

1 December 2008

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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)

I previously wrote to all known creditors to explain that A P Beveridge, S C E Mackellar, S J Appell and I were appointed as Joint Administrators of the Company on 12 September 2008. Please note that from 1 December 2008, Kroll will be known as Zolfo Cooper.

I can confirm that pursuant to an order of the Court dated 27 October 2008, the Court has extended the deadline for making the Joint Administrators' Report and Statement of Proposals available to creditors to 4 December 2008 [and for holding any initial creditors' meeting (where applicable) to 18 December 2008].

Pursuant to the same order of the Court dated 27 October 2008; the Joint Administrators' Report Statement of Proposals will be available to the creditors of the Company on the www.xladministration.com website on 1 December 2008. Please see attached a copy of an advert which will be placed in national newspapers on 1 December 2008 detailing the above.

The Joint Administrators' Report and Statement of Proposals, includes information on the background to the Administration and the actions that have been taken since our appointment.

The purpose of an Administration is to achieve one of the following objectives:

- (a) Rescuing the Company as a going concern, or
- (b) 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), or
- (c) Realising property in order to make a distribution to one or more secured or preferential creditors.

The second objective is being pursued in this case, for the reasons set out in the report available on the website.

The Joint Administrators believe that the Company has insufficient property to enable them to make a distribution to its unsecured creditors. As a result and in accordance with Section 52 (1) (b) of Schedule B1 of the Insolvency Act 1986, the Administrators are not required to convene an initial meeting of the Company's creditors.

Creditors whose debts amount to at least 10% of the total debts of the Company may however request a meeting. Any requests for an initial creditors meeting must be made in writing to my office by 12 December 2008 and must include details of the purpose of the proposed meeting.

If you have any queries in relation to the contents of this letter or what is being proposed, please contact Erica Walters of this office on 0113 386 0819.

Yours faithfully
For and on behalf of
XL Leisure Group plc

A handwritten signature in black ink that reads "Nick Cropper". The signature is written in a cursive, slightly slanted style.

M N Cropper
Joint Administrator

**Joint Administrators' Report
and Statement of Proposals**

**XL Leisure Group plc -
In Administration**

1 December 2008



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1 Statutory Information

1.1 The registered number of XL Leisure Group plc (the **Company**, the **Parent Company**) is 04513359.

1.2 The Company formed part of the XL Leisure Group of companies (the **Group**).

1.3 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 placed into Administration are as follows:

- Travel City Flights Limited (03676161)
- XL Airways UK Limited (02980023)
- Excel Aviation Limited (03720932)
- Explorer House Limited (05183147)
- The Really Great Holiday Company plc (02813710)
- Medlife Hotels Limited (05311104)
- Aspire Holidays Limited (03813759)
- Freedom Flights Limited (03761690)
- Freedom Flights (Aviation) Limited (03778561)
- Kosmar Villa Holidays plc (01673531)

1.4 A copy of the Group structure is attached at Appendix A. The other entities in the Group are dormant or non-trading.

1.5 The registered office of the Company has been changed from Explorer House, Fleming Way, Crawley, West Sussex, RH10 9EA. to c/o Zolfo Cooper, Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL.

1.6 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.

1.7 Details of the Company's Directors and Secretaries are as follows:

XL LEISURE GROUP PLC	Date appointed	Date resigned	Shares held
Directors			
Jonathan Bousfield	23/10/2002	N/A	NIL
Halldor Sigurdarson	19/07/2006	N/A	NIL
Magnus Stephensen	14/03/2007	23/09/2008	NIL
Michael Butler Stoney	14/03/2007	N/A	NIL
Philip Leonard George Wyatt	23/10/2002	22/09/2008	NIL
Geoffrey Colin Medhurst	14/03/2007	N/A	NIL
Andreas Drakou	14/11/2007	03/05/2007	NIL
Hafthor Hafsteinsson	08/06/2004	23/02/2007	NIL
Eamonn Eugene Mullaney	23/10/2002	31/10/2006	NIL
Peter Edward Owen	01/03/2007	10/06/2008	NIL
Paul Roberts	23/10/2002	13/07/2006	NIL
Steven John Tomlinson	23/10/2002	13/07/2006	NIL
David Anthony Budgen	19/07/2006	15/02/2008	NIL
Secretaries			
Haldor Sigurdarson	18/07/2008	23/09/2008	NIL
David Anthony Budgen	19/07/2008	15/02/2008	NIL
Paul Roberts	23/10/2002	13/07/2006	NIL

2 Background to the Administration

2.1 The Group was a large travel and aviation business with offices in the UK, Ireland, France and Germany. It was the third largest tour operator within the UK with Group turnover of c£550 million per the audited accounts for the year ended 30 October 2007.

2.2 The Companies' principal activities were:

- Aircraft operation and seat brokerage to UK, French, German and American tour operators;
- Tour operating, and

- Sub-leasing and aircraft brokerage (chartering).

2.3 The Companies' main headquarters were located at Explorer House, Fleming Way, Crawley, West Sussex, RH10 9EA but trading operations were also conducted from the following premises:

- Mitre Court, Fleming Way, Crawley, West Sussex, RH10 9NJ
- 3, 4 and 4a Magellan Terrace, Gatwick Road, Crawley, West Sussex, RH10 9PJ
- 5 Raleigh Court, Discovery Park, Priestley Way, Crawley, West Sussex, RH10 9PD
- 15 Raleigh Court, Discovery Park, Priestley Way, Crawley, West Sussex, RH10 9PD
- Mill Court, Unit 28, Spindle Way, Crawley, West Sussex, RH10 1TT
- Unit 18, Cobham Way, Crawley, West Sussex, RH10 9RX
- The Grange, 100 High Street, Southgate, London, N14 6FS
- Llanfair Buildings, 10 St Mary's Square, Swansea, SA1 3LL
- World Trade Centre, Mary Ann Street, Cardiff, CF10 2EQ
- 3rd Floor, Prudential House, Topping Street, Blackpool, FY1 3AX

2.4 In addition, the Companies also had a number of crew rooms at UK airports, including Gatwick, Manchester, Bristol, Glasgow, Newcastle, East Midlands and Cardiff.

2.5 The brands and trading names operated by the Companies were as follows:

- XL.com
- Kosmar
- Travel City Direct
- Freedom Flights
- Aspire Holidays
- Medlife

2.6 A management buyout of the Group was completed in December 2006 with Landsbanki providing USD \$280 million of the acquisition finance. This resulted in the Group becoming highly leveraged with a significant amount of debt on its balance sheet.

2.7 A consolidated summary financial position of the Group is shown below:

£000's	Management Accounts 8 months to 30/06/08	Audited Accounts 12 months to 31/10/07	Audited Accounts 12 months to 31/10/06
Turnover	499,499	549,495	504,991
Gross Profit	16,290	40,933	62,462
Operating Profit / (Loss)	(33,837)	(23,619)	(11,234)
Profit on Disposal of Subsidiaries	0	17,259	1,390
Profit / (Loss) before Tax	(41,364)	(7,133)	(9,866)

2.8 The Companies' financial difficulties became worse in 2008, caused primarily by increased fuel costs (only part of which was hedged), a decline in consumer confidence, excess capacity in the travel industry and a substantial ongoing cash flow requirement which could not be sustained.

2.9 The Group was highly leveraged and the lending structure across the Companies was complex. The Group had outstanding debt and guarantees in the order of £400m across a number of lenders, lessors and other financial institutions with differing security interests, with the main secured lending being provided by Straumur-Burdarás Investment Bank hf. (**Straumur**) and Barclays Bank plc (**Barclays**). The debt and other guarantees also include outstanding liabilities in relation to bonding, hedging and soft facilities (i.e. credit card exposure). Jones Day Solicitors (**Jones Day**) were engaged to review the facility and security documentation and provide advice on the validity of the security interests registered against the Companies.

2.10 The lack of sufficient funding to enable the Group to trade through the Winter season and an inability to meet its financial obligations resulted in the Directors concluding that each of the Companies were insolvent. Due to the complexity of the Group structure, there was uncertainty surrounding which assets and liabilities were held by which Companies. Therefore, it was necessary for all of the Companies to enter Administration to preserve the position as regards potentially realisable assets of the Group and to ensure that any potential going concern sales of the businesses' brands and assets of some of the Companies were not jeopardised.

- 2.11 As a result, Alastair Paul Beveridge, Mark Nicholas Cropper, Simon Jonathan Appell and Stuart Charles Edward Mackellar, licensed insolvency practitioners all of Zolfo Cooper, were appointed Joint Administrators of the Company by the High Court at 1am on 12 September 2008.
- 2.12 Alastair Paul Beveridge, Mark Nicholas Cropper and Simon Jonathon Appell are licensed by the Institute of Chartered Accountants in England and Wales and Stuart Charles Edward Mackellar is licensed by the Institute of Chartered Accountants of Scotland.
- 2.13 The Administration was filed in the High Court of Justice, Chancery Division, Companies Court, under reference number 7858 of 2008.
- 2.14 The EC Regulation on Insolvency Proceedings 2000 apply to the Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.
- 2.15 The Joint Administrators act jointly and severally, so that all functions may be exercised by any of the Joint Administrators.
- 2.16 The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:
- rescuing the Company as a going concern;
 - 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); or
 - realising property in order to make a distribution to one or more secured or preferential creditors.

Further information on the pursuance of the above objectives is detailed in the next section.

3 Administration Strategy and Objective

- 3.1 In order to explain the Administration strategy for the Company, set out below is a summary of the overall Administration strategy for the Companies and how this specifically relates to the Company.
- 3.2 The first objective under the new Administration regime is based on the survival of the existing Companies through a Company Voluntary Arrangement (**CVA**) or a Scheme of Arrangement under Section 425 of the Companies Act. This was not a viable option since a

CVA would require a significant further cash injection to cover the working capital requirements, and investors were not willing to inject such funds into the businesses.

- 3.3 As the Joint Administrators were unable to achieve the first objective, the second objective of achieving a better result for the creditors as a whole than would be likely if the Companies were wound up (without first being in Administration) was pursued, through attempted going concern sales of the Tour brands and/or assets of the Companies, thereby maximising realisations available for creditors.

Overall Administration Strategy

The initial strategy for the Administrations was to carry out a controlled wind down of the Companies, realising assets and marketing for sale the discrete brands of the businesses.

Air Operations

- 3.4 The Joint Administrators engaged in detailed discussions with the CAA just prior to appointment to explore the option of continuing to operate the aircraft to repatriate affected customers. Facing what they anticipated would be a large repatriation operation, both the Joint Administrators and the CAA were keen to explore the possibility of using the Companies' aircraft and operating licences to fly passengers home.
- 3.5 In order to continue to trade the Companies in Administration and continue to operate the aircraft, the Joint Administrators would have required the following:
- the continued validity of the Companies' air operators' certificate and operating and route licences;
 - funding for the costs associated with operating the aircraft; and
 - an indemnity agreement, to indemnify the Joint Administrators against the liabilities associated with running an airline.
- 3.6 Whilst the CAA was prepared to leave licences in place to enable flying to continue, an indemnity was also necessary to ensure cash flow and catastrophe insurance was provided for. Any decision to offer an indemnity would have needed to be made by the Department for Transport, who declined to extend an indemnity as it was deemed to "place taxpayers' money at an unacceptable level of risk when another workable solution using other aircraft was available".
- 3.7 The Government, Joint Administrators and the CAA worked very hard together to find a way to keep the Companies' fleet flying. Unfortunately, however; it was not possible for the Joint

Administrators to obtain the level of support necessary to continue operating. As such all UK air operations ceased immediately upon the appointment of the Joint Administrators, which involved grounding all planes and cancelling all future flights.

Customers and the CAA

- 3.8 On the date of appointment it is estimated that over 80,000 customers across all Companies in the Group were abroad. It was understood that a large proportion of these customers were covered by the Air Travel Organisers' Licensing (**ATOL**) scheme and the CAA advised that it would be making arrangements for the repatriation of the ATOL protected members of the public.
- 3.9 We have however liaised extensively with the CAA to provide the information needed to assist customer repatriation and we have made employees and resources of the Group available to the CAA to assist them in performing their duties. The CAA has funded these costs out of the ATOL bonds provided by the Group.
- 3.10 The CAA has set up a claims assessment centre for those customers covered by the ATOL scheme and customers are able to obtain information via the CAA ATOL website (www.atol.org.uk) or on telephone number 0870 590 0927.
- 3.11 **Please note that it is a statutory requirement for the Joint Administrators to prepare and make available for all actual and contingent creditors of the Company, a Report and Statement of Proposals. However, for those passengers who have submitted claims for refunds to the CAA under the ATOL scheme, this report is for information only and does not affect the ATOL claim in any way.**
- 3.12 The companies which are ATOL bonded (**ATOL Companies**) are as follows:
- The Really Great Holiday Company plc - **ATOL 3827**
 - Aspire Holidays Limited - **ATOL 6526**
 - Freedom Flights Limited - **ATOL 5296**
 - Kosmar Villa Holidays plc - **ATOL 1760**

Credit card/Visa debit card bookings

- 3.13 Customers who used a credit card or Visa debit card to pre-pay for future bookings which will not be honoured by the Companies due to their insolvency may be able to claim a refund from the card issuer in accordance with Section 75 of the Consumer Credit Act 1974.

Customers in this position should contact their credit card/Visa debit card company for further information on how to process such a claim. As stated in the Consumer Credit Act 1974, if the amount paid is less than £100, the credit card or Visa debit card issuer is not obliged to agree the claim.

- 3.14 **Please note that this report is for information only and does not affect credit card or Visa debit card claims which may have already been submitted directly with your card issuer.**

Employees

- 3.15 Across the Group, 1,525 employees were made redundant upon appointment, including all flight staff, following the cessation of the UK air operations. Approximately 160 employees were retained to help the Joint Administrators deal with matters arising upon appointment, and in particular:

- assisting the CAA with the repatriation of customers abroad;
- overseeing the repatriation of Group staff back to the UK;
- the controlled wind down of the businesses;
- realisation of assets;
- assisting creditors and customers with queries regarding pre-booked holidays;
- updating and completion of financial records; and,
- return of aircraft and records to the Aircraft Lessors.

- 3.16 All known employees of the Companies were notified as soon as reasonably practicable following the appointment of the Joint Administrators with Zolfo Cooper staff in attendance from 1am on 12 September 2008 on site at each of the airports and offices as detailed in Section 1 of this report. Zolfo Cooper staff remained at the airports throughout 12 September 2008 to deal with further queries and redundancies of staff arriving on inbound flights and those arriving to staff outbound flights.

- 3.17 Unfortunately, it was inevitable that a number of flight staff would be stranded. The Group's Rainmaker database was utilised to identify the staff locations and the repatriation of flight crew was a priority immediately upon appointment. The Joint Administrators liaised with the employees to assist with the repatriation of all staff overseas who needed to be brought back to the UK.

Communication

- 3.18 The appointment of the Joint Administrators was communicated to customers and creditors of the Group via the press, the Group's website and via a dedicated customer call centre set up by the Joint Administrators which at its peak received 100 calls per second. A detailed customer briefing sheet was made available with helpline numbers included for those people stranded overseas. In addition to the briefing sheet which was circulated, customer notices were put up at all of the UK airports confirming the information and points of contact, and notices were also provided to overseas airports and travel agents.
- 3.19 The Group's website ceased taking bookings upon appointment and the CAA, domestic and international airports, trade unions, political parties and the foreign office were notified immediately upon appointment.

The Group's systems

- 3.20 The Group's booking and accounting systems are complex and data is held across seven separate IT systems and various accounting packages, some of which are hosted by external providers. Each of the systems operate separately and are not interlinked, and thus it has been necessary to access each on an individual basis. The Joint Administrators have spent a considerable amount of time obtaining the information and reviewing the data required in order fulfil statutory obligations, provide assistance to customers and credit card issuers with regard to pre-paid bookings and market the brands and assets for sale.

France and Germany

- 3.21 The French and German operations of the business were profitable. As such, the Joint Administrators were able to successfully conclude a sale of the shares, which were owned by XL Leisure Group plc, of these entities on day one of the Administration resulting in the preservation of approximately 600 jobs. The sale proceeds less associated professional costs will be distributed to Straumur under its XL Leisure Group plc fixed charge.

Straumur Funding

- 3.22 Upon appointment the Companies entered into a Funding Agreement with Straumur which allowed each of the Companies access to loan funding to ensure a controlled wind down of the businesses could be effected whilst the assets of the Companies were realised. These sums are to be repaid from asset realisations from each of the Companies' estates, to the extent that there are sufficient realisations available.

Statutory Investigations into Directors' Conduct

- 3.23 The Joint Administrators have a duty to consider the conduct of those who have been Directors of the Company at any time during the three years prior to appointment. The Joint Administrators also have a duty to consider whether any civil proceedings should be taken against the Directors or others for the recovery of, or contributions to, the Company's assets.
- 3.24 This forms part of the Joint Administrators' normal investigation procedures and does not imply any criticism of the Directors. The Joint Administrators are required to prepare a Report on the Conduct of Directors to the Secretary of State for Business, Enterprise and Regulatory Reform. Pursuant to the terms of the Company Directors Disqualification Act 1986, the content of the Joint Administrators' report is confidential.

Administration Strategy for the Company

- 3.25 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

- 3.26 Prior to appointment, the Company employed 38 employees which were a mixture of Finance, HR and IT staff. Immediately upon appointment, 24 employees were made redundant due to the considerable reduction in the Company's operations whilst 14 were retained to assist the Administrators in the matters detailed in section 3.15. As of 24 November 2008 one employee remains with the Company.

France and Germany shares

- 3.27 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.
- 3.28 The operations of the French and German divisions were heavily interlinked with the operations of the UK Companies. It was deemed that a sale of the shares immediately upon appointment would offer the best value to the creditors, since the potential stigma and negative impact of the UK Administrations on the operations of XL France and XL Germany in the absence of a sale would lead to rapid cessation and loss of value of these businesses.

- 3.29 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; these costs are not expected to significantly exceed the £33,243 incurred to date.
- 3.30 The French and German entities are continuing to operate their aircraft under the Company's insurance policy. The costs incurred in doing so will be reimbursed to the Company as and when due.
- 3.31 Under a separate Intellectual Property (**IP**) Deed, the XL brand, XL.com and certain related domain names were sold to XL France. This Deed included provision for 30 days transitional use by the Companies.

Prepayments and refunds

- 3.32 The Company holds licences to use Microsoft branded products until the end of February 2009. An interested party has made an offer of approximately £5,000 to purchase these licences. The Joint Administrators agents, Edward Symmons (**ES**) are currently investigating whether the legal cost associated with the transfer of these licenses would outweigh the benefit of a sale to creditors.
- 3.33 Prior to my appointment the Company pre paid Howden Insurance Brokers (**Howden**) for Director and Officer insurance. This was cancelled immediately upon appointment and a refund of £70,000 is due. Our insurance broker, Willis Limited (**Willis**), has been instructed to pursue the collection of this amount.
- 3.34 Following investigations the Joint Administrators managed to obtain sundry refunds totalling £1,256.

Computer equipment

- 3.35 A sale of certain items of the Company's computer equipment was secured for £1,300. This was in line with ES's valuation.
- 3.36 In accordance with Statement of Insolvency Practice No 13 (**SIP13**), I would advise you that the following assets were sold to a Director of one of the Companies:

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

These amounts were in line with the valuations provided by ES.

Cash at bank

3.37 The Company's pre-appointment bankers are currently reconciling their positions with regard to the various banking facilities in place. Once this is finalised any credit balances will be transferred to the Administration bank accounts. Some of the funds are subject to set off and thus the exact amount which will be realised from this source is currently unclear. However, this matter is currently being resolved. £45,323 has been received to date in relation to bank interest on monies held in the Administration bank accounts.

Intercompany debts

3.38 The position with regard to the intercompany debts is complex and as such a significant amount of time has had to be spent reconciling the amounts owed across the Companies. Based on the current information, the Joint Administrators believe 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.

Fixtures and fittings

3.39 On appointment, ES was instructed to provide an inventory and valuation of the Company's fixtures and fittings which are held across various locations detailed at section 2.3. ES are currently marketing the assets for sale.

4 Joint Administrators' Receipts and Payments

4.1 A summary of receipts and payments for the Administration period from the date of my appointment to 24 November 2008 is attached as Appendix B.

- 4.2 The receipts and payments account reflects separately the Administration costs which have been separately funded by the CAA as detailed in section 3.9.
- 4.3 The funds paid into the pre-appointment bank account are funds which we have transferred from the Company's Administration bank account into the Company's old bank account, to enable us to make the wage payments to the retained employees during the Administration period from this account. This has been done so that we can use the BACs facility already existing on this bank account to pay the wages electronically to the employees.

5 Financial Position

- 5.1 Attached as Appendix C is a summary of the Directors' Estimated Statement of Affairs of the Company as at the date of the appointment of the Joint Administrators.
- 5.2 The Directors engaged BDO Stoy Hayward LLP to prepare the Estimated Statement of Affairs and in accordance with Rule 2.32(1) of the Insolvency Rules 1986, the reasonable costs incurred will be met as an expense of the Administration.
- 5.3 We have the following observations to make in relation to the Directors' Estimated Statement of Affairs:

Assets

- 5.4 An Estimated to Realise value of £33,680 has been attributed to fixtures, fittings and equipment which, as detailed in section 3.39, ES are currently marketing for sale. Until formal offers are received and sales completed, the level of realisations from this source is unclear.
- 5.5 As per the Directors' Estimated Statement of Affairs, the estimated level of realisations from the intercompany debts due from Excel Aviation Limited and Explorer House Limited are £2,691 and £6 respectively. Based on current information, the Joint Administrators believe that a dividend may be paid to unsecured creditors of these companies although any potential distribution is likely to be negligible. However, this cannot be confirmed until all assets have been realised and the Administration finalised.
- 5.6 The Joint Administrators are currently investigating the intercompany receivables due from the companies not in Administration and thus we are unable to comment on the potential recoverability at this stage.

- 5.7 £1,092,230 has been attributed to monies held in pre-appointment Barclays bank accounts which may be subject to set off as detailed in section 3.37 and thus the amount which is due from this source is currently in the process of being resolved.

Liabilities

- 5.8 The Directors have apportioned the CAA's potential unsecured non-preferential claims across all of the Companies. Until all ATOL claims are finalised by the CAA, and its claims submitted in the relevant Companies we will not know with any certainty the level of the CAA's potential claim in each.
- 5.9 Due to the nature of the Companies' operations and businesses, there are certain liabilities for which the Companies may be jointly and severally liable, and certain creditors therefore may have rights of subrogation. Until the Joint Administrators undertake a claims agreement process in those entities in which an unsecured distribution becomes payable, the full extent of the unsecured liabilities cannot currently be ascertained.
- 5.10 The Directors' Estimated Statement of Affairs does not include provisions for the costs of realisations.

6 Proposals

It is proposed that the Joint Administrators continue to manage the affairs of the Company in order to achieve the objective of the Administration. In the circumstances it is proposed that:

- 6.1 The Joint Administrators will continue to realise the assets and manage the orderly wind down of the Company, in order to achieve the intended objective(s) outlined above in Section 3.3.
- 6.2 If having realised the assets of the Company, the Joint Administrators believe that a distribution will be made to the unsecured creditors, they propose filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Administrators to an end and will move the Company automatically into Creditors' Voluntary Liquidation (**CVL**) in order that the distribution can be made. In these circumstances, it is proposed that the Joint Administrators will become the Joint Liquidators of the CVL. See Section 7 below on **Exit Routes** for further information on this process.
- 6.3 If the Joint Administrators believe that the Company has no property which might permit a distribution to its creditors, they will file a notice with the Court and the Registrar of

Companies for the dissolution of the Company. See Section 7 below on **Exit Routes** for further information on this process.

- 6.4 The Joint Administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they consider desirable or expedient to achieve the statutory purpose of the Administration.
- 6.5 If the creditors consider establishing a Creditors' Committee and if any such Committee is formed they be authorised to sanction the basis of the Joint Administrators' remuneration and any proposed act on the part of the Joint Administrators without the need to report back to a further meeting of creditors generally, to include any decision regarding the most appropriate exit route from the Administration.
- 6.6 Where no Creditors' Committee is appointed, the remuneration of the Joint Administrators shall be fixed by reference to time properly spent by them and their staff in managing the Administration.
- 6.7 The Joint Administrators be authorised to draw remuneration as and when funds are available on account of their time costs.
- 6.8 The Joint Administrators' will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect.

7 Exit Routes

Dissolution of the Company

- 7.1 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 sent to the Company and its creditors. The appointment will end following the registration of the notice by the Registrar of Companies.

Creditors Voluntary Liquidation

- 7.2 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 (detailed below at 9.10), they will file a notice with the Registrar of Companies in order that the Administration

will cease and the Company will move automatically into CVL in order to make the distribution. It is proposed that the Joint Administrators will also become the Joint Liquidators of the CVL.

- 7.3 Creditors have the right to nominate an alternative liquidator of their choice. To do this, creditors must make their nomination in writing to the Joint Administrators prior to these proposals being approved. Where this occurs, the Joint Administrators will advise creditors and provide the opportunity to vote. In the absence of a nomination, the Joint Administrators will automatically become the Joint Liquidators of the subsequent CVL.

8 **Joint Administrators' Remuneration**

- 8.1 The Joint Administrators' time costs at 24 November 2008 are £824,529 plus disbursements of £191,101. This represents 2,783 hours at an average rate of £296 per hour.
- 8.2 The Joint Administrators' time costs at 24 November 2008 relating to the sale of the French and German entities, as detailed in section 3.29, are £21,613 plus disbursements of £13,231. This represents 72 hours at an average rate of £301 per hour.
- 8.3 The Joint Administrators' time costs at 24 November 2008 relating to the assistance provided to the CAA which are being separately funded by the CAA as detailed in section 3.9, are £99,034. This represents 314 hours at an average rate of £316 per hour.
- 8.4 A copy of "A Creditors' Guide to Administrators' fees can be downloaded from the Insolvency Practitioners Association Website (www.insolvency-practitioners.org.uk – select "Technical" "Creditors Guides to Fees" and then the Administration Guide). If you would prefer this to be sent to you in hard copy please contact us and we will forward a copy to you. We have also attached as Appendix D a Time Analysis which provides details of the activity costs incurred by staff grade to the above date. We propose drawing fees in accordance with the proposals outlined above.
- 8.5 Attached as Appendix E 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, the detailed financial analysis and reconciliations, 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.

9 Estimated Outcome

- 9.1 The Company granted fixed and floating charges to Straumur on 18 August 2008.

- 9.2 The Joint Administrators engaged Jones Day to review the various charges registered against this entity.
- 9.3 It is understood that 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.
- 9.4 The Joint Administrators believe that there will be sufficient funds to enable a distribution to Straumur under its fixed charge.
- 9.5 Based on the directors' Estimated Statement of Affairs attached to this report the estimated amount owed to the preferential creditors of the Company is £68,570.
- 9.6 The Joint Administrators believe that the net realisations within the Administration will be insufficient to enable a distribution to the preferential creditors.
- 9.7 Jones Day has advised that, because the Company granted the floating charge to Straumur within 12 months of the commencement of the administration, if the Company was insolvent (within the meaning of Section 123 of the Insolvency Act 1986 (the **Act**)) at the time the floating charge was granted, or became insolvent (within the meaning of Section 123 of the Act) as a consequence of the transaction pursuant to which the floating charge was granted, Section 245 of the Act will apply to the floating charge.
- 9.8 Jones Day also advised that if Section 245 of the Act does apply, the floating charge will be invalid save to the extent of new money or debt reduction provided to the Company on or after the date that the floating charge was granted and in consideration for the grant of the floating charge. The Joint Administrators' investigations have shown that new monies were advanced by Straumur, after the Company granted the floating charge. It is therefore understood that Straumur's floating charge in the Company is valid to the extent of the new monies advanced.
- 9.9 Based on the Directors' Estimated Statement of Affairs attached to this report the estimated amount due to the unsecured creditors is £214,549,202.
- 9.10 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 Act (the **Prescribed Part**).
- 9.11 Based upon the current estimated financial position the Joint Administrators believe that the net realisations within the Administration will be insufficient to enable a distribution to the

unsecured creditors out of the Unsecured Creditors' Fund. However, this cannot be confirmed until all assets have been realised and the Administration finalised.

10 Statement of Proposals

On 27 October 2008 an order was made by the High Court (on application by the Joint Administrators) extending the time for distributing the Joint Administrators Statement of Proposals to 4 December 2008

11 Next Report

11.1 The Joint Administrators are required to provide a progress report within one month of the end of the first six months of the Administration.

12 Meeting of Creditors

12.1 The Joint Administrators think that the Company has insufficient property to enable a distribution to be made to the unsecured creditors. In accordance with Paragraph 52 (1) (b) of Schedule B1 of The Insolvency Act 1986 an initial meeting of the Company's creditors is therefore not being convened. The Administrators are however obliged to hold an initial creditors' meeting if 10% in value of the creditors request it. If you wish for a meeting to be held, you must notify us in writing in the prescribed form on or before 12 December 2008.

For and on behalf of
XL Leisure Group plc – In Administration

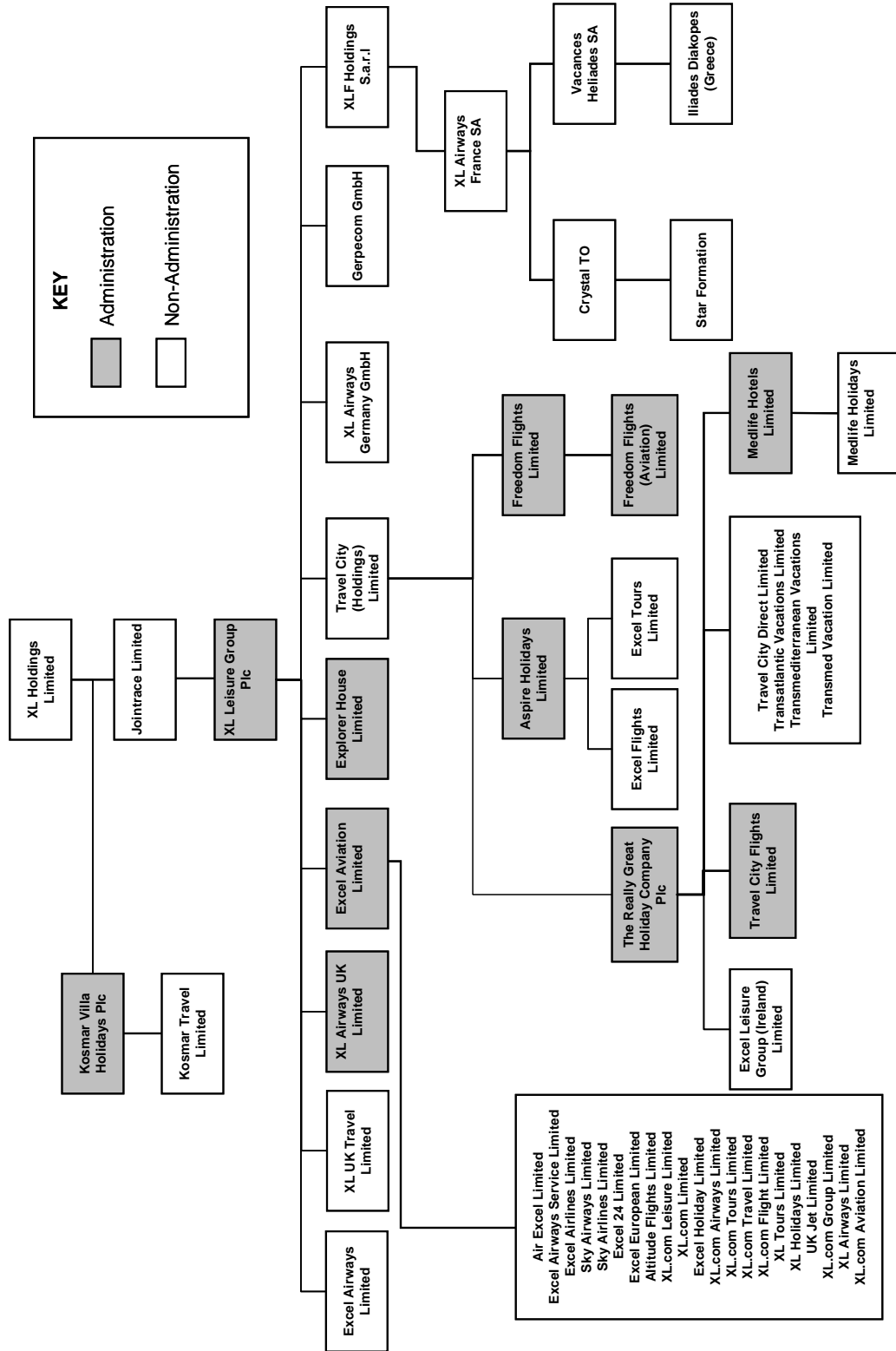


M N Cropper
Joint Administrator

Enc

Group Structure

Appendix A



Receipts and Payments Account for the Period from 12 September 2008 to 24 November 2008

Appendix B

	Fixed Charge £	Floating Charge £	CAA £	Total £
RECEIPTS				
Bank Interest Gross of Tax	18,890.52	1,996.88	2,478.70	23,366.10
Bank Interest Net of Tax		21,956.59		21,956.59
German Subsidiary Sale Consideration	400,000.00			400,000.00
French Subsidiaries Sale Consideration	2,600,000.00			2,600,000.00
Loan Funding from Straumur		4,300,000.00		4,300,000.00
CAA Funding			825,673.00	825,673.00
Computer Equipment		1,300.00		1,300.00
Sundry Refunds		1,255.98		1,255.98
VAT Payable		227.51	18,499.08	18,726.59
TOTAL RECEIPTS	3,018,890.52	4,326,736.96	846,650.78	8,192,278.26
PAYMENTS				
Staff Repatriation Costs		20,414.16		20,414.16
CAA Funding for other Group entities			235,530.25	235,530.25
IT Costs		100,317.78	169,739.41	270,057.19
Payco Fees		1,224.70		1,224.70
Lease / HP Payments		623.30		623.30
Office Cleaning and Consumables		2,141.01		2,141.01
Employee Expenses		4,286.10	913.93	5,200.03
Stationery		722.57		722.57
Ransom Payments		19,397.87	12,340.00	31,737.87
Agents' Fees			932.59	932.59
France TSA costs borne by other entities	5,815.09			5,815.09
German TSA costs borne by other entities	5,815.09			5,815.09
Wages & Salaries	2,549.52	65,532.21	21,252.27	89,334.00
Domain Name Registration Costs		1,035.00		1,035.00
Other Payroll Deductions		554.00		554.00
Petty Cash		1,527.51		1,527.51
Consultancy Fees		2,741.90		2,741.90
Tax Review Fees		20,000.00		20,000.00
Telephone, Telex and Fax		8,568.20		8,568.20
Sale of Business Advertising		3,366.95		3,366.95
Storage Costs		3,540.25		3,540.25
Mail Redirection		99.60		99.60
Statutory Advertising		2,102.40		2,102.40
Rents Payable		3,208.19		3,208.19
Other Property Expenses		408.52		408.52
PAYE and NI Contributions	1,258.68	44,433.62	16,395.18	62,087.48
Pension Contributions		7,102.06	537.14	7,639.20
Bank Charges		200.20	25.00	225.20
VAT Receivable		45,413.01	15,455.07	60,868.08
Funds paid to pre-appointment bank account		32,236.91		32,236.91
TOTAL PAYMENTS	15,438.38	391,198.02	473,120.84	879,757.24
Balances in Hand	3,003,452.14	3,935,538.94	373,529.94	7,312,521.02

Summary of the Directors' Estimated Statement of Affairs of the Company as at 12 September 2008

Appendix C

Rule 2.29

Form 2.14B

Statement of affairs

Name of Company XL LEISURE GROUP PLC	Company number 4513359
In the HIGH COURT OF JUSTICE <small>(full name of court)</small>	Court case number No 7858 of 2008

(a) Insert name and address of registered office of the company
Statement of affairs of XL Leisure Group Plc, Explorer House, Fleming Way, Crawley, West Sussex RH10 9EA.

(b) Insert date
On the 12 September 2008, the date that the company entered administration.

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at 12 September 2008, the date that the company entered administration.

Full name HALDOR SIGURDARSON
 Signed *Haldor Sigurdarson*
 Dated 14-11-2008

XL LEISURE GROUP PLC

A - Summary of Assets

Assets	Book Value £	Estimated to Realise £
Assets specifically pledged:		
Property Assets		
Investments in subsidiaries including intellectual property	111,052,151 869,511	3,000,000
Straumur loan covered by fixed charge	(11,470,771)	(11,470,771)
	100,450,890	(8,470,771)
Assets not specifically pledged:		
Fixtures, fittings & equipment	543,058	33,680
IT systems	2,183,660	-
Intercompany receivables		
- XL France Holdings SarL	9,019,304	-
- Explorer House Limited	275,805	6
- Excel Aviation Limited	733,554	2,691
- Jointrace Limited	11,307,325	-
- Xtra Airways	9,019,304	-
Prepayments	667,085	37,891
Barclays accounts	1,092,230	1,092,230
	34,841,323	1,166,497
Estimated total assets available for preferential creditors	135,292,213	1,166,497

Signature

Date

14-11-2008

XL LEISURE GROUP PLC

A1 - Summary of Liabilities

		Estimated to Realise £
Estimated total assets available for preferential creditors (carried from page A)		1,166,497
Liabilities:	£	
Preferential creditors - Employees	68,570	(68,570)
Estimated deficiency/surplus as regards preferential creditors		1,097,927
Estimated prescribed part of net property where applicable (to carry forward)	222,585	(222,585)
Estimated total assets available for floating charge holders		875,342
Debts secured by a floating charge:	£	
Straumur loan covered by floating charge	5,306,272	(5,306,272)
Estimated deficiency/surplus of assets after floating charges		(4,430,931)
Estimated prescribed part of net property where applicable (brought down)	(222,585)	222,585
Total assets available to unsecured creditors		222,585
Unsecured non-preferential claims:	£	
Shortfall from Straumur fixed charge above (after deducting floating element)	3,164,499	
Straumur unsecured borrowings	30,155,397	
Intercompany payables		
- The Really Great Holiday Company Plc	30,405,208	
- Kosmar Villa Holidays Plc	424,290	
- XL Leisure Group (Ireland) Limited	65,206	
- Freedom Flights Limited	6,306,871	
- XL Airways (UK) Limited	31,528,725	
- Medlife Hotels Limited	37,859	
- XL Airways Germany GmbH	19,831	
- XL Airways France SA	464,287	
- XL Holdings Limited	14,928,536	
Trade creditors	3,206,835	
HM Revenue & Customs	1,014,404	
CAA - call under ATOL bond	60,214,671	
CAA - repatriation costs	25,918,635	
Sponsorship obligations	6,500,000	
Employees	193,948	
		(214,549,202)
Estimated deficiency after floating charge where applicable (brought down)		(4,430,931)
Estimated deficiency/surplus as regard creditors		(218,757,548)
Issued and called up capital:	£	
Ordinary share capital	33,300,000	(33,300,000)
Estimated total deficiency/surplus as regards members		£(256,488,478)

Signature

Handwritten Signature

Date

14-11-2008

XL LEISURE GROUP PLC
Creditors listing
As at 12 September 2008

Straumur loan balances

Company	Address	Balance
Straumur-Burdarás Investment Bank hf.	21 Sackville Street, London, W1S 3DN	41,626,168.86
		41,626,168.86

Intercompany payables

Company	Address	Balance
The Really Great Holiday Company Plc	Wellington Plaza, 31 Wellington Street, Leeds, West Yorkshire LS1 4DL	30,405,207.95
Kosmar Villa Holidays Plc	Wellington Plaza, 31 Wellington Street, Leeds, West Yorkshire LS1 4DL	424,290.26
XL Leisure Group (Ireland) Limited	Dargan House, 21-23 Fenian Street, Dublin 2	65,206.21
Freedom Flights Limited	Wellington Plaza, 31 Wellington Street, Leeds, West Yorkshire LS1 4DL	6,306,871.49
XL Airways UK Limited	Wellington Plaza, 31 Wellington Street, Leeds, West Yorkshire LS1 4DL	31,528,724.97
Medlife Hotels Limited	Wellington Plaza, 31 Wellington Street, Leeds, West Yorkshire LS1 4DL	37,858.69
XL Airways Germany GmbH	Hessenring 13, 64546 Moerfelden-Walldorf	19,831.14
XL Airways France SA	5, rue de Conflans 94220 Charenton le Pont	464,286.53
XL Holdings Limited	57-63 Line Wall Road, PO Box 199, Gibraltar	14,928,536.10
		84,180,813.34

Trade creditors

Supplier Name	Address	Balance
24/7 Nationwide Door Maintenance	Smith Avenue, Garrison Business Park, Wishaw, M12 0Ry	489.80
2Serve Airport Services	Zenas Kanther 6, Cy 01065, Cyprus, ,	163,443.63
A&L Goodbody	Int Financial Svs Centre, North Wall Quay, Dublin 1 Ireland	23,585.75
Abel Alarm	84 Barden Road, Tonbridge, Kent TN9 1Ub	79.90
Alain Charles Publishing	University House, 11/13 Lower Grosvenor Place, London, Sw1W 0Ex	705.00
Alderking Property	Pembroke House, 15 Pembroke Road, Clifton Bristol. Bs8 3Ba	707.79
Anite Business Systems	353 Busckingham Avenue, Slough, Berks, S11 4Pf	80,286.39
Apparent Networks	Suite 2200, 1420 5Th Avenue, Seattle, Usa	9,039.69
Arinc (Ti)	2551 Riva Road, Annapolis, , Usa,	2,389.75
Asb Law	Innois House, 108 High Street, Crawley, Sussex. Rh10 1As	293.75
Astratis Ltd	3 High Street, Beckenham Kent. Br3 1Az	11,750.00
Baa Business Support Centre Ltd	Cash Process Team, Po Box 3000, , Glasgow, G52 4Yg	87,146.99
Beaumont Select Limited	Exchange House, Horsham, Sussex, Rh12 1Sq	16,450.00
Biffa Waste Services Ltd	Coronation Road, Cressex, High Wycombe, Bucks, Hp12 3Tz	200.58
Blake Laphorn Tarko Lyons	Harbour Court, Compass Road, North Harbour, Portsmouth, Hants. Po6 4St	13,313.13
Bridgehouse Partners Lp	Bridge House, Bridge Street, Castletown, Isle Of Man Im9 1Ax	1,410.00
Bristol Int Airport (Dd)	Bristol International Airport, , Bristol, , Bs48 3Dy	213.55
British Gas Business	Payment Area 60, Camberley, Natalie.Ryan@Britishgas.Co.Uk, , Gu95 1Aw	126.26
Brixton Plc	50 Berkeley Street London W1J 8Bx	772.56
BT Business Communications	Payment Centre, , Durham, Dh98 1Bt	189.88
Bupa Insurance Ltd (Dd)	Room 101, The Anchorage, Salford Quays, Manchester M50 3Xl	2,864.05
Cameron Water Coolers	6 Belgrave Street, Bellshill Ind Estate, Bells Hill, M14 3Je	28.24
Carter & Faraday Associates	Units 3-5 Pelham Farm, East Mascalls Lane, Lindfield, West Sussex, Rh16 2Qj	63.45
Central Sussex College	College Road, Crawley, Sussex Rh10 1Nr	4,000.00
Clark Ricketts Lp	Waterman House, 41 Kingsway, London, Wc2B 6Tp	11,750.00
Cobalt Telephone Technologies	Intec 2, Wade Road, Basingstoke, Hants, Rg24 8Ne	5,287.50
Codegen Limited	Thames Gateway Tech Centre, University Of East London, 4 University Way London E16 2Rd	6,952.09
Commsoft	8 The Centre, Tiptree, Essex Co5 0Hf	18,428.38
Compavia Technical Services Ltd	41 Munnion Road, Ardingly, Sussex. Rh17 6Rt	1,883.75
Complete Maintenance & Facilities	Capel Lane, Gossops Green, Crawley, West Sussex, Rh11 9Hl	2,582.86
Computer People	1St Floor 71 Elstree Way, , Borehamwood, Herts, Wd6 1Wd	56,512.51
Comtec (Europe) Ltd	6Th Floor, Gwent House, Gwent Square, Cwmbran, Np44 1Pl	16,261.71
Corporate Direct (Europe) Ltd	4,5,6 Commonwealth Close, Leigh Business Park, Leigh, Manchester Wa7 3Bd	164.51
Costiffs Gardeners Ltd	20The Chase, Furnace Green, Crawley, Rh10 6Hw	587.50
Crawley Borough Council (Dd)	The Town Hall, The Boulevard, Crawley, Sx, Rh10 1Uz	153,292.00
Cross Consense	Udo Stapf Hauptstrafe 19 D-35516, Munzenberg Germany	12,721.54
Dechert Llp	160 Queen Victoria Street, London, Ec4V 4Qq	4,808.75
Derichebourg	23Towerfield Road, Shoeburyness, Essex, , Ss3 9Qe	465.95
Dexter Brown Ltd (Rent)	Elder House, Elder Gate, , Bucks, Mk9 1Lr	4,004.94
Dh Caterers	1 Edinburgh Close, Southwater, Horsham, West Sussex, Rh13 9Xb	263.02
Doctorcall Occupational Health Ltd	16 Wimpole Street, London, W1G 9Sz	3,489.78
Dorsey & Whitney	21 Wilson Street, , London, Ec2M 2Td	13,680.09
Douglad Support Services Ltd	Little Park Farm, Segensworth West, Fareham, Hants, Po15 5Sn	412.43
Dx Network Services Ltd	Dx House, Ridgeway, Iver, Bucks, S10 9Jq	565.61
E.On	Po Box 7750, Nottingham, , , Ng1 6Wr	2,590.11
East Herts Council	Council Offices, The Causeway, Bishops Stortford, Herts, Cm23 2En	9,065.00
East Midlands Airport	Building 34, East Midlands Airport, Castle Donnington Derby, De74 2Sa	19,333.92
Eclipse Internet	Po Box 195, Hull, Hu1 3Rn	715.35
Eduki	Eduki Limited, Homefield, Maughold, , Im7 1Bf	126.90
Eircom	P O Box 43, Kilrush, Co. Clare, Ireland	83.58
Elementus	26 Redkiln Way, Horsham, West Sussex, , , Rh13 5Hq	2,937.50
Elite Telecom (Dd)	Rainford Hall, Crank Road, St Helens, , Wa11 7Rp	1,839.51
Enterprise Sel Storage	Kemys Way, Llansamlet Enterprise Park, , Sa6 8Of	534.51
Equinox	Equinox Flooring Solutions Ltd, Unit 4 Warrenwood Ind Est., Hertfordshire, , Sg143Nu	1,529.85
Ergonomic Office Interiors Ltd	Paper Mews Place, 290 High Street, Dorking, Surrey. Rh4 1Qt	2,321.80
Expense Reduction Analysts	Langley House, 25 Southbrook Road, Havant, Hants, Po9 1Rl	311.26
Express 2000	Pembley Business Park, Pembley Green, Copthorne, Rh10 3Lf	1,842.37
Fox Print Services Llp	Unit 2C Longfield Road, Tonbridge, Kent Tn12 7Lb	1,147.75
Freshfields Bruckhaus Deringer	65 Fleet Sstreet, London, Ec4Y 1Hs	344,995.96
Fried Frank	65-67 Avenue Des Champs Elysees, - 75008 Paris	83,774.13
Gorg Partnerschaft Von Rechtsanwälten	Postfach 110707 - 10837 Berlin Germany	38,625.00
Grant Thornton Uk Llp	London Thames Valley Office, Churchill House, Slough, Berks, S11 1Ls	12,704.14
Guestlogix (Ti)	111 Peter Street, Suite 302, Toronto On, , M5V 2H1	11,433.31

XL LEISURE GROUP PLC
Creditors listing
As at 12 September 2008

Hassans International Law Firm	57/63 Lime Wall Road, P O Box 199, Gibraltar	68,832.00
Hca International	The Princess Grace Hospital, 42/52 Nottingham Place, London W1M 3Fd	635.00
Headset Sales Limited	P O Box 42, Birkenhead, Wirral Cheshire, Ch41 1Hr	679.68
Heritage Insurance Management Limited	Polygon Hall, Po Box 225, Le Marchant Street, St Peters Port, Guernsey Gy1 4Hy	10,000.00
Hermes Airports Ltd	P O Box 43027, 6650 Lamaka Airport, Larnaka, Cyprus	21,266.44
Hitech Laboratories Ltd	Trent House, Waterside Drive, Langley, Slough Berks. SL3 6Ez	11,947.40
Howard Stansted Ltd	93 Regent Street, Cambridge, Cb2 1Aw	14,393.75
Ics Group Of Companies Limited (Tt)	23 Towerfield Road, Shoeburyness, Essex Ss3 9Qe	767.98
Ifm Solutions Ltd	6 Ferndown Close, Guildford, Surrey. Gu1 2Dn	6,580.00
Impact Executives Ltd	13 Bruton Street, , London, W1J 6Qa	43,490.70
Inca Software	Baronsmede, 20 The Avenue, Egham, Surrey,	7,373.13
Ing Lease (Uk) Limited	60 High Street, Redhill, Surrey. Rh1 1Ny	8,973.54
Initial Washroom Solutions	Po Box 4975, Dudley, , Dy1 9Fa	4,932.30
Insight Direct Uk Ltd	The Atrium, 1 Harefield Road, , , Ub8 1Ph	5,453.59
Interim Partners Limited	The Exchange, Station Parade, Harrogate, Hg1 1Ts	25,221.40
Inventive It Ltd	The Zen Internet Building, Sandbrook Park, Rochdale, OL11 1Sa	23,543.95
Iss Facility Services Ltd	1 Genesis Business Park, Albert Drive, Woking, Surrey Gu21 5Rw	6,343.65
J C Bowell Associates	, Burneside, Lostock, Bolton, B16 4Ag	9,458.75
J Tett (Contractor)	119 Singleton Crescent, Goring By Sea, Worthing, Bn12 5Dq	960.00
James B. Bennett & Co	Nightingale House, 1-3 Brighton Road, Crawley, Rh10 6Ae	780.00
Joint Aviation Authorities	Po Box 3000, 2140Ka Hoofddorp, , ,	1,529.85
Keltie	Fleet Place House, 2 Fleet Place, London, Ec4M 7Et	294.48
Kogun Hf	Lynghals 0, 110 Reykjavik, , ,	11,537.73
Kroll Talbot Hughes	1 Wellington Plaza, 31 Wellington Street, Leeds Ls1 4DI	438,785.21
Liftserv Ltd	8 Bessemer Close, Ebblake Industrial Estate, Venwood, Dorset, Bh31 6Az	125.27
Limpio Cleaning Contractors Ltd	Uni 25, G.I.D.C. Cobham Way, Crawley, Rh10 9Rx	423.84
Live Nation (Venues) Uk Ltd	Cardiff International Arena, Maryann Street Cardiff Cf10 2Ew	966.71
Lockhaven Ltd	141 Littlebrook Avenue, Burnham, Berks SL22Pd	3,586.00
Lt Vending Ltd	Priory House, Unit C Gildersome Spur, Leeds, West Yorks, Ls27 7Jz	507.62
M.S.F. Ltd	Charlwood Road, Lowfield Heath, Crawley, Rh11 0Pt	674.60
Mallward Barriers Ltd	Wellingham House, Holmbush Potteries, Horsham, West Sussex, Rh12 4Se	572.38
Manchester Airport	Manchester Airport, , Manchester, , M90 1Qx	21,757.69
Manchester City Council	Business Rates Service, , Po Box 314, Manchester, M60 2Jr	29,680.00
Masta Ltd	Moorfield Road, Yradon, Leeds Le19 7Ba	539.80
Maxim Computer Services Limited	Uni 7 Quay Point, Lower Quays Business Park, Hednestord, Staffs. Ws12 2Fn	95.60
Melbourne It Cbs Ltd	1St Floor, 2-5 Benjamin Street, , London, Ec1M 5Qi	3,381.77
Metrobus	Wheatstone Close, Manor Royal, Crawley, West Sussex, Rh10 9Ua	525.60
Micros	Cecil Court, 28/36 Cecil Road, Hale, Cheshire. Wa15 9Pb	1,753.10
Minster Cleaning Services	31 Oak Street, Arlington, Lancashire, Bb5 1Hr	676.84
Monier Technical Centre Ltd	Sussex Manor Business Park, Gatwick Road, Crawley, West Sussex, Rh10 9Nz	2,424.45
Morgan Lewis & Brockius Llp	Guiolettstrasse 54, 60325 Frankfurt Am Main, Germany	44,382.03
Morrison Foerster	Citypoint, One Ropemaker Street, , London, Ec2Y 9Aw	5,646.84
Multicom Products Ltd	85 Bellbarn Road, Stoke Bishop, Bristol, Bs9 2Df	9,400.00
Nestle Waters Powwow	4050 Chancellor Court, Oxford Business Park South, , Oxford, Ox4 2Gx	228.35
Newcastle International Airport	Woolsington, , Newcastle Upon Tyne, , Ne13 8Bz	1,263.79
Neylon Electrical Services	27A Hardwick Road, Meadvale, Redhill, Surrey, Rh1 6Nh	2,026.00
North Somerset Council (Dd)	P O Box 86, Town Hall, Weston Super Mare. Bs23 1Wr	2,170.00
Oakwood Sports And Social Club	Tinsley Green Lane, Crawley, Sx	22,031.25
Ocs Group Uk Ltd	78 Gatwick Road, Crawley, Sussex. Rh10 9Pr	2,585.00
Office Angels Ltd	71 Elstree Way, , Borehamwood, Herts, Wd6 1Wd	4,854.41
Omm Business Solutions Ltd	Omm House, Bow Exchange, London, , E3 3Qp	2,284.65
On Time Secure Destruction	Brickfield Business Centre, High Road, Epping, Essex, Cm16 6Th	647.79
One Assist	The Old Building, Bishops College, Churchgate Chestnut, Herts, En8 9Xh	205.00
Optecon	133 Scudamore Road, Braunstone Frith Industrial Estate, Leicester, Le3 1Uq	4,665.41
Patrick O'Donnell	50 Essex Street, The Strand, London, Wc2R 3Jf	705.00
Pav It Services	Reeds Lane, Sayers Common, , West Sussex, Bn6 9Ls	12,212.91
Pax Port Passenger Management Solutions	(Norrunda, Se-195, 94 Rosersberg, Sweden	1,679.00
Pcr Computers Ltd	4 The Pavillions, 31-33 Brighton Road, Croydon, Surrey, Cr2 6Eb	8,246.21
Pinnacle Office Supplies	Fairway House, Links Business Park, St Mellons, Cardiff. Cr3 0Lt	8,994.65
Provincial & Country Estates Ltd	29 The High Street, Crawley, Rh11 1Vq	1,629.32
Purefilter	Unit 22, Oliver Close, Crowborough, East Sussex, Tn6 1Jz	78.73
Rackspace	2 Longwalk Road, Stockley Park, Uxbridge, , Ub11 1Ba	20,076.05
Redstone Communications Ltd	80 Great Eastern Street, , London, Ec2A 3Rs	1,432.59
Richard Warkins & Associates	Bridge House, 142 Lower Marsh, London Se1 7Ae	1,786.00
Royal Mail (Dd)	Finance Service Centre, Royal Mail House, Farnworth, Bolton, B14 9Xx	2,256.26
Sabre Inc (Euro)	3150 Sabre Drive, Southlake Tx 76092, , ,	55,848.31
Salestore (Dd)	Stephenson Way, Three Bridges, Crawley, Rh10 1Tz	426.75
Samual Bruce Limited	Strathmore House, Claverhouse Park, Forfar Road, Dundee, D04 9Ub	24,604.51
Sanford Airport Authority	1200 Red Cleveland Blvd, Sanford, , Usa, 32773-6844	349.19
Scottish Hydro Electric	Po Box 514, Basingstoke, , , Rg21 8Ws	21,698.84
Search Total Recruitment Solutions	Campbell House, 215 West Campbell Street, Glasgow, G2 4Tt	2,239.28
Secom Plc	Secom House, 52 Godstone Road, Kenley, Surrey. Cr8 5Jf	683.85
Selecta Uk Ltd	Unit 2 Cartel Business Centre, Wade Road, Basingstoke, Hants, Rg24 8Fw	404.67
Sita	Avenue Henri-Matisse 14, 1140 Bruxelles Rcb 217548, Belgium	106,063.76
Smith & Milton Limited	Elizabeth House, 2Nd Floor, Block 2, 39 York Road, London, Se1 7Nj	16,712.22
Softcat Limited	Thames Ind Estate, Fieldhouse Lane, Marlow, Bucks Sl7 1Tb	7,603.45
Specialist Data Solutions (Dd)	Sds House, Bishopric, Horsham, West Sussex, Rh12 1Qn	6,407.90
Spoce Project Management Ltd	West Wing, Briggs House, Poole, Dorset, Bk14 0Jr	1,169.13
Stannah Ltd	Watt Close, East Portway, Andover, Hants Sp10 3Sd	364.66
Steva Peet	12 Albany Road, Southsea, Hants. Po5 2Ab	6,108.40
Stm Fidecs Management Ltd	P O Box 575, Montague Pavilion, 8-10 Queensway Gibraltar	25,987.23
Sugg Lighting Ltd	Sussex Manor Business Park, Gatwick Road, Crawley, West Sussex, Rh10 9Nz	2,396.77
Support It	Spade Enterprise Centre, North King Street, Dublin 7, Ireland	245.03
Surrey Chambers Of Commerce	5Th Floor, Hollywood House, Church Street East, Woking, Gu21 6Hj	30.00
Swiss Aviation Software Ltd	Po Box, Ch-4002, , ,	200,480.00
Swssport Groundstar Ltd	Groundstar House, Freight Village, Newcastle Airport, Newcastle Upon Tyne, Ne13 8Bh	2,184.75

XL LEISURE GROUP PLC
Creditors listing
As at 12 September 2008

Telwest Business	Southern Business, Payment Processing, Birmingham, West Midlands, B1 1X1	9,443.07
Telwest (Travel City A/C'S)	P O Box 12007, Birmingham B1 1Xt	68,099.61
The Capel Building Management	The Capel Building, Adelaide Chambers, Dublin, ,	8,194.77
The Recruitment Place	The Office Building, Gatwick Road, Manor Royal, Crawley, Rh10 9Rz	703.77
Thomas Eggar Lp	The Corn Exchange, Baffins Lane, Chichester, West Sussex, Po19 1Ge	777.65
Ths Scotland Ltd	Room Ct 251, Suspended Office Block, Glasgow Airport, Renfrewshire, Pa3 2St	1,410.00
Tongue Tied Ltd	Waterside House, Basin Road North, , E.Sussex, Bn41 1Uy	91.65
Trailstream Limited	Booths Park 1, Chelford Road, Knutsford, Cheshire, Wa16 8Qz	1,762.50
Transputec Computers Plc	19 Heather Park Drive, , Wembley, , Ha0 1Ss	2,513.94
Travel Bulletin	University House, 11/13 Lower Grosvenor Place, London, Sw1W 0Ex	246.75
Traveology	High Bank Cottage, Old Forge Lane, Uckfield, Sussex Tn22 3Ei	1,022.25
Ttmobiles Ltd	10 Milton Park, Abingdon, Oxon. Ox14 4Rr	1,492.25
Vail Williams Lp	Peveirill Court, 6-8 London Road, Crawley, Rh10 8Jy	4,700.00
Vertical Systems Limited	14 Hemmells, Laindon, Basildon, Essex. Ss15 6Ed	3,128.38
Video Arts Limited	6/7 St Cross Street, London Ec1N 8Ua	1,431.15
Virgin Media Ltd	Stsc, Po Box 1001, Mayfair Business Park, Broad Lane, Bradford. Bd4 8Yd	304.24
Vistair Systems	The Granary, Hortham Farm, Bristol. Bs32 4Jw	4,406.25
Vistec Systems Ltd	Unit 11, Rayleigh Court, Priestley Way, Crawley, Sussex Rh10 9Pd	237.94
W K Thomas	Mount House, Mount Road, Chessington, Surrey Kt9 1Hy	341.11
Wave Office Ltd	Unit 6, Metana House, Priestley Way, Crawley, Rh10 9Nt	10.58
Webtrends	Mallard Court, Market Square, Staines, Mddx Tw18 4Rh	4,747.62
West Ham United Football Club Plc	Boleyn Ground, Green Street, London, E13 9Az	389,020.53
Whatsonwhen Ltd	The Old Truman Brewery, 91 Brick Lane, London E1 6Ql	5,581.25
Willis Limited	Friars Street, Ipswich, Suffolk Ip1 1Ta	88,417.33
Wings Recruitment Ltd	Polygon Hall, Po Box 225, Le Marchant Street, St Peters Port, Guernsey Gy1 4Hy	19,078.75
Xclusive Solutions Ltd	3 Meadowbrook, Maxwell Way, Crawley, West Sussex, Rh10 9Sa	7,067.51
Xerox Finance	Po Box 64, Bridge House, Uxbridge, , Ub8 1Hs	660.58
Others - not analysed		(354.07)
Payments on account of the above - not analysed		(122,247.10)
		3,206,835.01

Call under ATOL bond

Company	Address	Balance
Civil Aviation Authority	CAA House, 45-59 Kingsway, London, WC2B 6TE	60,214,671.08
		60,214,671.08

Repatriation costs

Company	Address	Balance
Civil Aviation Authority	CAA House, 45-59 Kingsway, London, WC2B 6TE	25,918,635.00
		25,918,635.00

Time Analysis for the Period from 12 September 2008 to 24 November 2008

Appendix D

12 September 2008 to 24 November 2008

	Employee Grade (Hours)				Hours To Date	Total Cost (£s)	Average Rate p/h
	Partner / Director	Senior Associate	Associate / Analyst	Junior Analyst / Support			
ADMINISTRATION AND PLANNING							
Strategy and Control	93.90	199.10	249.10	9.80	551.90	172,635.00	313
Bank and Creditor Reporting	2.50	16.50	46.70	2.90	68.60	18,856.00	275
Creditors Committee	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Statutory Duties	1.70	4.80	4.40	5.10	16.00	4,110.50	257
Job Administration	6.70	39.40	63.90	30.60	140.60	35,628.50	253
Cash Accounting and Time Records	2.90	2.40	63.00	30.80	99.10	23,344.50	236
Case Related Travel Time	8.00	128.30	192.60	3.10	332.00	96,584.00	291
Case Closure	0.00	0.00	0.00	0.00	0.00	0.00	0
Internal Documentation and IT	0.00	16.70	66.50	8.40	91.60	22,585.00	247
ADMINISTRATION & PLANNING Total	115.70	407.20	686.20	90.70	1,299.80	373,743.50	288
INVESTIGATIONS							
D Reports	0.00	0.30	1.00	0.30	1.60	412.50	258
Other Investigations	142.00	7.00	3.80	0.00	152.80	67,349.00	441
Internal Documentation	0.00	0.20	0.00	0.10	0.30	82.50	275
INVESTIGATIONS Total	142.00	7.50	4.80	0.40	154.70	67,844.00	439
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	5.00	27.50	0.40	0.00	32.90	11,270.50	343
Insurance	0.00	0.00	0.30	0.00	0.30	81.00	270
Litigation	0.00	0.00	0.00	0.00	0.00	0.00	0
Internal Documentation	0.00	3.00	0.00	0.00	3.00	975.00	325
REALISATION OF ASSETS - FIXED CHARGE Total	10.50	35.50	4.10	0.00	50.10	17,069.50	341
REALISATION OF ASSETS - DEBTORS							
Debt Collection	10.00	11.10	3.50	4.90	29.50	9,254.00	314
Debtors Litigation	0.00	0.00	1.40	0.00	1.40	336.00	240
Crown Debtors	0.00	0.00	2.00	0.00	2.00	540.00	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	8.20	5.20	35.50	10,810.50	305
REALISATION OF ASSETS - FLOATING CHARGE							
Initial Actions and Valuations	0.00	1.10	27.70	0.00	28.80	7,746.50	269
Sale of Assets	36.50	47.50	47.10	0.00	131.10	41,845.50	319
Insurance	3.00	3.20	3.40	0.00	9.60	3,171.00	330
Retention of Title	0.00	0.00	3.00	0.00	3.00	810.00	270.00
Hire Purchase / Leased Assets	2.00	1.00	6.70	0.00	9.70	2,934.00	302
Litigation	0.00	0.00	0.00	0.00	0.00	0.00	0
Internal Documentation	1.00	3.30	13.70	0.60	18.60	5,043.00	271
REALISATION OF ASSETS - FLOATING CHARGE Total	42.50	56.10	101.60	0.60	200.80	61,550.00	307
TRADING							
Initial Actions	32.30	29.10	76.80	21.40	159.60	47,920.50	300
Cash Accounting	0.10	0.00	16.00	3.10	19.20	4,355.00	227
Ongoing Trading Activities	9.70	92.40	154.80	11.10	268.00	76,735.50	286
Internal and External Documentation	0.00	8.10	3.00	2.50	13.60	3,689.00	271
TRADING Total	42.10	129.60	250.60	38.10	460.40	132,700.00	288
CREDITORS							
Creditor Dealings	3.90	1.10	50.30	16.00	71.30	16,987.00	238
Creditor Claims	0.00	0.00	1.80	0.00	1.80	474.00	263
Litigation	1.50	2.00	0.00	0.00	3.50	1,250.00	357
Shareholders / Bankrupts	0.00	0.00	0.00	0.00	0.00	0.00	0
Internal Documentation	0.00	0.00	10.20	4.10	14.30	3,236.50	226
Employees	12.50	204.90	222.80	50.50	490.70	138,863.50	283
CREDITORS Total	17.90	208.00	285.10	70.60	581.60	160,811.00	276
Total	380.70	856.00	1,340.60	205.60	2,782.90	824,528.50	296

XL Leisure Group plc – France & Germany Time Analysis

12 September 2008 to 24 November 2008

	Employee Grade				Hours To Date	Total Cost	Average Rate p/h
	Partner / Director	Senior Associate	Associate / Analyst	Junior Analyst / Support			
ADMINISTRATION AND PLANNING							
Strategy and Control	0.00	0.10	23.50	0.00	23.60	5,801.50	246
Bank and Creditor Reporting	0.00	0.00	0.00	0.00	0.00	0.00	0
Creditors Committee	0.00	0.00	0.00	0.00	0.00	0.00	0
Statutory Duties	0.00	0.00	0.00	0.00	0.00	0.00	0
Job Administration	0.00	0.00	0.00	0.00	0.00	0.00	0
Cash Accounting and Time Records	0.00	0.00	0.50	1.50	2.00	412.50	206
Case Related Travel Time	0.00	0.00	0.30	0.00	0.30	81.00	270
Case Closure	0.00	0.00	0.00	0.00	0.00	0.00	0
Internal Documentation and IT	0.00	0.00	0.00	0.00	0.00	0.00	0
ADMINISTRATION & PLANNING Total	0.00	0.10	24.30	1.50	25.90	6,295.00	243
INVESTIGATIONS							
D Reports	0.00	0.00	0.00	0.00	0.00	0.00	0
Other Investigations	3.00	0.00	0.00	0.00	3.00	1,335.00	445
Internal Documentation	0.00	0.00	0.00	0.00	0.00	0.00	0
INVESTIGATIONS Total	3.00	0.00	0.00	0.00	3.00	1,335.00	445
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
Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0
Litigation	0.00	0.00	0.00	0.00	0.00	0.00	0
Internal Documentation	0.00	0.00	0.00	0.00	0.00	0.00	0
REALISATION OF ASSETS - FIXED CHARGE Total	1.80	0.00	6.50	0.00	8.30	2,451.00	295
REALISATION OF ASSETS - DEBTORS							
Debt Collection	0.00	0.00	0.00	0.00	0.00	0.00	0
Debtors Litigation	0.00	0.00	0.00	0.00	0.00	0.00	0
Crown Debtors	0.00	0.00	0.00	0.00	0.00	0.00	0
Internal Documentation	0.00	0.00	0.00	0.00	0.00	0.00	0
REALISATION OF ASSETS - DEBTORS Total	0.00	0.00	0.00	0.00	0.00	0.00	0
REALISATION OF ASSETS - FLOATING CHARGE							
Initial Actions and Valuations	0.00	0.00	0.00	0.00	0.00	0.00	0
Sale of Assets	0.00	7.50	0.00	0.00	7.50	2,625.00	350
Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0
Retention of Title	0.00	0.00	0.00	0.00	0.00	0.00	0
Hire Purchase / Leased Assets	0.00	0.00	0.00	0.00	0.00	0.00	0
Litigation	0.00	0.00	0.00	0.00	0.00	0.00	0
Internal Documentation	0.00	2.70	1.00	0.00	3.70	1,215.00	328
REALISATION OF ASSETS - FLOATING CHARGE Total	0.00	10.20	1.00	0.00	11.20	3,840.00	343
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	0.00	0.00	0.00	0.00	0
Creditor Claims	0.00	0.00	0.00	0.00	0.00	0.00	0
Litigation	0.00	0.00	0.00	0.00	0.00	0.00	0
Shareholders / Bankrupts	0.00	0.00	0.00	0.00	0.00	0.00	0
Internal Documentation	0.00	0.00	0.00	0.00	0.00	0.00	0
Employees	0.00	0.00	0.00	0.00	0.00	0.00	0
CREDITORS Total	0.00	0.00	0.00	0.00	0.00	0.00	0
Total	9.80	19.80	40.60	1.50	71.70	21,613.00	301

XL Leisure Group – CAA Funding Time Analysis

12 September 2008 to 24 November 2008

	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	33.00	36.00	0.00	86.00	26,450.00	308
Bank and Creditor Reporting	3.50	0.00	1.80	0.00	5.30	1,832.00	346
Creditors Committee	0.00	0.00	0.00	0.00	0.00	0.00	0
Statutory Duties	0.00	0.00	0.00	0.00	0.00	0.00	0
Job Administration	0.00	0.00	1.70	0.00	1.70	408.00	240
Cash Accounting and Time Records	0.00	2.10	13.80	2.20	18.10	4,779.50	264
Case Related Travel Time	7.50	10.10	4.20	0.00	21.80	7,290.50	334
Case Closure	0.00	0.00	0.00	0.00	0.00	0.00	0
Internal Documentation and IT	0.00	14.10	4.70	0.00	18.80	5,710.50	304
ADMINISTRATION & PLANNING Total	28.00	59.30	62.20	2.20	151.70	46,470.50	306
INVESTIGATIONS							
D Reports	0.00	0.00	0.00	0.00	0.00	0.00	0
Other Investigations	4.00	0.00	0.00	0.00	4.00	1,830.00	458
Internal Documentation	0.00	2.50	0.00	0.00	2.50	812.50	325
INVESTIGATIONS Total	4.00	2.50	0.00	0.00	6.50	2,642.50	407
REALISATION OF ASSETS - FIXED CHARGE							
Initial Actions and Valuations	0.00	0.00	0.00	0.00	0.00	0.00	0
Sale of Assets	0.00	0.00	0.00	0.00	0.00	0.00	0
Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0
Litigation	0.00	0.00	0.00	0.00	0.00	0.00	0
Internal Documentation	0.00	0.00	0.00	0.00	0.00	0.00	0
REALISATION OF ASSETS - FIXED CHARGE Total	0.00	0.00	0.00	0.00	0.00	0.00	0
REALISATION OF ASSETS - DEBTORS							
Debt Collection	0.00	0.00	0.00	0.00	0.00	0.00	0
Debtors Litigation	0.00	0.00	0.00	0.00	0.00	0.00	0
Crown Debtors	0.00	0.00	0.00	0.00	0.00	0.00	0
Internal Documentation	0.00	0.00	0.00	0.00	0.00	0.00	0
REALISATION OF ASSETS - DEBTORS Total	0.00	0.00	0.00	0.00	0.00	0.00	0
REALISATION OF ASSETS - FLOATING CHARGE							
Initial Actions and Valuations	0.00	0.00	0.00	0.00	0.00	0.00	0
Sale of Assets	17.50	0.00	0.00	0.00	17.50	7,000.00	400
Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0
Retention of Title	0.00	0.00	0.00	0.00	0.00	0.00	0
Hire Purchase / Leased Assets	2.00	0.00	0.00	0.00	2.00	800.00	400
Litigation	0.00	0.00	0.00	0.00	0.00	0.00	0
Internal Documentation	0.00	0.00	1.10	0.00	1.10	264.00	240
REALISATION OF ASSETS - FLOATING CHARGE Total	19.50	0.00	1.10	0.00	20.60	8,064.00	391
TRADING							
Initial Actions	16.00	11.10	3.80	1.10	32.00	11,605.50	363
Cash Accounting	0.00	0.00	5.40	0.00	5.40	1,296.00	240
Ongoing Trading Activities	1.80	39.90	18.60	0.00	60.30	18,484.50	307
Internal and External Documentation	0.00	14.40	9.20	0.50	24.10	6,950.50	288
TRADING Total	17.80	65.40	37.00	1.60	121.80	38,336.50	315
CREDITORS							
Creditor Dealings	0.00	0.00	0.00	0.00	0.00	0.00	0
Creditor Claims	0.00	0.00	0.00	0.00	0.00	0.00	0
Litigation	0.00	0.00	0.00	0.00	0.00	0.00	0
Shareholders / Bankrupts	0.00	0.00	0.00	0.00	0.00	0.00	0
Internal Documentation	0.00	0.00	0.00	0.00	0.00	0.00	0
Employees	0.90	2.90	9.10	0.00	12.90	3,520.50	273
CREDITORS Total	0.90	2.90	9.10	0.00	12.90	3,520.50	273
Total	70.20	130.10	109.40	3.80	313.50	99,034.00	316

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, a Senior Associate, an Associate and an 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.

We have not utilised the services of any sub-contractors in this case.

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)	Percentage of realisations
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 approval from creditors. These disbursements can include costs incurred which relate to payments due to associated companies for the provision of services to the office holder. On this case the following costs have been incurred:

Other amounts paid or payable to the office holder's firm or to any party in which the office holder or his firm or any associate has an interest	£
Type and purpose	
Kroll Security Consulting Group EMEA – On site security of properties immediately after appointment in order to safeguard assets.	35,000.00
Kroll Paris – Assistance with sale of French and German subsidiaries	13,231.43
Kroll Ontrack - Instructed to provide backups of the Companies' hardware and network drives immediately upon appointment.	6,842.85
Total	55,074.28

2 Charge-out Rates

A schedule of Zolfo Cooper charge-out rates for this assignment effective from 1 January 2008 is detailed below.

	(Per hour) £
Partner/Director:	
Partner 1*	495
Partner 2*	445
Director	400
Senior Associate:	
Senior Associate 1*	350
Senior Associate 2*	325
Associate/Analyst:	
Associate	270
Analyst*	240
Junior Analyst and Support Staff:	
Junior Analyst*	125
Senior Treasury Associate	195
Treasury Associate	135
Treasury Analyst	80
Support	80
*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	