



**PRESBYTERIAN MUTUAL SOCIETY LIMITED
(IN ADMINISTRATION)**

HIGH COURT OF JUSTICE CASE No. 09/1140

**ADMINISTRATOR'S SIX MONTHLY PROGRESS REPORT PURSUANT
TO RULE 2.048 OF THE INSOLVENCY RULES (NORTHERN IRELAND)
1991 (as amended)**

15 June 2010

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If you have a query which is not dealt with in the Questions and Answers in Appendix 5, please do not hesitate to contact a member of staff at the Society by telephoning (028) 9031 1232. In the event that the telephone lines are busy, you can also fax or email your telephone details for a call back (fax)(028) 9031 1441 or (email) pms@arthurboyd.co.uk

1. LETTER TO MEMBERS



TO ALL KNOWN CREDITORS / MEMBERS

15 June 2010

Dear Sir/Madam,

Re: The Presbyterian Mutual Society Limited (In Administration) (the “Society”)

Further to my appointment as Administrator of the Society, I enclose my six monthly progress report in accordance with Rule 2.048 of the Insolvency (Northern Ireland) Rules 1991 (as amended) (the “Rules”). I am required by the Rules to issue my progress reports with a Form 2.24B which is attached at Appendix 5.

During the course of the Society’s administration, I am required to prepare a report on the progress of the administration every six months of the administration. The Rules require me to issue each progress report to creditors of the Society, the High Court and the Registrar for Industrial & Provident Societies. This report relates to the period 17 November 2009 to 16 May 2010.

In light of Mr Justice Deeny’s recent directions in relation to the treatment of withdrawable share capital holders in the Society, I am not now obliged to send a copy of my report to the holders of withdrawable share capital holders as they are not “creditors” of the Society. However, you will see from section 9 of my report that I have been directed by the High Court to include a representative of the withdrawable share capital holders in the creditors’ committee. On this basis, I have decided to continue sending my progress reports to all members of the Society.

I am aware that the failure of the Society and the plight of those affected remains in the public spotlight. Since my last report there have been a number of developments. One of those was the publication of a report by the House of Commons Treasury Select Committee on the failure of the Society on 18 February 2010. The report highlighted some of the complexities in relation to the regulation of the Society and I welcome the fact that Society's predicament was so carefully considered by the Treasury Committee

I also welcome the approval, in principle, by the Northern Ireland Executive on 16 April 2010 of a support package for the Society. I am unable to comment on the details of that package at this stage but can assure the members/creditors of the Society that in any discussions about a solution for the Society, I will strive to get the best available deal for all those affected by the failure of the Society.

I have also recently been made aware of a further development. I understand the Conservative-Liberal Democrat coalition proposes to re-examine the options for the Society. I welcome this development and await further confirmation and clarity around this. I am available to meet with, and assist, any party who believes that they can bring a solution to the current situation.

While these developments would indicate that some progress is being made in finding a solution for the Society, the Administration process must continue. In my role as Administrator I will continue to work tirelessly towards an outcome which is in your best interests. I cannot always be as forthcoming as I would wish about potential solutions but, as I have previously advised, this is because of legal or other reasons.

Once there are further developments to report, I will write to all members and creditors to keep you informed.

Yours faithfully,



Arthur Boyd
Administrator of Presbyterian Mutual Society Limited

The affairs, business & property of the Presbyterian Mutual Society Limited are being managed by Mr Arthur Boyd FCA, as Administrator. Mr Boyd is a licensed Insolvency Practitioner authorised by the Institute of Chartered Accountants in Ireland, and acts as agent of the Society without personal liability.

Partners: Arthur Boyd FCA, Paula Watson FCA



2. INTRODUCTION

- 2.1 You will recall that Arthur Boyd FCA, FABRP of Arthur Boyd & Company was appointed Administrator of the Society on 17 November 2008, following special legislation being passed on 14 November 2008 which permitted the Society to enter into administration.
- 2.2 The Administrator's proposals were sent to all creditors on 12 January 2009 (the "Administrator's Proposals") and the Administrator's Proposals were approved by the required majority of votes. Attached at Appendix 2 to this report is a copy of the approved proposals.
- 2.3 The Administrator's previous progress reports were sent to members/creditors on 15 June 2009 and 15 December 2009. Updates have also been sent to members/creditors or posted on the Society's website on www.presbyterianmutualsociety.co.uk from time to time.
- 2.4 This report is the Administrator's third six month progress report in accordance with Rule 2.048 of the Rules. A copy of this report has been filed with the High Court and the Registrar for Industrial & Provident Societies.
- 2.5 This report relates to the progress of the administration during the period 17 November 2009 to 16 May 2010.

3. PROGRESS REPORT: GENERAL

- 3.1 You will have seen from the previous report dated 15 December 2009 that the Administrator had made an application to the High Court for directions on a number of issues relating to the administration of the Society. At the time of writing my last report, the outcome of the application was not known.
- 3.2 The reasons for making the application are set out in paragraphs 3.5 to 3.9 in the Administrator's previous report dated 15 December 2009.
- 3.3 As part of the Administrator's application for directions, he asked the High Court for the following:
 - 3.3.1 permission to make a distribution (which he was required to do by law);

- 3.3.2 a direction as to whether the Administrator should make a distribution to both loan capital holders and share capital holders;
- 3.3.3 a direction as to how set off should be applied for members with borrowings from the Society; and
- 3.3.4 an Order extending the period of the administration which was due to come to an end on 16 May 2010
- 3.3 One of the Society's members, the Howie Christian Charitable Trust, was a party to the Administrator's directions application. The reason for this was that the Howie Christian Charitable Trust had also issued legal proceedings for *inter alia* a declaration that the holders of withdrawable share capital should not be treated as creditors of the Society. As part of the Administrator's application for directions related to the treatment of withdrawable share capital, the Administrator was advised by his legal advisers to make the Howie Christian Charitable Trust a notice party to the directions application.
- 3.4 The Administrator's application for directions was first heard by Mr Justice Deeny on 17 December 2009. However due to the complexities in relation to the nature of the withdrawable share capital, Mr Justice Deeny adjourned the Administrator's application and directed that Senior Counsel should be appointed to represent not only the interests of the Howie Christian Charitable Trust but also the interests of other loan capital holders and withdrawable share capital holders.
- 3.5 The Administrator's application for directions was heard by Mr Justice Deeny on 27 and 28 January 2010 and his judgment on the treatment of withdrawable share capital holders was handed down on 12 February 2010. The judgment confirmed that *inter alia* the holders of withdrawable share capital cannot be treated as creditors in the administration and consequently are only entitled to receive a distribution after the creditors of the Society have been repaid in full. A copy of Mr Justice Deeny's judgment can be found on www.courtsni.gov.uk.
- 3.6 Following Mr Justice Deeny's judgment the Administrator returned to the High Court on 18 and 19 March 2010 for a further hearing to deal with the extension of the administration, set-off and to seek permission to make a distribution to creditors. The Administrator also asked for clarification from Mr Justice Deeny on an issue which arose as a consequence of his judgment on the treatment of withdrawable share capital holders. In the period leading up to the Administration on 17 November 2008, a number of withdrawable share capital holders had requested repayment of their share capital but were

refused on the basis that a 21 day notice period had been imposed by the directors of the Society as there were insufficient funds. The Administrator asked Mr Justice Deeny to clarify whether those withdrawable share capital holders should be treated as creditors also.

- 3.7 Following the hearing on 17 and 18 March 2010 the following directions were given by the High Court:
- 3.7.1 that the Administrator be permitted to make a distribution to creditors of the Society;
 - 3.7.2 that the borrowers of the Society holding loan capital in the Society be entitled to apply set-off in respect of their borrowings and loan capital in a prescribed manner;
 - 3.7.3 that the Administrator must apply set-off in a manner prescribed by Mr Justice Deeny when making distributions to loan capital holders who are also borrowers of the Society;
 - 3.7.4 that the period of the administration be extended by one year until 16 May 2011;
 - 3.7.5 that the Administrator should correspond with creditors and members to set up a committee in the manner set out in section 9 of this report; and
 - 3.7.6 where a withdrawable share capital holder made an application for repayment prior to 25 October 2008, that person could be a creditor if sufficient evidence can be provided to the Administrator's satisfaction of such an application being made.
- 3.8 The Administrator wrote to the members and creditors on 19 March 2010 outlining how Mr Justice Deeny's directions impacted on their loan/share holding in the Society. A small number of claims have been received from withdrawable share capital holders who believe that they should be treated as creditors as a consequence of a previous request for repayment. The majority of those claims have been dealt with.
- 3.9 The Administrator notified the creditors of the Society on 19 March 2010 of his intention to declare a first interim dividend to the Society's creditors. A first interim dividend to the Society's creditors was subsequently declared and paid on 30 April 2010. As part of this process, the Administrator identified those loan capital holders/borrowers to which the directions on set-off would apply and wrote to those loan capital holders/borrowers separately. To date, circa £1.6 million of amounts due to loan capital

holders have been applied by way of set-off in respect of their borrowings in accordance with the directions from the High Court.

- 3.10 Whilst the period of the administration has been extended by one year, the Administrator does have the right to seek further extensions if necessary.
- 3.11 The Administrator has outlined the process for establishing a creditors' committee at section 9 of this report.
- 3.12 The total legal costs for the application for directions are estimated to be in the region of £190,000 excluding VAT. This includes the costs incurred by the Howie Christian Charitable Trust which must be paid as an expense of the administration. The Administrator has not yet approved the legal costs for this application for directions.
- 3.13 Work has continued on obtaining formal agreement of members/creditors' balances with the Society to ensure the Society's records are accurate and to enable them to be included in any distributions that are made. As at the date of the distribution, over 98% of creditors' holdings had been formally confirmed but a small number of creditors had not replied to the Administrator's correspondence and were excluded from the distribution.
- 3.14 The Society continues to employ two full time staff to assist the Administrator and his staff with the day to day work of the Society.

4. PROGRESS REPORT: THE LOAN BOOK

- 4.1 Based on the Administrator's most recent valuations, the Administrator estimates the recovery on the advances made by the Society to be as follows:

Nature of advance	Amount £'M	Estimated Recovery
advances to congregations	8	8
advances secured on		
- own homes	7	6
- houses for sale	3	2
- agricultural land	24	20
- other forms of security	3	2
- buy to let properties	24	16
- commercial property	17	9
- building sites and development land	86	33
TOTAL	172	96

- 4.2 The estimated recovery figure is based on the initial valuations at the beginning of 2009, less monies received since the date of the Administrator's last report. The estimated recovery figures reflect the original provision of at least 40% which has been recommended by the Administrator's property advisers in relation to loans secured against property.
- 4.3 The loans advanced by the Society to borrowers are secured primarily by charges or mortgages granted over property. However, the value of property in the current climate is very uncertain. The Administrator is receiving regular advice on the state of the property market in areas in which the Society has benefit of security over property.
- 4.4 The Administrator's lawyers have continued their review of title of properties pledged as security to the Society and are locating and collecting in all relevant title deeds. Where appropriate, additional legal arrangements have been made with borrowers to ensure that the Society has both control and necessary security over the relevant assets.
- 4.5 As previously mentioned the Administrator has received a significant number of requests to redeem security or refinance borrowings with the Society. However, many of these have been unable to progress due to the increasing difficulties with obtaining refinance in the current market. During the last six months a further 129 loans have been redeemed, making a total of 357 since 17 November 2008.
- 4.6 As stated in earlier reports, some borrowers are unable to meet their obligations and arrears are rising. This impacts on the realisations for the Society and this matter is being monitored very closely by the Administrator and his staff who have continued to follow up loans in arrears. Where a borrower is experiencing difficulty because of the Society's difficulties or otherwise, the Administrator and his staff are trying to work with the borrower to find a suitable solution.
- 4.7 Where any borrower is in serious default and does not co-operate with the Administrator, the Administrator has the option of charging default interest. This right is in the process of being exercised in a small number of cases.
- 4.8 At the present time a small number of legal actions are ongoing against borrowers who have defaulted in repayments of their loans.
- 4.9 Legal proceedings are continuing against a number of parties involved in several loans which were made available to one of the Society's borrowers. The Administrator believes that the Society suffered a loss as a consequence

of the actions of the parties involved but is unable to comment any further on these proceedings at this stage.

5. PROGRESS REPORT: BUY TO LET /DEVELOPMENT LAND

- 5.1 The Administrator's property advisers have continued to inspect and report to him on development land and buy to let properties against a background of flat to negative news on the property market in the UK. In general, sale prices have been around the same over the period to which this report relates, but it has been more difficult to secure sales for a number of reasons, including the reduction in the Stamp Duty threshold to £125,000 in December 2009 and the state of uncertainty over the wider economy, which has led to a reduction in confidence.
- 5.2 Some of the Society's borrowers are securing sales of completed properties. The Administrator is consenting to such sales provided he is satisfied with the value being received for the properties concerned. The sale proceeds received will be used to reduce that borrower's debt to the Society and increase the amount available for distribution by the Administrator.
- 5.3 In a small number of cases, the Administrator has allowed a small proportion of the sale proceeds to be used to finish off partially completed properties on the same development so that more properties can be realised.
- 5.4 The Administrator has put in place a number of legal agreements to protect the Society's interests, particularly where borrowers were at risk of insolvency proceedings. On several occasions, such legal agreements have included assets owned by borrowers but charged in favour of the Society being transferred to the Society so that such assets are now owned by the Society and directly under the Administrator's control. On the advice received from the Administrator's property advisers, steps are being taken by the Administrator to put such properties up for sale or rental so as to maximise the realisations for the Society.
- 5.5 As previously reported the Administrator is overseeing the completion of some part-completed development sites which were ready for sale or required minimum expenditure to go on the market, both to release monies for the Society and to enable other projects to be funded and progressed to completion. Over £1million of realisations have been made to date. The initial sales are at current market prices which are very much lower than two years ago but, whilst losses in completing work in progress in the current

market cannot be avoided, the Administrator and his advisers are endeavouring to minimise such losses where possible.

- 5.6 The Administrator's property advisers continue to be in discussions with DOE Planning Service, where appropriate, to ensure that where planning applications have been made and impact directly or indirectly on sites charged in favour of the Society, that the value of those sites is maximised for the benefit of the Society.
- 5.7 On the basis of the realisation strategies considered to date, it is clear that the time required to obtain the best possible prices for many of the sites will be in excess of 5 years.

6. PROGRESS REPORT: INVESTMENT PROPERTIES

- 6.1 The Society owns a portfolio of 13 commercial properties, 5 based in England, 7 in Scotland and one in the Isle of Man together with the Society's offices in Belfast (the "Investment Property").
- 6.2 The Administrator is pleased to report that the three vacant sites have now been re-let. The Administrator has worked closely with his property agents to ensure that the best possible terms were obtained for the vacant sites in the current climate. The terms of the re-letting reflect the downturn in the property market and the increase in vacant units available. In the case of the properties in Carlisle and Stirling previously occupied by Principles and Rosberys a rent free period was agreed with the tenant and in respect of the property at Stirling, previously occupied by Woolworths, a £450k contribution towards improvements was agreed with the tenant. Particular difficulties arose following the vacation of this unit. The Administrator's property agents had to deal with flooding over the extremely cold Christmas period and then a number of other difficult problems involving fire escape access and the removal of asbestos material had to be addressed to enable the re-letting to proceed.
- 6.3 The units at Carlisle and Stirling have been re-let to Semichem, part of the Scotmid Group, and the main unit in Stirling has been re-let to H & M Hennes.
- 6.4 The current rental income received from the Investment Property is £7.4 million per annum and the Administrator has been advised that this should increase to £7.7million per annum when the rent free periods referred to in paragraph 6.2 have expired.

- 6.5 The Society has continued to operate from its offices at Glengall Exchange, and as previously reported the Administrator will be reviewing the position of the Society's offices on an ongoing basis to establish whether these can be let out in whole or part to generate further income.
- 6.6 Given the current uncertainty in the property market in the UK, the Administrator's property advisers have indicated that the valuations of the Investment Properties are likely to be in the region of £99 million.
- 6.7 The Administrator has been advised that it would not be in the interests of the Society or its members/creditors to dispose of the Investment Property portfolio at the present time, due to current market conditions, but the Administrator is keeping this under regular review.

7. INVESTIGATIONS

- 7.1 As previously advised, the Administrator is required to conduct investigations into the conduct of the Society's directors and to report his findings to DETI.
- 7.2 A final submission was forwarded to the DETI on 9 July 2009. The contents of this report are confidential and cannot be made available to members or creditors of the Society. The Administrator is currently assisting DETI with its ongoing enquiries into the affairs of the Society.

8. RECEIPTS & PAYMENT ACCOUNT

- 8.1 The Administrator has provided at Appendix 3 to this report his receipts and payment account for the period 17 November 2009 to 16 May 2010.
- 8.2 The rental income received is below expectation due to the continuing vacant units for the majority of the period.
- 8.3 The mortgage interest received in the period is less than anticipated and reflects both slow payments and financial problems being experienced by many borrowers.
- 8.4 The Administrator has continued to follow up those in arrears and to actively encourage borrowers to refinance where possible. The difficulties in obtaining alternative bank finance have meant that progress has been slow.

- 8.5 The legal fees reflect the significant input required by the Administrator's legal advisers in dealing with complex issues in this Administration, in particular:
- 8.5.1 the ongoing review of title and security;
 - 8.5.2 ongoing advice on matters arising during the course of the administration;
 - 8.5.3 negotiating and documenting arrangements with borrowers in financial difficulty;
 - 8.5.4 monitoring the formal legal release documents where loans have been discharged;
 - 8.5.5 issuing proceedings against parties involved in transactions funded by the Society and referred to in paragraphs 4.7 – 4.8 of this report; and
 - 8.5.6 dealing with the application for directions referred to in section 3 of this report.
- 8.6 At 16 May 2010, the total costs for the Court directions referred to in paragraph 3.12 have not been agreed by the Administrator.
- 8.7 The Administrator's remuneration has been fixed on a time cost basis by reference to the time spent by the Administrator and his staff in attending to matters arising out of the Administration. The Administrator has attached at Appendix 5 a schedule which summarises the time that has been spent in attending to matters arising in the period following the Administrator's appointment to 16 May 2010. In summary the Administrator and his staff have spent 6846.7 hours totalling £707,092 at an average charge out rate of approximately £103 per hour from 17th November 2008 to 16th May 2010.
- 8.8 Property advisers' fees reflect the ongoing time spent visiting and appraising properties and sites held as security for loans; ensuring that planning issues and related matters are being dealt with; and rental income is being maximised and accounted for. They are also advising on planned realisations and value, together with assistance in progressing uncompleted development sites to completion. Part of these fees will be recoverable against realisations.

9. CREDITORS' COMMITTEE

- 9.1 On 18 March 2010, the High Court approved a process for constituting a creditors' committee.
- 9.2 The Administrator has been directed by the High Court to seek nominations from creditors within certain classes of creditors. Each class is entitled to have one representative on the creditors' committee. Details of the classes of creditors have been set out below:

Classes of creditors
Original claims up to £46,000
Original claims between £46,001 to £94,000
Original claims between £94,001 to £187,000
Original claims between £187,001 to £425,000
Original claims above £425,001

- 9.3 By constituting a creditors' committee based on different classes of creditors, the committee should then be representative of all the wide range of creditors' interests in this administration. The classes of creditors will be determined by the value of claims admitted by the Administrator.
- 9.4 While shareholders are not strictly entitled to be on the creditors' committee, the Administrator will seek nominations from the holders of withdrawable share capital for one representative who will sit on the committee as an observer. Mr Justice Deeny indicated during the application for directions that this would be an appropriate course of action in the circumstances. This essentially means that the representative for withdrawable share capital holders will be able to attend the committee meetings but will not be permitted to vote on any resolutions which may be required
- 9.5 If you wish to represent one class of creditor on the creditors' committee, you must:
- 9.5.1 be a creditor of the Society within that particular class of creditors who has proved their claim to the satisfaction of the Administrator;
- 9.5.2 receive nominations from ten other creditors within that class who have proved their claim to the satisfaction of the Administrator; and

- 9.5.3 return the attached nomination forms to the Administrator, duly completed, on or before 31 August 2010.
- 9.6 If you wish to represent the withdrawable share capital holders, you must:
- 9.6.1 be a holder of only withdrawable share capital in the Society (*ie* you must not hold loan capital also) and your claim must have been proved to the satisfaction of the Administrator;
- 9.6.2 receive nominations from ten other holders of only withdrawable share capital (*ie* they must not hold loan capital also) who have proved their claim to the satisfaction of the Administrator; and
- 9.6.3 return the attached nomination forms to the Administrator, duly completed, on or before 31 August 2010.
- 9.8 The Administrator has given a period of some ten weeks for nominations for the creditors' committee to be received. He has done so because he recognises the practical difficulties that might face creditors in gathering together ten signatures; the possibility that in some cases a congregation or other body might need to meet; and the fact that July and August are holiday periods for some people.
- 9.9 Once the nominations have been received and verified, the Administrator will write to creditors/members as soon as practicable thereafter to conduct a postal vote on the nominations.

10. STATUTORY INFORMATION

Court details for the Administration:	High Court of Justice, Chancery Division Chichester Street Belfast No 09/1140 of 2008
Full name:	Presbyterian Mutual Society Limited (In Administration) Glengall Exchange Glengall Street Belfast BT12 5AB
Registered number:	IP00275
Administrator	Arthur J Boyd FCA Franklin House 12 Brunswick Street Belfast BT2 7GE
Date of appointment	17 November 2008
Appointer	The directors of the Company
Details of extension to initial period of appointment	The creditors voted to approve the Administrators proposal 4 so as to extend the Administration by 6 months. The court has approved a further extension of the Administration for 12 months.
Proposed end of the Administration:	16 th May 2011

11. ADDITIONAL INFORMATION

Activity:	To promote thrift among members of the Presbyterian Church and to create source of credit for the benefit of its members at a fair and reasonable rate of interest
Society directors:	Rev. S. Sidlow McFarland, Mr. David Clements, Rev. Alistair Bill, Mr. Philip Black, Mr. John Boggs, Mr. George E.G. Burns, Rev Robert Cobain, Mr Colin Dougan, Mr Alan Hewitt*, Miss Aileen Graham, Mr Alan McAdoo, Rev David McConaghy, Mr Albert McCormick, Mr H Mark Orr, Mr Wallace Pepper, Rev Derek Poots, Mr John Robinson, Mr James W Russell, Mrs Phyllis Sleith, Rev Shaw Thompson <i>*Resigned 30th September 2008</i>
Society secretary:	Mr. D.H. Colin Ferguson
Objective pursued by the Administrator:	To achieve a better result for the creditors as a whole than would be likely if the Society were wound up (without first being in administration)
The European Regulation on Insolvency Proceedings:	The EC Regulation on Insolvency Proceedings will apply to this Administration, and these proceedings will be the main proceedings because the Society's centre of main interest is in the UK
Whether the Administrator intends to apply to Court under Article 150A(5)	Not applicable

APPENDIX 1

QUESTIONS & ANSWERS

Note: Previous member communications and associated documents provide a range of information that might answer some of the questions that members have. The Administrator has established and maintains a website – www.presbyterianmutualsociety.co.uk - which contains all the relevant documents.

Q. If I am elected to the creditors' committee to represent a particular class of creditors, what will my role be?

A. You may be asked by the Administrator to attend meetings of a creditors' committee. Alternatively, a creditors' committee can request a meeting with the Administrator. Members of a creditors' committee are not entitled to payment or remuneration for serving on a committee but may claim for reasonable travelling expenses incurred in attending meetings.

Rule 2.053 of the Insolvency Rules (Northern Ireland) 1991 (as amended) states that the function of a creditors' committee is to "*assist the administrator in discharging his functions, and act in relation to him in such manner as may be agreed from time to time*". In practice, a creditors' committee in an administration does not act in an advisory capacity but as a "sounding board" for an Administrator in relation to the views of creditors. Whilst the Administrator of the Society does have to provide a creditors' committee with information about the exercise of his functions, it is important to bear in mind that there may from time to time be other legal obligations on the Administrator which prevent him from discussing certain aspects of the administration.

Q. I need to talk to somebody urgently about my financial position or that of a relative - who do I contact?

A. Members can contact the Society:
By telephoning **(028) 9031 1232**
By faxing a request for a call back to **(028) 9031 1441**, or
By emailing for a call back to pms@arthurboyd.co.uk

You can also write to:
The Administrator
Presbyterian Mutual Society
Glengall Exchange
Glengall Street
Belfast BT12 5AB

APPENDIX 2

THE ADMINISTRATOR'S PROPOSALS (AS APPROVED)

First Proposal

That the Administrator continues to manage the affairs and property of the Society and finance this from the income received by the Society in such manner as he considers expedient with a view to achieving a better result for the Society's members as a whole than would be if the Society were wound up.

Second Proposal

That the Administrator shall do all such other things and generally exercise all his powers as Administrator as he, in his discretion, considers cost effective and desirable in order to achieve the purpose of the Administration, to protect and preserve the assets of the Society, to maximise their realisations or for any other purpose incidental to these proposals.

Third Proposal

That the Administrator's remuneration be agreed on a time cost basis by reference to the time properly given by the Administrator and his staff in attending to matters arising in the Administration.

Fourth Proposal

That the members agree to a six month extension of the Administration, if deemed necessary by the Administrator.

Fifth Proposal

That the Administrator puts forward a formal arrangement for the members to consider pursuant to either Part 1 of the Insolvency (Northern Ireland) Order 1989 or Part 26 of the Companies Act 2006, that such arrangement shall incorporate the existing rules of the Society and/or such other terms as the members may approve and that the arrangement shall make provision for a distribution to be made as soon as is practicable. Failing the approval of such an arrangement by the members/creditors, the Administrator may proceed to put the company into a Creditors Voluntary Liquidation with Mr Arthur Boyd being proposed as Liquidator.

APPENDIX 3

ADMINISTRATOR'S RECEIPTS & PAYMENTS FOR THE PERIOD 17th NOVEMBER 2009 TO 16th MAY 2010

RECEIPTS	<i>6 months to 16/5/10 £'000</i>	<i>Period to 16/5/10 £'000</i>
Rental income from investment properties	3,808	11,086
VAT on rental income	524	1,434
Mortgage interest on advances	1,116	3,926
Bank interest	125	473
Capital repayments on mortgage advances	5,499	14,805
Investments received post-administration (to be returned)	-	2
	11,072	31,726
PAYMENTS		
Pre administration expenses	-	47
Office overheads and running expenses	<i>Note 1</i> 100	324
Premises expenses	<i>Note 2</i> 22	41
Premises expenses-investment properties	450	450
VAT payments	520	1,236
Legal fees post administration	334	646
Administrators fees	258	730
Administrators expenses	<i>Note 3</i> 148	258
Printing and related costs	15	49
Property advisers and valuation fees	80	308
VAT on legal and professional fees	75	273
Investments received returned to members	0	24
First distribution payment	24,301	24,301
	26,303	28,687
Net receipts in period	-15231	3,039
Opening bank balance	23,044	4,774
Closing balance 16 May 2010	7,813	7,813

Notes:

Category 1 disbursements do not require approval by members/creditors. The type of disbursements that may be charged as a category 1 disbursement to a case generally comprises external supplies of incidental services from third parties specifically identifiable to the case, such as fees of professional advisers, printing, postage, case advertising, external printing, room hire, fees for swearing legal documents and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. Apart from bulk photocopying, which may be required for this specific case and which is charged per sheet at the standard charge used by this office, we do not anticipate any other expenses to be recharged as a Category 2 expense, which requires the approval of creditors.

<i>Note 1</i>	6 months	Period
Overheads and running expenses	to 16/5/10	to 16/05/10
	£	£
Salaries and pensions *	34,114	179,684
Professional services **	60,351	110,077
Property expenses	-	8,862
Postage telephone and stationery	2,406	15,730
Sundry expenses	3,494	8,388
Office Equipment	-	1,315
	<u>100,365</u>	<u>324,056</u>

<i>Note 2</i>	6 months	Period
Premises	to 16/5/10	to 16/05/10
	£	£
Insurance and service charges ***	8,539	19,197
Heat & Light	1,399	4,651
Building Maintenance	87	1,563
Rates	10,636	11,187
Cleaning	1,081	3,937
	<u>21,742</u>	<u>40,535</u>

<i>Note 3</i>	6 months	Period
Administrators expenses	to 16/5/10	to 16/05/10
	£	£
PR and media costs	19,642	46,570
Insurance and bonding costs	-	9,305
Costs of property completion ***	122,033	148,966
Other costs re planning etc ***	5,510	46,055
Cost of Statement of Affairs	-	4,750
Preparation of Vat returns	-	450
Statutory advertising	523	923
Miscellaneous	129	653
	<u>147,837</u>	<u>257,672</u>

Notes

* *includes staff termination costs*

** *comprises computer maintenance, agents fees for managing property including legal fees re lease extensions*

*** *part of these costs are recoverable*

APPENDIX 4

ANALYSIS OF TIME AND COSTS FOR THE PERIOD FROM 17TH NOVEMBER 2008 TO 16TH MAY 2010

	The Administrator		Partner/manager		Other professional staff/ support		Total hours	Total cost £	Average cost per hour £
	hours	cost £	hours	cost £	hours	cost £			
Administration and planning	496.8	91907.50	151.0	20135.00	276.8	13303.85	924.6	125346.35	136
Trading	694.6	128491.75	70.4	9781.00	1097.9	49506.00	1862.9	187778.75	101
Investigations	214.0	39590.00	17.6	2356.50	12.1	474.65	243.7	42421.15	174
Realisation of assets	467.7	86525.00	644.4	89561.00	1395.6	60916.00	2507.7	237002.00	95
Members/creditors	394.5	72982.50	69.1	9279.00	844.2	32263.15	1307.8	114524.65	88
	<u>2267.6</u>	<u>419496.75</u>	<u>952.5</u>	<u>131112.50</u>	<u>3626.6</u>	<u>156463.65</u>	<u>6846.7</u>	<u>707072.90</u>	
Average hourly rate		<u>185.00</u>		<u>137.65</u>		<u>43.14</u>		<u>103.27</u>	

Normal hourly charge out rates

	£	Abated Rate for PMS £
Administrator	225	185
Partner	165	140
Senior Manager	135	115
Senior staff	71-80	61
Other staff	40-55	35-50

Where remuneration has been approved on a time cost basis, a periodic report will be provided to members/creditors. The report will provide a breakdown of the remuneration drawn and will enable recipients to see the average rates of such costs.

The Insolvency (Northern Ireland) Order 1989

2.24B**Administrator's Progress Report**

Name of Company Presbyterian Mutual Society Limited in administration	Company number IP0075
In the High Court of Justice in Northern Ireland Chancery Division (Company Insolvency)	Court case number 09/1140

(a) Insert full name(s) and address(es) of administrator(s)

I/We (a) **Arthur Boyd**
of **Arthur Boyd & Company**

Franklin House

12 Brunswick Street, Belfast BT2 7GE

Administrator(s) of the above-named company attach a progress report for the period

from

to

(b) insert dates

(b) **17 November 2009**(b) **16 May 2010**

Signed


~~Joint~~ Administrator(s)Dated **15 June 2010**

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies Registry 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

Arthur Boyd & Company	
Franklin House, 12 Brunswick Street	
Belfast BT2 7GE	Tel 028 9032 9255

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies Registry, Waterfront Plaza, 8 Laganbank Road, Belfast BT1 3BS

