



Accountancy and Actuarial Discipline Board

XL Leisure Group Investigation into the conduct of BDO Stoy Hayward

1. This investigation began on the 9th October 2008, following the collapse of XL Leisure Group ("XL"), one of the largest providers of package holidays in the UK. XL went into administration in September 2008, leaving a reported 85,000 holidaymakers stranded overseas and a further 240,000 customers without holidays which they had booked. The matter was referred to the AADB by the Institute of Chartered Accountants in England and Wales.
2. XL's audited accounts for the year ended 31 October 2007 were prepared on a going concern basis and approved by the board on 16 May 2008. The audit opinion signed by BDO Stoy Hayward LLP ("BDO"), which was unqualified, was dated 23 May 2008.
3. On 12 September 2008, less than 4 months later, administrators were appointed by XL. The administrators stated that the collapse had been caused by the following factors:
 - a. Volatile fuel prices;
 - b. The economic downturn; and
 - c. The inability of the group to obtain further finance.
4. The scope of the investigation was:

"The conduct of BDO Stoy Hayward LLP as auditors to XL Leisure Group plc in respect of the audit of the accounts of the company and its subsidiaries for the year ended 31st October 2007."
5. The focus of the investigation was the audit of going concern.
6. In the course of the investigation, the investigation team obtained and reviewed company documents from XL's administrators as well as BDO's audit files. We interviewed the relevant audit staff and obtained information from XL's former finance director, its administrators and others who were involved with XL in the months leading up to its collapse.



7. The investigation did not identify any acts of misconduct (as defined in the AADB Scheme) by BDO. The investigation will therefore be closed and no further action taken.

Cameron Scott
Executive Counsel
6 January 2010