

The Insolvency Act 1986

**Notice of move from administration
to Creditors' Voluntary Liquidation****2.34B**

Name of Company CW Textiles Limited	Company number 4543739
In the High Court of Justice Chancery Division Manchester District Registry <small>[full name of court]</small>	Court case number 3503 of 2007

(a) Insert 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

having been appointed administrator(s) of

(b) Insert name and
address of registered office
of company(b) Marston Mills Group LimitedThe Courtyard, Royd Ings Avenue, Keighley, West Yorkshire, BD21 4BZ

("the company")

(c) Insert date of
appointment(d) Insert name of applicant
/ appointoron (c) 14 December 2007 by (d) the Company's Directors

hereby give notice that:

the provisions of paragraph 83(1) of Schedule B1 to the Insolvency Act 1986 apply,

(e) Insert name(s) and
address(es) of liquidator(s)and it is proposed that (e) Simon Allport and Alan Michael HudsonErnst & Young LLP, 100 Barbirolli Square, Manchester, M2 3EYwill be the liquidator(s) of the company (IP 8763 / 9200
No(s))

I / We attach a copy of the final progress report

Signed

Joint / Administrator(s)

Dated

05/12/2008**Contact Details:**

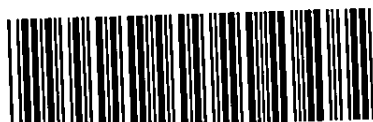
You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

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



A24

06/12/2008

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COMPANIES HOUSE

SATURDAY

TO ALL KNOWN MEMBERS & CREDITORS

5 December 2008

Ref: CR/SA/JOC/DT/NWM0854/PF21

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 trading as Ponden Mill
Coloroll (1997) Limited
CW Textiles Limited
(All in Administration) (together “the Group”)

I write in accordance with Rule 2.117 and Rule 2.118 of The Insolvency Rules 1986 to provide you with a final report on the progress of the Administrations. The report covers the period from 14 June 2008 to 5 December 2008 and should be read in conjunction with the Joint Administrators' previous progress report dated 11 July 2008 and the Joint Administrators' Statement of Proposals dated 7 February 2008.

The Group entered Administration on 14 December 2007 and A M Hudson and I were appointed as Joint Administrators. The appointments were made by the Companies' directors under the provisions of paragraph 22(2) of Schedule B1 to the Insolvency Act 1986. Under the terms of the appointment, any act required or authorised to be done by the Joint Administrators can be done by either of them.

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

Summary of the Administrators' Proposals

Background

The Group was a specialist soft furnishings retailer consisting of 136 retail outlets across the UK, with 71 stores in strategic high street locations and a further 65 stores in factory outlets and out-of-town locations including 4 mill outlets. The majority of the Group's head office and distribution function was based at Keighley, West Yorkshire.

The Group also had an established concession network in partnership with Debenhams, B&Q, T J Hughes and Boundary Mill.

Marston Mills Limited was the trading company of the Group and CW Textiles Limited, Marston Mills Group Limited and Coloroll (1997) Limited were non-trading entities.

The Group operated under the trading names of 'Ponden Mill', 'Coloroll' and 'Life from Coloroll'.



Employees

At the date of appointment of the Joint Administrators, the Group employed approximately 1,321 employees with the majority of store staff employed on a part-time basis. Approximately 145 staff were employed at the head office and distribution centre at Keighley.

Circumstances Giving Rise to the Appointment of the Administrators

The Group had traded at a loss for a number of years due to a combination of;

- ▶ A significant number of loss-making stores;
- ▶ Certain loss making concession agreements;
- ▶ A high central cost base within the Group's head office and distribution centre.

Despite a detailed turnaround plan and further investment by the shareholders, the Group continued to trade at a loss. Cash flow pressure continued to increase and in October 2007, a purchaser for the business was sought through an accelerated sales process, resulting in the Group's shares being acquired by Pimco 2699 Limited on 9 November 2007. In addition, the Group's secured debt was acquired by Pimco 2707 Limited at this time.

As the Group was in distress, the directors sought to seek protection from creditors through the filing of notifications of intention to appoint Administrators on 7 November 2007. The moratorium this provided was subsequently extended whilst a detailed review of the business was undertaken by its new owner to assess its viability.

However, it became apparent that the Group could not meet its liabilities as they fell due, particularly rent arrears, trade creditor and impending payroll costs. In the absence of any prospect of significant and immediate further funding opportunities, the director of the Group therefore appointed Simon Allport and Alan Michael Hudson as Joint Administrators on 14 December 2007.

Purpose of the Administration

Following the appointment, the Joint Administrators took control of the business and assets of the Group with a view to establishing a strategy to meet the prioritised objectives of the Administration process:

- (a) Rescue the Group as a going concern; or
- (b) Achieve a better result for creditors as a whole than would be likely if the Group were wound up (without first being in Administration); or
- (c) Realise property in order to make a distribution to one or more secured or preferential creditors.

At the date of appointment, the prospect of achieving purpose (a) above did not appear realistic for the following principal reasons:

- ▶ The extent of the Group's liabilities meant there were very limited prospects of trading the Group whilst in Administration and generating sufficient profit to meet liabilities.
- ▶ Significant additional funding would be required for any prolonged trading period, with the prospect that further losses during the period may have worsened the position for the Group's creditors.
- ▶ No additional finance was available to the Group to meet the projected funding required.

As the primary objective (a) was not a viable objective (b) was pursued, namely to achieve a better result for creditors than if the Group had been wound up (without first being in Administration). Accordingly, the focus for the Joint Administrators became the sale of the Group's businesses and/or assets in whole or in part, as a going concern.

The Administration strategy reflected the following:

- ▶ In the event of liquidation, landlords would be able to distrain over the Group's assets (principally stock) and the value in this and other Group assets could be adversely affected.
- ▶ A sale of the business and assets would most likely secure enhanced realisations compared to the realisation of property outside of a going-concern sale, in particular given the likely associated costs of dealing with and removing stock, and the adverse impact on value likely in a piecemeal disposal.
- ▶ In a sale as a going concern the associated transfer of employees would reduce the level of preferential and unsecured claims arising in the Administrations and protect the goodwill and book debts of the Group.

Summary of progress

Sale of business

As previously advised, four principal sale of business transactions were completed during the first few weeks of the Administrations.

As part of their terms of purchase, one transaction included £1.12 million of deferred consideration, to be released upon completion of a number of property assignments and receipt of stock in transit.

Approximately £1.09 million of this deferred consideration has now been received by the Joint Administrators, comprising of £0.46 million in respect of stock and £0.63 million in respect of leasehold property. The balance has been returned to the relevant purchaser in line with the contract. Accordingly, no further realisations are expected in respect of deferred consideration.

Final realisations from the sale of business transactions total £5.45 million and enabled the transfer of 889 employees to the purchasers.

Trading

During the sale of business process the Joint Administrators enabled the Group to continue to trade in order to preserve value in its 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 23 January 2008 and in the concessions network by 15 February 2008.

In total, £3.79 million of sales have been realised in Marston Mills Limited and the trading period was profitable. A small number of trading liabilities remain outstanding which will be settled once Marston Mills Limited has entered Creditors' Voluntary Liquidation, discussed further below.

Debtors

As at 5 December 2008, debtor realisations totalled approximately £0.48 million, however, we can also report that a further £0.22 million is due during December 2008 from the Group's main concession partner. This will bring total collections to approximately £0.70 million.

We do not expect any further material realisations from debtors.

Other assets

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 the period from 14 December 2007 to 28 November 2008 at Appendix 2.

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 approximately £4.68 million has been distributed to Pimco 2707 Limited from Marston Mills Limited and we anticipate a further distribution is likely after Marston Mills Limited enters Liquidation.

Preferential Creditors

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

Preferential claims in the sum of £88,785.31 have been agreed and paid to the relevant creditors. This represented a distribution of 100p / £1.

Non-preferential Creditors

The Director's Statement of Affairs estimate non-preferential claims to be £54 million for the Group as a whole. We do not expect any distribution to be made to non-preferential creditors other than by virtue of the Prescribed Part.

The Prescribed Part

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

Therefore, 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 be made to non-preferential creditors of Marston Mills Limited.

This distribution is likely to result in dividend payments being made to Marston Mills Group Limited and CW Textiles Limited by virtue of the intercompany debts owed to these entities by Marston Mills Limited. This in turn will likely create dividends to the creditors of these Companies under the Prescribed Part, however, the only known creditors are intercompany creditors and the secured creditor.

These distributions will all occur once these three Companies have moved from Administration to Creditors' Voluntary Liquidation, discussed further below.

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 21 November 2008 the Joint Administrators had incurred time costs of £974,588 across the Group, against which fees of £440,000.00 plus VAT have been drawn to date. We have also drawn out of pocket expenses totalling £14,006.57 plus VAT, including £9,181.82 plus VAT of expenses where specific approval has been received, as required under

Statement of Insolvency Practice 9, as explained at Appendix 4. A further £288.64 plus VAT of out of pocket expenses will also be drawn before the end of the Administrations.

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.

End of the Administration

As stated in the Joint Administrators Statement of Proposals, it is the intention of the Joint Administrators to move Marston Mills Group Limited, Marston Mills Limited and CW Textiles Limited straight into Creditors' Voluntary Liquidation ("CVL") upon filing with the Registrar of Companies of a notice pursuant to paragraph 83 of Schedule B1 to the Insolvency Act 1986. As outlined in the Joint Administrators' Statement of Proposals, the Joint Liquidators will be Simon Allport and Alan Michael Hudson of Ernst & Young LLP.

Whilst the majority of matters in these Administrations are now complete, any outstanding liabilities may be paid once these Companies have entered CVL. Similarly, any remaining assets of these Companies may also be realised in CVL.

Coloroll (1997) Limited does not have any realisable assets which may result in a distribution to Pimco 2707 Limited, the sole creditor of this Company. Therefore the Joint Administrators have sent a notice to the Registrar of Companies to dissolve this Company. On registration of the notice the Joint Administrators' appointment will come to an end. In accordance with the provision of paragraph 84(6) of Schedule B1 to the Insolvency Act 1986, Coloroll (1997) Limited will then be deemed to be dissolved three months after the registration of the notice.

Consequently, I enclose for your information Form 2.34B Notice to move from Administration to Creditors' Voluntary Liquidation for Marston Mills Limited, Marston Mills Group Limited and CW Textiles Limited, and Form 2.35B Notice of move from Administration to Dissolution for Coloroll (1997) Limited, all of which have now been forwarded to the Registrar of Companies.

Should you have any questions please do not hesitate to contact Daniel Taylor on the above direct line.

Yours faithfully
for the Group (In Administration)



S Allport
Joint Administrator

Encs: Appendix 1: Summary of Statutory Information
Appendix 2: Joint Administrators' Abstract of Receipts and Payments Account
Appendix 3: Summary of Joint Administrators' Time-Costs and Disbursements
Appendix 4: Joint Administrators' Policy on Fees and Disbursements
Forms 2.34B – Notice of move from Administration to CVL
Form 2.35B – Notice of move from Administration to dissolution

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:	Marston Mills Group Limited	5297284
	Marston Mills Limited	1247701
	CW Textiles Limited	4543739
	Coloroll (1997) Limited	3143652

Former Trading Address: 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 Barbirolli Square
Manchester
M2 3EY

Date of Appointment: 14 December 2007

Appointed by: The appointments were made by the Group's
Directors under the provisions of paragraph 22(2) of
Schedule B1 to the Insolvency Act 1986

Court Reference:	Marston Mills Group Limited	3502/07
	Marston Mills Limited	3501/07
	CW Textiles Limited	3503/07
	Coloroll (1997) Limited	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.



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	From 14 June 08 to 28 Nov 2008	Total
		Receipts				
		<i>Non-trading receipts</i>				
		Contribution from other group companies	24 00	4,530.15	-	4,554.15
		Debtors (inter-company)	-	-	-	-
		Total receipts	24 00	4,530.15	-	4,554.15
		Payments				
		<i>Non-trading payments</i>				
		Public notices	-	145.12	-	145.12
		Specific bond	24 00	-	-	24 00
		Postage, stationery & photocopying	-	4,385.03	-	4,385.03
		Total payments	24 00	4,530.15	-	4,554.15
		Balance in hand	-	-	-	-

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

Joint Administrators' Receipts and Payments Account for the Period from 14 December 2007 to 28 November 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	From 14 June 08 to 28 Nov 2008	Total
		Receipts				
		<i>Trading receipts</i>				
		Administration sales	1,774,603.18	1,133,306.48	359,788.35	3,267,698.01
		Sales commission	13,361.16	517.80	-	13,878.96
		Administration sales - concessions	11,020.54	409,652.44	68,318.32	508,991.30
		Contribution to trading	24,111.50	-	12,705.00	36,816.50
		<i>Non-trading receipts</i>				
	690,000.00	Property surrender	96,269.55	-	-	96,269.55
		Transferred property	1.00	166,000.00	461,000.00	627,001.00
		Property deposits	-	-	40,138.94	40,138.94
		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
	88,930.00	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	161,616.38	295,332.49	29,896.91	486,845.79
		Prepayments & other debts	-	-	1,430.98	1,430.98
		Contracts/HFD	25,002.00	-	-	25,002.00
		Bank interest	16,140.00	64,439.91	56,080.53	136,660.44
		Sundry income	2,522.49	215,910.72	52,908.55	271,339.76
1	23,650.00	Cash at date of appointment	-	-	104,050.21	104,050.21
		Total receipts	6,974,381.02	2,392,175.48	1,206,480.79	10,573,047.29
		Payments				
		<i>Trading payments</i>				
		Shipment charges	75,884.30	12,878.06	-	88,762.36
		Material purchases	45,410.63	127.81	-	45,538.44
		Royalties	-	25,415.74	-	25,415.74
		Customer returns	-	1,153.64	416.58	1,570.22
		Employee costs	1,190,580.24	472,262.45	19,142.84	1,681,985.53
		Employee expenses	2,890.34	1,446.39	-	4,336.73
		Electricity	-	55,113.84	-	55,113.84
		Telephone	-	348.20	-	348.20
2		Rates	(3,111.15)	214,882.25	1,311.81	213,082.91
3		Rent	30,856.05	191,650.86	(9,756.72)	212,650.19
		Repairs & renewals	-	471.07	-	471.07
		Insurance	-	1,030.48	-	1,030.48
		Carriage	-	4,562.24	2,677.87	7,240.11
		Motor expenses	1,019.63	-	-	1,019.63
4		Stationery and printing	3,118.73	(556.13)	2,015.98	4,578.58
		HGV costs	6,507.36	2,369.93	-	8,877.29
		Professional fees	-	2,569.00	-	2,569.00
		Agents fees	-	456,074.58	12,920.99	469,095.64
		Store closure costs	-	109,195.35	-	109,195.35
		Site clearance costs	-	6,040.45	-	6,040.45
		PQQ charges	-	-	24,085.61	24,085.61
		Sundry expenses	1,970.22	5,958.55	2,726.77	10,655.54
		Other payroll deductions	1,692.56	601.51	-	2,494.07
		<i>Non-trading payments</i>				
		Secured creditor - fixed charge	1,000,000.00	-	-	1,000,000.00
		Administrators' fees	-	-	440,000.00	440,000.00
		Administrators' expenses	-	-	14,006.57	14,006.57
		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	412.61	4,214.14
		Other professional fees	24,500.71	4,077.07	-	28,577.78
5		Retention of title	239,106.39	(61,818.31)	3,500.00	180,788.08
		Payments to induce trade	48,480.06	24,937.06	-	73,417.12
		Postage, stationery & photocopying	986.04	4,359.00	4,688.28	10,033.32
6		Bank charges	715.11	26,191.75	(4,895.43)	22,011.43
		Loan arrangement fee	80,000.00	-	-	80,000.00
		Distribution of preferential creditors	-	-	88,785.31	88,785.31
		Secured creditor - wages advance	529,597.95	-	-	529,597.95
		Secured creditor - floating charge	1,000,000.00	1,800,000.00	350,000.00	3,150,000.00
		Total payments	4,285,075.47	3,594,643.84	952,037.04	8,831,756.15
		Balance in hand	2,689,315.55	(1,202,468.16)	254,443.75	1,741,291.14
Notes						
1	Cash at date of appointment was originally coded such that it appeared as a balance in hand. This money has now been re-allocated to appear as a non-trading receipt.					
2	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.					
3	The negative value in the period from 14 June 2008 to 28 November 2008 is the result of a series of unbanked cheques being cancelled and written back.					
4	The negative value shown in stationery & printing for the period from 1 February 2008 to 13 June 2008 is the result of a reallocation between codes.					
5	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.					
6	The negative value shown in the period from 14 June 2008 to 28 November 2008 is the result of certain bank charges being re-imbursed by the purchasers.					
7	Receipts and payments are shown net of VAT.					
8	All funds are held in interest bearing accounts.					
9	The receipts and payments account has been prepared on a cash basis and does not take into account future receipts and payments.					
10	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 28 November 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	From 14 June 08 to 28 Nov 2008	Total
		Receipts				
		<i>Non-trading receipts</i>				
		Contribution from other group companies	264.00	4,530.14	-	4,794.14
		Debtors (inter-company)	-	-	-	-
		Total receipts	264.00	4,530.14	-	4,794.14
		Payments				
		<i>Non-trading payments</i>				
		Public notices	-	145.12	-	145.12
		Specific bond	264.00	-	-	264.00
		Postage, stationery & photocopying	-	4,385.02	-	4,385.02
		Total payments	264.00	4,530.14	-	4,794.14
		Balance in hand	-	-	-	-

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.

Joint Administrators' Receipts and Payments Account for the Period from 14 December 2007 to 28 November 2008

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	From 14 June 08 to 28 Nov 2008	Total
		Receipts				
		<i>Non-trading receipts</i>				
		Contribution from other group companies	24.00	4,530.15	-	4,554.15
		Debtors (inter-company)	-	-	-	-
		Total receipts	24.00	4,530.15	-	4,554.15
		Payments				
		<i>Non-trading payments</i>				
		Public notices	-	145.13	-	145.13
		Specific bond	24.00	-	-	24.00
		Postage, stationery & photocopying	-	4,385.02	-	4,385.02
		Total payments	24.00	4,530.15	-	4,554.15
		Balance in hand	-	-	-	-

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 21 November 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	-	-	1.0	-	-	-	1.0	350	350
Property	-	-	-	-	-	2.5	2.5	250	100
Debtors	-	-	1.5	-	-	-	1.5	525	350
Other Assets	-	-	-	-	-	-	-	-	N/A
Trading	-	-	-	-	-	-	-	-	N/A
Retention of Title	-	-	-	-	-	-	-	-	N/A
Creditors	-	-	1.5	-	-	-	1.5	525	350
Members	-	-	-	-	-	-	-	-	N/A
Investigations	-	-	-	-	-	-	-	-	N/A
Legal Issues	-	-	-	-	-	-	-	-	N/A
Employee Matters	-	-	-	-	-	-	-	-	N/A
Accounting & Administration	-	-	-	-	-	5.7	5.7	456	80
Statutory Duties	2.4	-	1.0	5.9	-	16.7	26.0	4,848	186
VAT & Taxation	-	-	-	-	0.2	-	0.2	54	270
Other Matters	-	-	-	-	-	-	-	-	N/A
Total Hours	2.4	-	5.0	5.9	0.2	24.9	38.4		
Time Costs (£)	1,153	-	1,750	1,612	54	2,439		7,008	
Average Hourly Rate (£)	480	-	350	273	270	98			
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
	Executive	270	210
	Analyst	50-160	115

Notes

*1 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 21 November 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	18,364	223
Bank & Statutory Reporting	20.7	5.0	22.5	32.3	56.0	-	136.5	38,377	281
Property	20.3	130.7	83.1	91.2	234.9	820.3	1,380.5	247,744	179
Debtors	1.6	-	58.0	30.0	10.5	20.9	121.0	32,615	270
Other Assets	33.2	115.8	81.4	81.2	224.1	21.6	557.3	153,693	276
Trading	9.9	-	17.0	74.8	21.0	174.5	297.0	52,895	178
Retention of Title	0.7	-	-	4.3	-	8.3	13.3	2,289	172
Creditors	4.1	8.0	12.5	105.5	5.5	490.2	625.8	83,456	133
Members	4.8	-	-	2.4	-	-	7.2	2,880	400
Investigations	0.4	-	1.0	7.5	-	93.5	102.4	9,638	94
Legal Issues	4.8	2.0	-	22.7	-	-	29.5	8,828	299
Employee Matters	2.8	-	1.0	193.3	298.6	1.0	496.7	109,013	219
Accounting & Administration	13.8	-	9.9	139.9	123.5	494.3	781.4	117,325	150
Environmental Issues	-	-	-	-	-	-	-	-	N/A
Statutory Duties	4.8	-	4.0	5.9	45.0	55.7	115.4	20,733	180
VAT & Taxation	3.6	-	17.8	19.0	74.6	44.3	159.3	38,232	240
Other Matters	-	-	30.0	12.5	-	13.3	55.8	14,830	266
Total Hours	145.9	261.5	338.2	859.4	1,109.3	2,269.9	4,984.2		
Time Costs (£)	68,883	99,908	116,740	224,934	216,009	231,951		958,424	
Average Hourly Rate (£)	472	382	345	262	195	102			
Category 1 Disbursements	4,825								
Category 2 Disbursements	9,470								
	14,295								

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
	Executive	270	210
	Analyst	50-160	115

Summary of Joint Administrators' Time-Costs and Category 2 Disbursements from 14 December 2007 to 21 November 2008

CW Textiles 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	-	-	1.0	-	-	-	1.0	350	350
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	1.4	-	1.0	5.9	-	16.7	25.0	4,353	174
VAT & Taxation	-	-	-	-	-	-	-	-	N/A
Other Matters	-	-	-	-	-	-	-	-	N/A
Total Hours	1.4	-	2.0	5.9	-	16.7	26.0		
Time Costs (£)	658	-	700	1,612	-	1,733		4,703	
Average Hourly Rate (£)	470	-	350	273	-	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

**Summary of Joint Administrators' Time-Costs and
Category 2 Disbursements from 14 December 2007 to
21 November 2008**

Coloroll (1997) 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	-	-	1.0	-	-	-	1.0	350	350
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
Environmental Issues	-	-	-	-	-	-	-	-	N/A
Statutory Duties	1.4	-	1.0	5.9	-	16.7	25.0	4,353	174
VAT & Taxation	-	-	-	-	-	-	-	-	N/A
Other Matters	-	-	-	-	-	-	-	-	N/A
Total Hours	1.4	-	2.0	5.9	-	16.7	26.0		
Time Costs (£)	658	-	700	1,612	-	1,733		4,703	
Average Hourly Rate (£)	470	-	350	273	-	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	60-150	115

**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.