

## Rule 1.26

## The Insolvency Act 1986

Voluntary Arrangement's Supervisor's  
Abstract of Receipts and PaymentsPursuant to Rule 1.26(2) (b) of the  
Insolvency Act 1986**R1.26**

To the Registrar of Companies

For Official Use

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Company Number

1745110

Name of Company

DMJ Plc

I / We

D.F.Wilson & J.N.R.Pitts  
Devonshire House  
38 York Place  
Leeds  
LS1 2ED

supervisor(s) of a voluntary arrangement approved on

30/03/1998

present overleaf my / our abstract of receipts and payments for the period from

30/03/2000

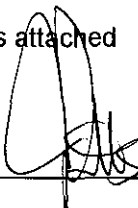
to

29/03/2001

Number of continuation sheets attached

☐

Signed



Date 3 April 2001

Wilson Pitts  
Devonshire House  
38 York Place  
Leeds  
LS1 2ED

Ref: 19910/PD

For Official Use  
Insolvency Sect Post RecHLE  
COMPANIES HOUSE0217  
04/04/01

RECEIPTS	£
Brought forward from previous Abstract (if Any)	1,261,916.18
Bank Interest Gross	5,404.73
Carried forward to * continuation sheet / next Abstract	1,267,320.91

\* Delete as appropriate

Note - The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the appointee since he was appointed.

PAYMENTS	£
Brought forward from previous Abstract (if Any)	1,115,039.51
Office Holders Fees	13,703.00
Office Holders Expenses	443.84
Accountancy Fees	5,455.00
Storage Costs	3,516.00
Preferential Liabilities	2,000.00
Unsecured liabilities	5,321.59
VAT Receivable	4,045.61
Carried forward to	1,149,524.55
* continuation sheet / next Abstract	

\* Delete as appropriate

Note - The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the appointee since he was appointed.

4 April 2001

Our Ref: PD/JG/19910/6

**Annual Report to Creditors of DMJ plc (Under a Voluntary Arrangement)**

**THE REPORT OF THE JOINT SUPERVISORS PREPARED PURSUANT TO RULE 1.26(2) OF THE  
INSOLVENCY RULES 1986**

Dear Sirs

**DMJ Plc(Under A Voluntary Arrangement)**

**TRADING ADDRESS:**

Formerly Langthwaite Industrial Est  
South Kirby, WF9 3NR

**1. Introduction**

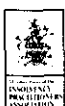
- 1.01 I hereby report as required by Rule 1.26(2) of the Insolvency Rules 1986 to the Court, the Registrar of Companies, the Company and the Members and Creditors as to the progress of the Arrangement since my last report on 22 May 2000.
- 1.02 This report should be read in conjunction with my previous annual reports to creditors dated 21 April 1999 and 22 May 2000.

**2. Receipts and Payments Account**

- 2.01 Attached is a copy of my Income and Expenditure Account for the period 30 March 1998 to 3 April 2001, which I trust you will find to be self-explanatory.

**3. Realisation of Assets**

- 3.01 In my last report of May 2000, I advised that the final Receivership surplus had been passed to ourselves as appointed Joint Supervisors following the Receivers ceasing to act in May 1999.
- 3.02 Further investigation and analysis has been carried out with regard to outstanding unpaid book debts, which we advised in our previous report were not expected to be collectable. The decision has been taken that it is not economically worthwhile pursuing these accounts further as the anticipated costs of collection, if a debt company were properly identified, are outweighed by the potential recovery costs. These amounts will not be pursued further by ourselves as Joint Supervisors.
- 3.03 There are no further expected realisations within the Arrangement, except for accruing bank interest on the funds invested prior to a final distribution to unsecured creditors.



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Offices also at: London, Hull, Kendal & Sheffield

#### **4. Dividends**

- 4.01 By way of recap, through the Administrative Receivership secured creditors were repaid in full. During the course of the Voluntary Arrangement, preferential creditors have now been repaid in full. Distributions totalling 75p in the £ have now been made to unsecured creditors.
- 4.02 Following the finalisation of the company's Corporation Tax liability, I hope to be in a position to make a further distribution to unsecured creditors. As will be explained under the section 'Corporation Tax', I am unable as yet to quantify the final dividend.

#### **5. Corporation Tax**

- 5.01 As I explained in my last annual report and my subsequent circular letter to creditors in September of last year, I have had to reserve the full credit balance currently being held by myself as Supervisor, pending the finalisation of the company's Corporation Tax position, stemming back to the date of Receivership in August 1997 up to the current date. You will recall that a specialist firm of tax accountants were employed to assist in this regard. I have recently received a report from the tax accountants, who have advised that, as a consequence of the appointment of Receivers and subsequently Supervisors, the Corporation Tax computations have been based upon actual receipts and payments rather than income and expenditure. It has also been necessary to make arbitrary accounting period splits between the usual year-end of the company in order to prepare tax computations on the receipts and payments basis.
- 5.02 The computations have now been prepared and the Inland Revenue are soon to receive the first phase of the computations for the artificial accounting period 1 September 1997 to 10 July 1998. The accountants have advised that, provided the Inspector accepts these arbitrary accounting periods and previous information supplied to them, the overall result will be a loss for that period. It is the rationale that, given the company did not trade during the Arrangement, then prerequisite to file accounts for the correct accounting periods may not now apply. If the Inspector agrees these figures the company will have no tax liability for the whole of the period up to 6 May 1999. This then leaves the issue of any corporation tax liability from that date up to the current period. Tax computations have as yet to be prepared for that period but the tax accountants have advised that, if the Inland Revenue accept that the business should now be treated as an investment company, given its cessation of trade, then it may be possible to deduct certain expenses from gross bank interest earned (which is the only income that could be treated as being liable to Corporation Tax), it could be the case that no Corporation Tax liabilities at all would be payable throughout the whole duration of the Receivership and Voluntary Arrangement.
- 5.03 In summary, therefore, if the tax computations are agreed by the Inspector and the status of the company is agreed to be an investment company, there will be no Corporation Tax to pay. I would then be in a position to pay a final dividend to unsecured creditors who have proved within the Arrangement, based upon the total credit balance held, rather than the net balance after accounting for the Corporation Tax payment. I am unable to distribute, however, until the Inspector agrees, or otherwise challenges the assessment of the company's Corporation Tax position. Given the peculiarity of the situation, it is difficult to try and second-guess how the

Inspector will treat the Corporation Tax position of the company. You will recall that, in my earlier report in September 2000, based upon financial information then, the maximum tax liability could have been as large as £166,500. You will therefore appreciate that the Inland Revenue have to concede on a considerable sum and are reliant upon computations drawn from varying accounting periods, given the Receivership and Voluntary Arrangement formerly and currently in place. I am therefore not in a position to distribute on the hope that the computations will be accepted.


**6. Unsecured Creditors**

- 6.01 Upon the agreement of the final Corporation Tax computations, I will give notice to creditors of my intention to pay a final distribution. I would, however, take this opportunity to enclose a schedule of those unsecured creditors who have still not proven their claims and have therefore not received the 75p in the £ dividend already made and will be excluded from any future dividend unless they prove their debt. As regards proven creditors, they total £1,035,075.21.

**7. Remuneration**

- 7.01 My remuneration, pursuant to the Proposals, was agreed to be drawn on a time-cost basis as and when funds within the Arrangement became available. To date, remuneration has been drawn totalling £118,703. In addition, expenses have been drawn totalling £5,221.35. The agreed Nominee's fee was as per the Income and Expenditure account totalling £10,000. The total time charge is made up of 1,102 man hours, which equates to an average hourly charge-out rate of £107.68.

Yours faithfully

  
D.F. Wilson  
Joint Supervisor

DMJ Plc  
(Under a Voluntary Arrangement)

Income And Expenditure Account  
To 04/04/2001

	Total
	£
<b>INCOME</b>	
Surplus From Receivership	1,165,549.96
Bank Interest Gross	30,647.21
Miscellaneous Income	1.56
	<hr/> 1,196,198.73 <hr/>
<b>EXPENDITURE</b>	
Specific Bond	620.00
Office Holders Fees	128,703.00
Office Holders Expenses	5,221.35
Nominees Fee	10,000.00
Accountancy Fees	7,055.00
Legal Fees	37,537.29
Storage Costs	11,136.00
Bank Charges	46.45
Preferential Liabilities	78,607.03
Unsecured liabilities	776,287.05
	<hr/> 1,055,213.17 <hr/>
<b>BALANCE</b>	<hr/> 140,985.56 <hr/>
<b>MADE UP AS FOLLOWS</b>	
VAT Receivable	34,939.20
Floating Current A/c	148.87
Floating Spec Deposit A/c	105,897.49
	<hr/> 140,985.56 <hr/>