

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**

For Official Use

To the Registrar of Companies

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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
from

30/03/2001

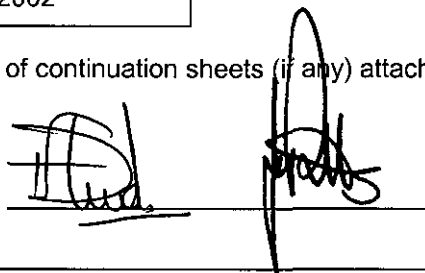
to

29/03/2002

Number of continuation sheets (if any) attached

0

Signed



Date

Wilson Pitts
Devonshire House
38 York Place
Leeds
LS1 2ED

Ref: 19910/PD

For Official Use

Insolvency Sect

Post Room

HLE
COMPANIES HOUSE0171
15/05/02

RECEIPTS	£
Brought forward from previous Abstract (if Any)	1,270,161.24
Bank Interest Gross	2,063.35
Miscellaneous Income	1.36
Uncleared Dividends	775.62
Carried forward to	1,273,001.57
* 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.

PAYMENTS	£
Brought forward from previous Abstract (if Any)	1,179,030.80
Office Holders Fees	18,500.00
Office Holders Expenses	346.32
Accountancy Fees	1,145.00
Legal Fees	1,604.40
Storage Costs	3,516.00
VAT Receivable	4,394.53
Carried forward to	1,208,537.05
* 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.

22 April 2002

Our Ref: PD/JG/19910

Partners: DF Wilson FIPA FABRP
licensed by the IPA
JNR Pitts FCA FABRP
licensed by the ICAEW

ANNUAL REPORT TO CREDITORS OF DMJ Plc (Under A Voluntary Arrangement)

**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 Lanthwaite Industrial Estate,
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 of the Company bound by the Voluntary Arrangement, as to the progress of the Arrangement since my last report on 4 April 2001.
- 1.02 This report should be read in conjunction with my previous annual reports dated 21 April 1999, 22 May 2000 and 4 April 2001.

2. INCOME AND EXPENDITURE ACCOUNT

- 2.01 Accompanying this report is a copy of my up-to-date Income and Expenditure Account for the period 30 March 1998 to 22 April 2002, the contents of which are self-explanatory.
- 2.02 The Income and Expenditure Account shows recoverable Value Added Tax (VAT) of £38,815.01. This would normally have represented recoverable VAT by the company whilst moving forward within a formal Arrangement and therefore be netted off against output VAT. However, the company has ceased trading and has also been in Administrative Receivership. Discussions are currently ongoing with HM Customs & Excise to determine whether the VAT can be recovered for the benefit of CVA creditors. No decision to date has been made. Crown set-off should now no longer apply given that the company's liabilities to the Crown have been discharged by distributions to them within the Arrangement.

3. REALISATION OF ASSETS

- 3.01 As advised in my latest report, the final Receivership surplus has been passed to me for distribution to proven preferential and unsecured creditors. The Administrative Receivers sought release from office and ceased to act on 6 May 1999.

4. DIVIDENDS

- 4.01 As you are aware, preferential liabilities have been settled in full and distributions to date of 75p in the £ have been made to proven unsecured creditors.



INVESTOR IN PEOPLE



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- 4.02 Total proven unsecured creditor claims currently stand at £1,035,374.12. Gross claims as per the Statement of Affairs relating to unsecured creditors stood at £1,233,333. As you can see by way of the differential, a number of creditors have still to formally prove their claims and as yet have received no dividend payment. In accordance with the provisions contained within the Proposal document, before I make a final distribution to unsecured creditors, I am obliged to give statutory notice to unproven creditors allowing them time to formulate and submit a claim. If those creditors do submit satisfactory claims prior to the deadline for proving, and those claims are accepted by myself as Joint Supervisor, I will be obliged to pay to them the 75p in the £ distribution already made. This obviously dilutes significantly the balance of funds available for that final distribution. However, I would point out that it is unlikely that creditors who have not proved after this length of time will bother to prove at this late stage.
- 4.03 Future dividend prospects are dependent on the potential recovery of VAT as referred to above and the agreement of the company's Corporation Tax position with the Inland Revenue, as will be referred to in the next section of this report.

5. CORPORATION TAX

- 5.01 As I have advised creditors previously in my earlier annual reports, I am currently holding the full credit balance as shown in the Income and Expenditure Account as a reserve pending the agreement of the company's Corporation Tax position over the period of the Voluntary Arrangement. I am pleased to advise that the Corporation Tax liability of the company during the course of the Receivership, which commenced on 11 July 1997 and was completed on 6 May 1999, has now been finalised. I am also pleased to report that the computations submitted to the Inland Revenue were accepted in full and a Nil assessment was raised. I have therefore been successful in agreeing that no Corporation Tax was payable on the significant amount of bank interest accrued on the monies invested by the Receivers during their period of office.
- 5.02 I, in conjunction with my advising tax specialist, am now preparing tax computations for the period of the Voluntary Arrangement, which in part overlapped with the Receivership. At one stage both insolvency procedures were running parallel. The tax computations have as yet to be prepared but I am hopeful that once computations are submitted, agreement will again be reached with the Inland Revenue that a Nil assessment should be raised. Until, however, formal agreement is reached, I must reserve the full balance of funds in hand.
- 5.03 The reason for the general uncertainty with regard to the Corporation Tax liability is that taxation for companies under Voluntary Arrangements is in its infancy and since very few companies in an Arrangement are profitable, it is rarely an issue that a Corporation Tax liability arises. Thus, there is no statutory or case law on the subject, which has made it extremely difficult and protracted when reaching agreement in the first instance with the Inland Revenue. It is the opinion of the tax specialist however that the professional costs charged in dealing with the Arrangement, such as my remuneration as Joint Supervisor and that of my instructed Solicitors and Accountants, are an allowable deduction against interest earned. If this is the case, and the Inland Revenue agree, it is hoped that a Nil assessment can be raised as those fees can be deducted from interest earned which in itself would give rise to a tax liability.
- 5.04 Once the position has been agreed, I can take steps, if appropriate, to pay a third and final dividend to proved unsecured creditors.

6. REMUNERATION

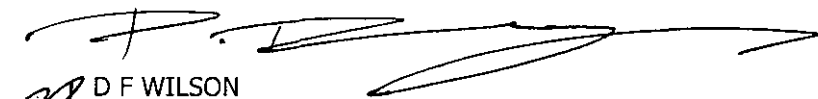
- 6.01 My remuneration as Joint Supervisor was agreed to be drawn on a time cost basis as and when funds became available within the Arrangement. To date, I have drawn remuneration totalling £144,203. In addition, expenses have been drawn totalling £5,603.56. I have also drawn remuneration as Joint Nominee in relation to the preparation of the original Proposal document totalling £10,000. These figures are exclusive of Value Added Tax and are shown within the accompanying Income and Expenditure Account.

- 6.02 Since my last annual report, I have drawn further remuneration of £15,500 in dealing with all aspects of the Arrangement. My time records indicate that those charges accrued in dealing with areas such as preparation of statutory returns to Companies House and general cashiering, the ongoing agreement of creditor claims, general correspondence to Crown departments and trade creditors, generally ensuring compliance with the Proposal approved by creditors, and the agreement of the Company's tax position with the Inland Revenue.
- 6.03 All my time charges have currently been recovered in full except for a small balance outstanding totalling £275.67. This fee will be recovered when the next invoice is raised.

7. **FUTURE PROSPECTS**

- 7.01 The Arrangement will continue pending the agreement of the company's Corporation Tax position covering the CVA period. If no liability arises or the liability is small, I will distribute the balance of monies I am holding by way of a third and final distribution to unsecured creditors who have proved their debts. If the liability is significant the balance of funds will be used to discharge the Corporation Tax liability to the Inland Revenue.

Yours faithfully



D F WILSON
JOINT SUPERVISOR

Enc

DMJ Plc
(Under a Voluntary Arrangement)

Income And Expenditure Account
To 22/04/2002

	Total
INCOME	£
Surplus From Receivership	1,165,549.96
Bank Interest Gross	32,759.38
Miscellaneous Income	2.92
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	1,198,312.26
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EXPENDITURE	
Specific Bond	620.00
Office Holders Fees	144,203.00
Office Holders Expenses	5,603.56
Nominees Fee	10,000.00
Accountancy Fees	8,200.00
Legal Fees	39,141.69
Storage Costs	14,652.00
Bank Charges	46.45
Preferential Liabilities	78,607.03
Unsecured liabilities	775,511.43
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	1,076,585.16
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BALANCE	121,727.10
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MADE UP AS FOLLOWS	
VAT Receivable	38,815.01
Floating Current A/c	120.40
Floating Spec Deposit A/c	82,791.69
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	121,727.10
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