	3,689.00	271
TRADING Total	46.00	129.90	260.30	66.10	502.30	141,304.50	281
CREDITORS							
Creditor Dealings	2.00	7.30	84.40	37.20	130.90	30,678.00	234
Creditor Claims	0.00	0.00	1.80	0.00	1.80	474.00	263
Litigation	1.50	2.00	0.20	0.00	3.70	1,303.00	352
Internal Documentation	0.00	0.20	12.70	4.20	17.10	4,043.50	236
Employees	12.50	211.20	274.80	51.10	549.60	154,427.50	281
CREDITORS Total	16.00	220.70	373.90	92.50	703.10	190,926.00	272
Total	466.90	995.40	1,812.40	334.70	3,609.40	1,055,422.00	292

XL Leisure Group plc - France & Germany Time Analysis

	Employee Grade (Hours)				(£s)		
	Partner / Director	Senior Associate	Associate / Analyst	Junior Analyst / Support	Hours To Date	Total Cost	Average Rate p/h
ADMINISTRATION AND PLANNING							
Strategy and Control	0.00	2.30	33.90	5.00	41.20	10,279.50	250
Job Administration	0.00	1.00	0.50	39.00	40.50	5,833.00	144
Cash Accounting and Time Records	0.10	1.10	1.00	0.00	2.20	705.00	320
Case Related Travel Time	0.00	0.00	0.30	0.00	0.30	81.00	270
ADMINISTRATION & PLANNING Total	0.10	4.40	35.70	44.00	84.20	16,898.50	201
INVESTIGATIONS							
D Reports	3.00	6.10	0.00	0.00	9.10	3,330.00	366
INVESTIGATIONS Total	3.00	6.10	0.00	0.00	9.10	3,330.00	366
REALISATION OF ASSETS - FIXED CHARGE							
Initial Actions and Valuations	0.00	0.00	6.50	0.00	6.50	1,560.00	240
Sale of Assets	1.80	0.00	0.00	0.00	1.80	891.00	495
REALISATION OF ASSETS - FIXED CHARGE Total	1.80	0.00	6.50	0.00	8.30	2,451.00	295
REALISATION OF ASSETS - FLOATING CHARGE							
Sale of Assets	0.00	7.50	1.80	0.00	9.30	3,147.00	338
Retention of Title	0.00	0.00	0.30	0.00	0.30	87.00	290
Hire Purchase/Leased Assets	0.00	0.00	0.50	0.00	0.50	145.00	290
Litigation	0.00	2.80	0.00	0.00	2.80	980.00	350
Internal Documentation	0.00	2.70	1.00	0.00	3.70	1,215.00	328
REALISATION OF ASSETS - FLOATING CHARGE Total	0.00	13.00	3.60	0.00	16.60	5,574.00	336
TRADING							
Initial Actions	5.00	0.00	0.00	0.00	5.00	2,225.00	445
Cash Accounting	0.00	0.00	3.00	0.00	3.00	720.00	240
Ongoing Trading Activities	0.00	6.50	5.80	0.00	12.30	3,697.00	301
Internal and External Documentation	0.00	3.00	0.00	0.00	3.00	1,050.00	350
TRADING Total	5.00	9.50	8.80	0.00	23.30	7,692.00	330
CREDITORS							
Creditor Dealings	0.00	0.00	1.50	0.00	1.50	435.00	290
CREDITORS Total	0.00	0.00	1.50	0.00	1.50	435.00	290
Total	9.90	33.00	56.10	44.00	143.00	36,380.50	254

XL Leisure Group - CAA Funding Time Analysis

	Employee Grade (Hours)				(£s)		
	Partner / Director	Senior Associate	Associate / Analyst	Junior Analyst / Support	Hours To Date	Total Cost	Average Rate p/h
ADMINISTRATION AND PLANNING							
Strategy and Control	17.00	33.30	85.70	0.00	136.00	39,757.00	292
Bank and Creditor Reporting	3.50	0.00	2.10	0.00	5.60	1,913.00	342
Job Administration	0.00	1.00	1.70	0.70	3.40	856.00	252
Cash Accounting and Time Records	0.00	3.60	23.00	11.60	38.20	9,323.50	244
Case Related Travel Time	7.50	10.10	4.20	0.00	21.80	7,290.50	334
Internal Documentation and IT	0.00	14.10	4.70	0.00	18.80	5,710.50	304
ADMINISTRATION & PLANNING Total	28.00	62.10	121.40	12.30	223.80	64,850.50	290
INVESTIGATIONS							
Other Investigations	6.00	0.00	0.00	0.00	6.00	2,720.00	453
Internal Documentation	0.00	2.50	0.00	0.00	2.50	812.50	325
INVESTIGATIONS Total	6.00	2.50	0.00	0.00	8.50	3,532.50	416
REALISATION OF ASSETS - FLOATING CHARGE							
Sale of Assets	17.50	0.00	0.20	0.00	17.70	7,058.00	399
Hire Purchase/Leased Assets	2.00	1.30	0.00	0.00	3.30	1,255.00	380
Internal Documentation	0.00	0.00	1.10	0.00	1.10	264.00	240
REALISATION OF ASSETS - FLOATING CHARGE Total	19.50	1.30	1.30	0.00	22.10	8,577.00	388
TRADING							
Initial Actions	16.00	11.10	3.80	1.10	32.00	11,605.50	363
Cash Accounting	0.00	0.00	6.30	0.00	6.30	1,557.00	247
Ongoing Trading Activities	1.80	39.90	18.60	2.70	63.00	18,862.50	299
Internal and External Documentation	0.00	14.40	9.20	0.50	24.10	6,950.50	288
TRADING Total	17.80	65.40	37.90	4.30	125.40	38,975.50	311
CREDITORS							
Creditor Dealings	0.00	1.70	5.20	0.00	6.90	2,089.00	303
Internal Documentation	0.00	0.00	2.20	0.00	2.20	638.00	290
Employees	0.90	2.90	34.30	0.00	38.10	9,753.50	256
CREDITORS Total	0.90	4.60	41.70	0.00	47.20	12,480.50	264
Total	72.20	135.90	202.30	16.60	427.00	128,416.00	301

Additional Information in Relation to Administrators' Fees Pursuant to Statement of Insolvency Practice 9

Appendix D

1 Policy

Detailed below is Zolfo Cooper's policy in relation to:

- staff allocation and the use of sub-contractors;
- professional advisors; and
- disbursements.

1.1 Staff Allocation and the use of Sub-contractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a Partner, Senior Associate, Associate and Analyst. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. Our charge out rate schedule below provides details of all grades of staff and their experience level.

With regard to support staff, we would advise that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, eg, report compilation and distribution, do we seek to charge and recover our time in this regard.

The services of the following sub-contractors have been used in this case:

Name of Sub-Contractor	Basis of Fee Arrangement
B. Booth	Hourly rate and expenses
M. Nurse	Hourly rate and expenses
L. Findlay	Hourly rate and expenses

1.2 **Professional Advisors**

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Freshfields Bruckhaus Deringer LLP (legal advice)	Hourly rate and disbursements
Willis Limited (insurance)	Risk based premium
Edward Symmons (valuation and disposal advice)	Hourly rate and disbursements
BDO Stoy Hayward LLP (tax advice)	Hourly rate and disbursements
Twice2much Ltd (duplicate payments review)	Percentage of realisations
Jones Day (security review & legal advice)	Hourly rate and disbursements
PAYCO (ERA claims)	Hourly rate and disbursements
Hill and Knowlton (PR advice)	Hourly rate and disbursements

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

1.3 **Disbursements**

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require prior approval by creditors before they are paid and as per my last report Kroll Security Consulting Group EMEA was instructed to provide onsite security of the properties immediately after appointment in order to safeguard assets. I can confirm that it has been paid £35,000.

Kroll Paris was instructed to provide assistance with the sale of the French and German entities and has been paid £13,231.

Kroll Ontrack was instructed to provide backups of the hardware and network drives immediately upon appointment and has been paid £6,842.

2 Charge-out Rates

A schedule of Zolfo Cooper charge-out rates for this assignment effective from 1 January 2009 is detailed below.

	(Per hour) £
Partner/Director:	
Partner 1*	550
Partner 2*	495
Director	430
Senior Associate:	
Senior Associate 1*	390
Senior Associate 2*	350
Associate/Analyst:	
Associate	290
Analyst*	265
Junior Analyst and Support Staff:	
Junior Analyst*	140
Senior Treasury Associate	210
Treasury Associate	140
Treasury Analyst	90
Support	90
*Key	
Partner 1 - Partners with 3 or more years experience at partner level	
Partner 2 - Partners with less than 3 years experience at partner level	
Senior Associate 1 - Staff who have been Senior Associates for over 2 years	
Senior Associate 2 - Staff who have been Senior Associates for less than 2 years	
Analyst - Staff who have been Analysts for more than 1 year	
Junior Analyst - First year Analysts	