

The Insolvency Act 1986

Administrator's progress report**2.24B**

Name of Company

CW Textiles Limited

Company number

4543739

In the

High Court of Justice, Chancery Division,
Manchester District Registry

[full name of court]

Court case number

3503 of 2007

(a) Insert full name(s)
and address(es) of
administrator(s)I / We (a) Simon Allport and Alan Michael HudsonErnst & Young LLP, 100 Barbirolli Square, Manchester, M2 3EY

administrator(s) of the above company attach a progress report for the period

from

to

(b) Insert date

(b) 14 December 2007(b) 13 June 2008

Signed

Joint / Administrator(s)

Dated

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.

Daniel Taylor

Ernst & Young LLP, 100 Barbirolli Square, Manchester, M2 3EY

Tel 0161 333 2575

DX Number

DX Exchange

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

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11/07/2008

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COMPANIES HOUSE

TO ALL KNOWN CREDITORS



11 July 2008

Ref CR/A/CB/DT/NWM0870/PF16 1

Please ask for Daniel Taylor

Direct line 0161 333 2575
Direct fax 0161 333 3008

Dear Sirs

Marston Mills Group Limited
Marston Mills Limited (formerly Ponden Mill Limited)
CW Textiles Limited
Coloroll (1997) Limited
(All In Administration) (together "the Group")

As you are aware, on 14 December 2007, the Group entered Administration and Simon Allport and I were appointed Joint Administrators

I write, in accordance with Rule 2.47 of The Insolvency Rules 1986, to provide creditors with a report on the progress of the Administrations. This report covers the period from 14 December 2007 to 13 June 2008 and should be read in conjunction with the Joint Administrators' Statement of Proposals dated 7 February 2008.

A summary of statutory information relating to the Group is shown at Appendix 1.

Background to the Group

The Group was a soft furnishings retailer consisting of 136 retail outlets across the UK, trading under the 'Ponden Mill' and 'Coloroll' brand names. The Group also operated a network of 62 concessions within other retailers including Debenhams, B&Q, T J Hughes and Boundary Mill.

Marston Mills Limited was the Group's main trading company, although some of the concession business was operated through CW Textiles Limited. Marston Mills Group Limited and Coloroll (1997) Limited were non-trading companies.

At 14 December 2007, the Group employed 1,321 people, of which 145 were employed at the Group's head office and distribution centre in Keighley, West Yorkshire. The majority of the remaining 1,176 retail staff were employed on a part-time basis.



INVESTOR IN PEOPLE

Summary of Progress

Sale of business

The Group's businesses and assets were marketed extensively following the appointment of the Joint Administrators. This included working with the Group's management to identify potential purchasers as well as extensive research into the market. The business was advertised for sale to a large number of potential interested parties identified through this process including other retailers, key suppliers, financial buyers and through an advertisement placed in the Financial Times.

However, despite significant efforts in this regard, it quickly became apparent that no party was willing to acquire all of the Group's business and assets on a going concern basis. Consequently the sale of business strategy focused on selling discrete businesses and assets of the Group to a number of potential interested parties.

Four separate transactions have been completed comprising the following business and assets of Marston Mills Limited:

- 79 leasehold property interests and 3 concession interests;
- Stock held at the distribution centre and in the retail outlets across the UK, together with additional stock held at a number of concessions,
- Customer order-books and databases associated with the wholesale division known as Ponden Mill Contracts; and
- The intellectual property and goodwill of the Group.

These sales resulted in combined gross realisations of £5.5 million, enabled the protection of the value in the Group's book debts and the preservation of 889 jobs, which transferred to the purchasers.

As part of their terms of purchase, one transaction deferred £1.1 million of consideration, to be released upon completion of a number of property assignments and receipt of stock in transit. To date, £0.6 million of this deferred consideration has been received by the Joint Administrators, comprising £0.4 million in respect of stock and £0.2 million in respect of leasehold property. The balance of £0.5 million is conditional and we continue to work with the purchaser in this regard.

Trading

During the sale of business process the Joint Administrators enabled the Group to continue to trade in order to preserve value in their businesses and assets and also to enhance the collection of pre-appointment book debts due from a number of contractual customers and concession partners.

Trading in the retail outlets ceased by January 2008, following the final sale of business and trading in the concessions ceased by 14 February 2008.

To date £3.3 million of sales have been realised in Marston Mills Limited. The final trading outcome will be dependent upon future outstanding customer payments and the exact level of property costs which are yet to be finalised with certain landlords and suppliers.

Debtors

At the date of appointment of the Joint Administrators, the Group's sales ledgers totalled £0.9 million, predominantly relating to the wholesale division and concession partners.

As at 13 June 2008, debtor realisations totalled £0.46 million. Since this date, we have negotiated further recoveries of £0.1 million from Debenhams and we continue to work with them with regard to the recovery of outstanding debts relating to both the pre-Administration and the Administration trading periods.

Other than the assets discussed above, the Joint Administrators do not consider there to be any other assets with significant realisable value.

Receipts and Payments Account

I enclose a receipts and payments account for each company in the Group for the period from 14 December 2007 to 13 June 2008 at Appendix 2. Please note these do not reflect estimated future realisations or costs.

Joint Administrators' Remuneration and Disbursements

In accordance with Rule 2.106 (5A) of the Insolvency Act 1986, the Joint Administrators' remuneration was fixed by the Group's secured and preferential creditors on the basis of time costs incurred. As at 27 June 2008 the Joint Administrators had incurred time costs of £854,233 across the Group, against which fees of £220,000 plus VAT have been drawn to date. We have also drawn disbursements totalling £12,248 plus VAT to date.

An analysis of both our time costs and disbursements in these Administrations is attached at Appendix 3. At Appendix 4 there is a statement of the Joint Administrators' policy in relation to charging time and disbursements.

Please note that these fees and disbursements were drawn after 13 June 2008 and so do not appear in the receipts and payments account at Appendix 2 as this is for the period 14 December 2007 to 13 June 2008 only, in accordance with Rule 2.47 of the Insolvency Act 1986.

Secured Creditor

Pimco 2707 Limited is the Group's only secured creditor, holding fixed and floating charges over the assets of the Group, which are also subject to intra-group cross guarantees. At the date of appointment of the Joint Administrators, its secured indebtedness stood at £14.3 million, before post-appointment interest and charges.

To date £4.3 million has been distributed to Pimco 2707 Limited.

Preferential Creditors

The going concern sales discussed above achieved a transfer of 889 employees to the respective purchasers, thereby avoiding potential preferential creditor claims, with the purchasers assuming all payroll, holiday pay and other associated liabilities for the transferring employees. The remaining staff were made redundant during the Administrations and therefore have preferential claims in the Administrations.

Preferential claims are currently estimated to be approximately £88,000, all of which is due from Marston Mills Limited. We are in the process of agreeing these preferential claims with employees and the Redundancy Payments Service and anticipate that these creditors are likely to receive a 100p / £ dividend in due course.

Unsecured Creditors

The Director's Statement of Affairs estimates unsecured claims to be £54 million for the Group as a whole.

Given the significant shortfall to the secured creditor, there is no prospect that there will be sufficient realisations to enable a distribution to be made to the unsecured creditors of the Group, with the exception of a distribution by virtue of the Prescribed Part, as discussed below.

The Prescribed Part

Section 176A of the Insolvency Act 1986 deals with the Prescribed Part which is a fund of money set aside for unsecured creditors out of net realisations (ie, after costs) of property subject to a floating charge which was created after 15 September 2003.

Since the secured creditor's floating charges were created after 15 September 2003, the Prescribed Part will apply to these Administrations.

As previously communicated, the Joint Administrators anticipate there will be sufficient realisations for the maximum distribution of £600,000 to unsecured creditors of Marston Mills Limited. This distribution is likely to result in payments to Marston Mills Group Limited and CW Textiles Limited, which may therefore create dividends under the Prescribed Part in these companies in due course.

End of the Administration

Following the resolution of the outstanding matters set out above, it was proposed that at the end of the Administrations the Group will move straight into Creditors' Voluntary Liquidation upon the filing in Court by the Joint Administrators of a notice pursuant to paragraph 83 of Schedule B1 to the Insolvency Act 1986. In this event it was also proposed that the Joint Liquidators will be Simon Allport and Alan Michael Hudson of Ernst & Young LLP. This was approved following the Joint Administrators' proposals to creditors dated 7 February 2008.

I trust this is in order. However, please do not hesitate to contact Daniel Taylor on 0161 333 2575 should you have any queries in respect of these Administrations.

I will report to you again at the conclusion of the Administrations or in six months' time, whichever is the sooner.

Yours faithfully
for the Group (In Administration)



A M Hudson
Joint Administrator

Enclosed:

- Appendix 1 Summary of Statutory Information
- Appendix 2 Joint Administrators' Receipts and Payments Account
- Appendix 3 Summary of Joint Administrators' Time-Costs and Category 2 Disbursements
- Appendix 4 Joint Administrators' Policy on Fees and Disbursements

The Institute of Chartered Accountants in England and Wales authorises Simon Allport to act as an Insolvency Practitioner under section 390(2)(a) of the Insolvency Act 1986 and The Association of Chartered Certified Accountants authorises Alan Michael Hudson to act as an Insolvency Practitioner under section 390(2)(a) of the Insolvency Act 1986.

The affairs, business and property of the Group are being managed by the Joint Administrators, S Allport and A M Hudson, who act as agents of the Group only and without personal liability.

Summary of Statutory Information

**Marston Mills Group Limited
Marston Mills Limited
CW Textiles Limited
Coloroll (1997) Limited
(All In Administration) (together "the Group")**

Registered Office Address	c/o Ernst & Young LLP, 100 Barbirolli Square, Manchester M2 3EY
Registered Numbers	5297284 1247701 4543739 3143652
Trading Address(es)	The Courtyard, Royd Ings Avenue, Keighley, West Yorkshire BD21 4BZ

Details of the Joint Administrators and of their Appointment

Joint Administrators:	Simon Allport and Alan Michael Hudson Ernst & Young LLP 100 Barbican Square Manchester M2 3EY
Date of Appointment:	14 December 2007
Appointed by.	The appointments were made by the Group' Directors under the provisions of paragraph 22(2) of Schedule B1 to the Insolvency Act 1986
Court Reference.	3501/07 3502/07 3503/07 3504/07 High Court of Justice, Chancery Division Manchester District Registry

Any of the functions to be performed or powers exercisable by the Joint Administrators may be carried out/exercised by any one of them acting alone or by both of them acting jointly.

Joint Administrators' Receipts and Payments Account for the Period from 14 December 2007 to 13 June 2008

Marston Mills Group Limited

Notes	Statement of Affairs estimated to realise	Receipts & payments account	From 14 Dec 07 to 31 Jan 08	From 1 Feb 08 to 13 June 08	Total
		Receipts			
		Non-trading receipts			
		Contribution from other group companies	24 00	4 530 15	4 554 15
	272,758 00	Debtors (inter-company)			-
		Total receipts	<u>24 00</u>	<u>4 530 15</u>	<u>4 554 15</u>
		Payments			
		Non-trading payments			
		Public notices		145 12	145 12
		Specific bond	24 00		24 00
		Postage stationery & photocopying		4 385 03	4 385 03
		Total payments	<u>24 00</u>	<u>4 530 15</u>	<u>4 554 15</u>
		Balance in hand	<u>-</u>	<u>-</u>	<u>-</u>

Notes

- Receipts and payments are shown net of VAT
- All funds are held in interest bearing accounts
- The receipts and payments account has been prepared on a cash basis and does not take into account future receipts and payments
- The draft Statement of Affairs figures are taken from the statements prepared by the Directors

Joint Administrators' Receipts and Payments Account for the Period from 14 December 2007 to 13 June 2008

Marston Mills Limited

Notes	Statement of Affairs estimated to realise	Receipts & payments account	From 14 Dec 07 to 31 Jan 08	From 1 Feb 08 to 13 June 2008	Total
		Receipts			
		Trading receipts			
		Administration sales	1 774 603 18	1 133 306 48	2 907 909 66
		Sales commission	13 361 16	517 80	13 878 96
		Administration sales concessions	11 020 54	409 652 44	420 672 98
		Contribution to trading	24 111 50		24 111 50
		Non-trading receipts			
	690 000 00	Property surrender	96 269 55		96 269 55
		Transferred property	1 00	166 000 00	166 001 00
		Business name	100 000 00		100 000 00
		Goodwill	95 004 00		95 004 00
		Intellectual property	150 002 00		150 002 00
		Plant and machinery	374 987 00		374 987 00
	2 879 950 00	Stock	4 104 756 21	9 215 64	4 113 971 85
	89 930 00	Furniture and fittings	24 993 00	2 000 00	26 993 00
	100 000 00	Motor vehicles	1 00	87 500 00	87 501 00
		IT equipment		8 300 00	8 300 00
	329 000 00	Debtors	161 616 39	295 332 49	456 948 88
		Contracts/HFD	25 002 00		25 002 00
		Interest	18 140 00	64 439 91	80 579 91
		Sundry income	2 522 49	215 910 72	218 433 21
	23 650 00	Cash at date of appointment	-		-
		Total receipts	6 974 391 02	2 392 175 48	9,366,566 50
		Payments			
		Trading payments			
		Shipment charges	75 984 30	12 878 06	88 862 36
		Material purchases	45 410 93	127 81	45,538 74
		Royalties		25 415 74	25 415 74
		Customer returns		1 153 64	1 153 64
		Employee costs	1 190 580 24	472 282 45	1 662 862 69
		Employee expenses	2 890 34	1 446 39	4 336 73
		Electricity		55 113 84	55 113 84
		Telephone		346 20	346 20
1		Rates	(3 111 15)	214 882 25	211 771 10
		Rent	30 856 05	191 850 86	222 706 91
		Repairs & renewals	-	471 07	471 07
		Insurance	-	1 030 48	1 030 48
		Carriage		4 562 24	4 562 24
		Motor expenses	1 019 63	-	1 019 63
2		Stationery and printing	3 118 73	(559 13)	2 559 60
		HGV costs	6,507 36	2 369 93	8 877 29
		Professional fees		2 599 60	2,599 60
		Agents fees		456 074 68	456,074 68
		Store closure costs		109 195 35	109 195 35
		Site clearance costs		6 040 45	6,040 45
		Sundry expenses	1 970 22	5 958 55	7,928 77
		Other payroll deductions	1,892 56	601 51	2 494 07
		Non-trading payments			
		Secured creditor fixed charge	1 000 000 00		1 000 000 00
		Legal fees		229 128 44	229 128 44
		Public notices	2,970 00	145 13	3 115 13
		Specific bond	1 600 00		1 600 00
		Debt collection expenses		3 801 53	3 801 53
		Other professional fees	24,500 71	4 077 07	28,577 78
3		Retention of title	239 106 39	(61,818 31)	177,288 08
		Payments to induce trade	48 480 06	24 937 06	73 417 12
		Postage, stationery & photocopying	986 04	4 359 00	5,345 04
		Bank charges	715 11	26,191 75	26 906 86
		Loan arrangement fee	80 000 00		80,000 00
		Secured creditor wages advance	529,597 95		529 597 95
		Secured creditor floating charge	1 000 000 00	1 800 000 00	2 800 000 00
		Total payments	4,286 075 47	3 594 643 64	7,879 719 11
		Balances in hand	2,688,315 55	(1,202 468 16)	1,486,847 39

Notes

- The negative value shown for the period from 14 December 2007 to 31 January 2008 is as a result of pre-paid rates which had been reclaimed in the initial stages of the Administration.
- The negative value shown for the period from 1 February 2008 to 13 June 2008 is the result of a reallocation between codes.
- The negative value shown for the period from 1 February 2008 to 13 June 2008 is the result of certain retention of title costs being re-imbursed by one of the purchasers.
- Receipts and payments are shown net of VAT.
- All funds are held in interest bearing accounts.
- The receipts and payments account has been prepared on a cash basis and does not take into account future receipts and payments.
- The draft Statement of Affairs figures are taken from the statements prepared by the Directors.

Joint Administrators' Receipts and Payments Account for the Period from 14 December 2007 to 13 June 2008

CW Textiles Limited

Notes	Statement of Affairs estimated to realise	Receipts & payments account	From 14 Dec 07 to 31 Jan 08	From 1 Feb 08 to 13 June 08	Total
		Receipts			
		Non-trading receipts			
		Contribution from other group companies	264 00	4 530 14	4 794 14
	15 000 00	Debtors (inter-company)	-	-	-
		Total receipts	<u>264 00</u>	<u>4 530 14</u>	<u>4 794 14</u>
		Payments			
		Non-trading payments			
		Public notices	-	145 12	145 12
		Specific bond	264 00	-	264 00
		Postage, stationery & photocopying	-	4,385 02	4 385 02
		Total payments	<u>264 00</u>	<u>4 530 14</u>	<u>4,794 14</u>
		Balance in hand	<u></u>	<u></u>	<u></u>

Notes

- Receipts and payments are shown net of VAT
- All funds are held in interest bearing accounts
- The receipts and payments account has been prepared on a cash basis and does not take into account future receipts and payments
- The draft Statement of Affairs figures are taken from the statements prepared by the Directors

Coloroll (1997) Limited

Notes	Statement of Affairs estimated to realise	Receipts & payments account	From 14 Dec 07 to 31 Jan 08	From 1 Feb 08 to 13 June 08	Total
		Receipts			
		Non-trading receipts			
		Contribution from other group companies	24 00	4,530 15	4 554 15
		Debtors (inter-company)	-	-	-
		Total receipts	<u>24 00</u>	<u>4 530 15</u>	<u>4 554 15</u>
		Payments			
		Non-trading payments			
		Public notices	-	145 13	145 13
		Specific bond	24 00	-	24 00
		Postage, stationery & photocopying	-	4,385 02	4,385 02
		Total payments	<u>24 00</u>	<u>4 530 15</u>	<u>4 554 15</u>
		Balance in hand	<u></u>	<u></u>	<u></u>

Notes

- Receipts and payments are shown net of VAT
- All funds are held in interest bearing accounts
- The receipts and payments account has been prepared on a cash basis and does not take into account future receipts and payments

Summary of Joint Administrators' Time-Costs and Category 2 Disbursements from 14 December 2007 to 27 June 2008

Marston Mills Group Limited

	Partner	Director	Assistant Director	Manager	Executive	Analyst	Total Hours	Time Cost £	Average Hourly Rate £
Job Acceptance & Strategy	-	-	-	-	-	-	-	-	N/A
Immediate Tasks	-	-	-	-	-	-	-	-	N/A
Bank & Statutory Reporting	-	-	-	-	-	-	-	-	N/A
Property	-	-	-	-	-	-	-	-	N/A
Debtors	-	-	-	-	-	-	-	-	N/A
Other Assets	-	-	-	-	-	-	-	-	N/A
Trading	-	-	-	-	-	-	-	-	N/A
Retention of Title	-	-	-	-	-	-	-	-	N/A
Creditors	-	-	-	-	-	-	-	-	N/A
Members	-	-	-	-	-	-	-	-	N/A
Investigations	-	-	-	-	-	-	-	-	N/A
Legal Issues	-	-	-	-	-	-	-	-	N/A
Employee Matters	-	-	-	-	-	-	-	-	N/A
Accounting & Administration	-	-	-	-	-	-	-	-	N/A
Statutory Duties	14	-	-	59	-	167	240	3,925	164
VAT & Taxation	-	-	-	-	-	-	-	-	N/A
Other Matters	-	-	-	-	-	-	-	-	N/A
Total Hours	14	-	-	59	-	167	240		
Time Costs (£)	658	-	-	1,534	-	1,733		3,925	
Average Hourly Rate (£)	470	-		260	-	104			
Category 1 Disbursements	-	-	-	-	-	-	-	-	-
Category 2 Disbursements	-	-	-	-	-	-	-	-	-

Current charge out rates	Grade	Current Rate	Previous Rate
Restructuring	Partner	495	470
	Director	405	385
	Assistant Director	350	335
	Manager	275	260
	Executive	200	190
	Analyst	85-120	80-115
Indirect Tax	Assistant Director	470	445
	Senior Executive	360	325
	Analyst	50-160	115

Notes

- It is my firm's policy to review charge out rates annually on 1 July. The current charge out rates are shown above in addition to the previous rates, which applied for the year ended 30 June 2008.

Summary of Joint Administrators' Time-Costs and Category 2 Disbursements from 14 December 2007 to 27 June 2008

Marston Mills Limited

	Partner	Director	Assistant Director	Manager	Executive	Analyst	Total Hours	Time Cost £	Average Hourly Rate £
Job Acceptance & Strategy	7.8		-	14.8	-		22.6	7,514	332
Immediate Tasks	12.6			22.3	15.6	32.0	82.5	18,384	223
Bank & Statutory Reporting	20.7	5.0	17.0	32.3	49.5	-	124.5	35,152	282
Property	18.3	130.7	59.1	91.2	208.9	706.3	1,214.5	218,874	181
Debtors	1.6		25.0	27.7	1.5	18.4	74.2	18,382	248
Other Assets	31.2	115.8	78.4	81.2	222.1	18.1	546.8	150,903	276
Trading	9.9	-	17.0	74.6	21.0	174.5	297.0	52,895	178
Retention of Title	0.7	-		4.3	-	8.3	13.3	2,290	172
Creditors	4.1	8.0	2.5	105.5	5.5	440.5	566.1	74,666	132
Members	4.8		-	2.4		-	7.2	2,880	400
Investigations	0.4		1.0	7.5	-	93.5	102.4	9,836	94
Legal Issues	4.8	-	2.0	22.7	-	-	29.5	8,828	299
Employee Matters	2.8	-	1.0	185.8	284.4	1.0	475.0	104,110	219
Accounting & Administration	13.8	-	6.4	118.1	69.8	452.0	660.1	95,117	144
Environmental Issues		-	-	-	-	-	-	-	N/A
Statutory Duties	2.8		-	5.9	4.0	23.2	35.9	6,090	170
VAT & Taxation	3.6	-	11.0	18.9	32.5	16.3	82.3	21,127	257
Other Matters	-	-	30.0	12.5	-	13.3	55.8	14,830	266
Total Hours	139.9	259.5	250.4	827.7	914.8	1,997.4	4,389.7		
Time Costs (£)	65,913	99,908	85,094	216,138	174,302	201,103		842,458	
Average Hourly Rate (£)	471	385	340	261	191	101			
Category 1 Disbursements	3,296								
Category 2 Disbursements	8,952								
	12,248								

**Marston Mills Group Limited
Marston Mills Limited
CW Textiles Limited
Coloroll (1997) Limited
(All In Administration) (together "the Group")**

Office Holders' Charging Policy for Fees

The secured and preferential creditors of the Group have determined that the Joint Administrators' remuneration should be fixed on the basis of time properly spent in administering the Administrations.

The Joint Administrators have engaged a manager and other staff to work on the cases. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by Accounting & Treasury Executives dealing with the Group's bank accounts and statutory compliance issues. Work carried out by all staff is subject to the overall supervision of the Joint Administrators.

All time spent by staff working directly on case-related matters is charged to a separate time code established for each case. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown at Appendix 3, as are the current hourly rates used.

Office Holders' Charging Policy for Disbursements

Statement of Insolvency Practice No. 9 ("SIP 9") published by R3 (The Association of Business Recovery Professionals) divides disbursements into two categories.

Category 1 disbursements comprise payments made by the office holders' firm, which comprise specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. These disbursements can be paid from the insolvent's assets without approval. In line with SIP 9, it is our policy to disclose such disbursements drawn but not to seek approval for their payment. We are prepared to provide such additional information as creditors require to support the disbursements drawn.

Category 2 disbursements comprise payments made by the office holders' firm which include elements of shared or overhead costs. Such disbursements are subject to approval from the secured and preferential creditors of the Group as if they were remuneration. It is our policy, in line with SIP 9, to seek approval for this category of disbursement before they are drawn.