

Rule 1 24/1 54

The Insolvency Act 1986

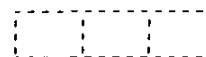
Notice to Registrar of Companies of Voluntary Arrangement Taking Effect

Pursuant to Section 4 of, or paragraph 30 of
Schedule A1 to, the Insolvency Act 1986

**S.4/
Para 30
Sch A1**

For official use

To the Registrar of Companies



Company Number

05922042

Name of Company

(a) Insert full name of company

(a) MERCIA SECURITIES LIMITED

(b) Insert full name and address

I, (b) Ian Michael Rose
Silke & Co Ltd
Silver House
Silver Street
Doncaster
DN1 1HL

(c) Delete as applicable
(d) Insert date

the chairman of meetings held in pursuance of Section 4 of the Insolvency Act
1986 on 14 December 2010 enclose a copy of my report of the said meetings

Signed

Dated

14/12/2010

Presenter's name,
address and reference
(if any)

Ian Michael Rose
Silke & Co Ltd
Silver House
Silver Street
Doncaster
DN1 1HL



SILKE & CO LTD

Silver House - Silver Street - Doncaster - DN1 1HL
Tel 01302 342875 - Fax 01302 342986
Email info@silkeandco.co.uk - Web www.silkeandco.co.uk

TO ALL CREDITORS

Our Ref M3AA/IMR/AH
Date 14 December 2010

When calling please ask for Andrew Hunt

Dear Sir/Madam,

MERCIA SECURITIES LIMITED - COMPANY VOLUNTARY ARRANGEMENT ("CVA")

I am writing to notify you of the result of the meetings of creditors and members in the above matter held on Tuesday 14 December 2010. At the meetings, the directors' proposals for a CVA were approved. Details of the proposal and Notice of the meetings were sent to you on 26 November 2010. A copy of my formal report to the Court on the outcome of the meetings is enclosed with this letter.

I am authorised to act as an insolvency practitioner in relation to the Company, within the meaning of section 388 of the Insolvency Act 1986, by the Insolvency Practitioners Association.

The effect of the approval of the CVA is that all creditors who were given notice of the proposal and were entitled to vote on it, and also every person who would have been so entitled if they had had notice of it ('unknown creditors') are bound by its terms. Under the CVA, management of the Company's ongoing day-to-day activities remains with the directors.

As Supervisor, I will oversee the implementation of the CVA and I will be taking steps to agree the claims of creditors. In this regard, your attention is drawn to the enclosed Statement of Claim form for completion and return. When forwarding the completed form, please enclose copy documentation in support of your claim. Initially, a statement of account will suffice.

If you have any queries regarding this report, or any other matter which you would like to raise, please do not hesitate to contact me.

Yours faithfully



Ian Rose
Supervisor

Enc

MERCIA SECURITIES LIMITED
No 2299 of 2010

**IN THE MATTER OF THE INSOLVENCY ACT 1986 PART I
AND IN THE MATTER OF
MERCIA SECURITIES LIMITED**

Chairman's report on the meetings of creditors and members held at The Holiday Inn Rugby, M1, Junction 18, Crick, NN6 7XR convened pursuant to Section 3 of The Insolvency Act 1986 on Tuesday 14 December 2010

Introduction

This report is submitted to the Court pursuant to Section 4 of The Insolvency Act 1986 and in accordance with Rule 1 24 of The Insolvency Rules 1986

I, Stephen Jones, Senior Manager of Silke & Co Limited in this matter, confirm that I acted as Chairman of the meetings of the creditors and members on Tuesday 14 December 2010

Approval or Rejection of the Proposal

The directors' proposal for a voluntary arrangement was accepted by the creditors and members of the Company

18 modifications to the proposal were made and voted upon prior to the voting on the acceptance or rejection of the proposal

Modifications to the Proposal

The attached resolutions specifying 18 modifications to the proposal were voted upon at the meeting of creditors

Attendance and Voting

Details of creditors and members who attended and how they voted on each resolution are set out in the Appendix to this report

EC Regulation

The supervisor is of the opinion that EC Regulation (1346/2000/EC) applies to the voluntary arrangement and that the proceedings are main proceedings within the meaning of Article 3 of the EC Regulation

Further Relevant Information

A winding up petition was presented against the Company on 23 October 2010 in the Royal Courts of Justice, Strand, court reference 8684 of 2010, and is next due to be heard on the Wednesday 15 December 2010. A request has been made for the petition to be dismissed on the basis that the Company Voluntary Arrangement was approved by creditors and members on Tuesday 14 December 2010

Notice of the result of the meetings of creditors and members will be sent to all creditors and members who received notice of the meetings

A copy of this report shall forthwith be sent to the registrar of companies

Dated 14 December 2010

Signed

A handwritten signature in black ink, appearing to be 'Stephen Jones', written over a horizontal line.

Stephen Jones, Chairman

MERCIA SECURITIES LIMITED

Modifications to the Proposals for a Company Voluntary Arrangement ("CVA") dated 22 November 2010

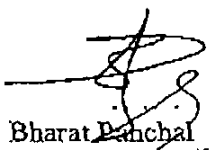
- 1 The HMRC (former IR) claim in the CVA will include PAYE/NIC due to the date, of the meeting to approve the arrangement, [or the commencement of the prior administration] and CTSA / assessed tax for the accounting period(s) ended on or before the date of approval of the arrangement [or date of commencement of the prior administration]
- 2 The HMRC (former HMC&E) claim in the CVA will include assessed tax, levy or duty to the date of approval or [to the date of commencement of the prior administration]
- 3 Set-off of refunds due from the Crown against debts due to the Crown will be in accordance with statute and established legal principles
4. HMRC distress/petition costs are to be paid as an expense of the arrangement, in priority to nominee's fees and supervisor's fees, remuneration and disbursements.
5. The release of the Company from its debts by the terms of the CVA shall not operate as a release of any co-debtor for the same debt;
- 6 The Supervisor shall set aside sufficient funds for Winding Up proceedings against the Company and such funds will rank ahead of any other expenses of the arrangement
- 7 Failure to comply with any express term of the arrangement shall constitute a breach of the Company's obligation under the arrangement. The Supervisor shall work with the Company to remedy any breach of obligation. Rule 1.19 shall apply where any variation is proposed. But if any breach of obligation is not remedied within 60 days of its occurrence this shall constitute default of the CVA that cannot be remedied and the supervisor shall petition for a winding up order
- 8 Should the Company receive or become entitled to any assets/funds which had not been foreseen in the proposal details shall be notified to the Supervisor immediately and such sums shall be paid into the CVA until all costs, creditors' claims and statutory interest have been paid in full. Until costs, claims and statutory interest are paid in full all the Company's other obligations under the arrangement shall continue and the payment shall not reduce the amount of contribution due from the Company
9. Should any voluntary contribution fall 60 days into arrears or fall below the amount specified in the arrangement and remain so after 60 days this shall constitute a failure of the arrangement and the Supervisor shall petition for the compulsory winding up of the Company

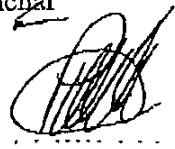
10. If the Company should fail to pay 2 monthly contributions (these need not be consecutive) this shall constitute default of the CVA that cannot be remedied and the Supervisor shall immediately petition for the compulsory winding-up of the Company.
11. The Company will make voluntary contributions as stated in the proposals under 4.3
12. The Supervisor is to conduct a full review every 12 months of the Company's business income and expenditure and obtain an increase of not less than 50% of any rise in the net income after provision for tax
13. The directors are within six months of the approval date to repay in full any outstanding loans made to them by the Company. The Company is within 7 days of receipt to pass all monies recovered to the Supervisor for the benefit of the arrangement. If repayment is not made as required the supervisor is to report to creditors his proposed actions for recovery and his reasons
14. No time limit will apply to HMRC for lodging claims
15. The duration of the arrangement shall not exceed 66 months without the prior approval of a 75% majority in value of creditors' claims voting for the resolutions
16. The arrangement shall not be capable of successful completion until all unsecured, non-preferential creditors claiming in the arrangement have received a minimum dividend of 42 pence/£
17. The Company will not, within 12 months of approval propose a variation to the arrangement that will reduce the yield to creditors below the forecast of £78,000 unless the Supervisor can provide clear evidence that the variation proposal results from changed trading circumstances that could not have been foreseen when the arrangement was approved. For the avoidance of doubt, simple mis-forecasting of business or profitability shall not provide cause for variation. The Supervisor's evidence, supporting financial information and notice of a creditors' vote shall be circulated to creditors giving at least 14 days clear notice. Creditors shall be asked to say whether the costs associated with the variation shall be met from VA funds in the event that it is rejected

- 18 The directors of the Company shall not -
- a) declare or pay any dividend to shareholders for the duration of the voluntary arrangement,
 - b) declare or pay themselves additional remuneration or fees save shall be agreed with creditors representing 75% of voting creditors

We, Bharat Panchal and Paul Vuckovic the Directors of Mercia Securities Limited consent to the above modifications

Dated: 14 December 2010


Bharat Panchal


Paul Vuckovic

MERCIA SECURITIES LIMITED
VOTING SCHEDULE

NAME OF CREDITOR	PROXY	£ PROOF	ADMITTED	FOR	AGAINST	ABSTAIN	INVALID
BSI Mangement Systems	Chairman of the Meeting	4 799 89	£4,799 89		4 799 89		
Cathedral Hygiene	Chairman of the Meeting	425 49	£425 49	£425 49			
HM Customs & Excise	The Chairman of the Meeting	28 447 65	£28 447 65	£28 447 65			
Inland Revenue	The Chairman of the Meeting	25,842 52	£25 842 52	£25,842 52			
TOTALS							
Proofs received		<u>59 515 55</u>					
Admitted to vote			<u>£59,515 55</u>				
Value of votes For				<u>£54 715 66</u>			
Value of votes Against					<u>4 799 89</u>		
Percentage For (of those voting)				91 94			
Percentage Against (of those voting)					8 06		
CONNECTED PARTY VOTE ADJUSTMENT							
Value of votes Against					<u>4799 89</u>		
Value of claims proved excluding							
Connected parties (see* above)			<u>59 515 55</u>				
Adjusted percentage Against					8 06		
RESULT				PASSED			