



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

HIGH COURT OF JUSTICE CASE No. 09/1140

**ADMINISTRATOR'S PROGRESS REPORT PURSUANT TO RULE 2.048
OF THE INSOLVENCY RULES (NORTHERN IRELAND) 1991 (as amended)
for the period 17 November 2012 to 7 November 2013**

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If you have a query, 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 either info@presbyterianmutualsociety.co.uk or pms@arthurboyd.co.uk).

1. LETTER TO MEMBERS

TO ALL KNOWN CREDITORS / MEMBERS

7 November 2013

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 final report for the period 17 November 2012 to 7 November 2013 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 report with a Form 2.32B, giving notice of the end of Administration, which is attached at Appendix 3.

As previously reported, under the Scheme of Arrangement, the Joint Supervisors, Arthur Boyd of Arthur Boyd & Company and John Hansen of KPMG, have taken over the running of the Presbyterian Mutual Society Limited from the Administrator. In summary, the Joint Supervisors are responsible for the orderly realisation of its assets; repayment of the Department of Enterprise Trade and Investment Northern Ireland (DETINI) loan plus interest; and, if sufficient recoveries can be made, further payments to creditors/members, although it is not anticipated this will be before 2021, if at all.

I have now completed the legal actions which were undertaken previously and am passing over the remaining cases where writs have been issued by PMS, so they can be continued by the Joint Supervisors under the Scheme of Arrangement.

Unclaimed cheques from the Administrator’s original distribution had been reissued at the Creditors’ Committee request. A number of these have still not been cashed within the six month period to 4 October, therefore at the creditors committee’s direction, the amount remaining in the distribution bank account has been transferred to the Joint Supervisors Scheme operating account.

Due to the legal and distribution issues outstanding at May 2013, I applied to the court and was granted a further extension of six months to the Administration, so that I could finalise all outstanding matters.

I am now in a position to close the Administration, as the purpose of the Administration has been sufficiently achieved through the Scheme of Arrangement being put in place, which permitted loans to be made by DETINI and the Presbyterian Church in Ireland (PCI) to PMS. The monies were applied by me as Administrator, in making distributions to members/creditors of between 77p and 100p in the £ in accordance with the scheme. Whether any further distribution will be made to members/creditors depends on the level of recoveries made from PMS’s loans and property assets over the period of the DETINI loan to 2021.

I would like to thank everyone who has assisted in achieving such a positive result in this administration

Yours faithfully

A handwritten signature in black ink, appearing to read 'Arthur Boyd', is written over a horizontal line. The signature is fluid and cursive.

Arthur Boyd
Administrator of Presbyterian Mutual Society Limited

The affairs, business & property of the Presbyterian Mutual Society Limited were being managed by Mr Arthur Boyd FCA, as Administrator acting as agent of the Society without personal liability. Following implementation of the Scheme of Arrangement, The affairs, business and property of Presbyterian Mutual Society Limited are being managed by Arthur Boyd and John Hansen as Joint Supervisors. Arthur Boyd and John Hansen are both licensed Insolvency Practitioners and are licensed by Chartered Accountants Ireland. The Joint Supervisors act as agents of the Presbyterian Mutual Society Limited and without personal liability. Partners: Arthur Boyd FCA, Paula Watson FCA

2. INTRODUCTION

- 2.1 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.
- 2.3 The Administrator's previous progress reports to members/creditors were dated 15 June 2009, 15 December 2009, 15 June 2010, 15 December 2010, 31 March 2011, 15 December 2011 and 15 December 2012. Updates have also been sent to members / creditors and posted on the Society's website on www.presbyterianmutualsociety.co.uk from time to time, the last being 19 June 2013.
- 2.4 This report is the Administrator's ninth and final 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 2012 to 7 November 2013.

3. PROGRESS REPORT

- 3.1 The Administrator has now completed the three legal actions which were undertaken previously and for which settlement proceeds were received in the last period.
- 3.2 The Administrator has been reviewing information, together with his legal advisers and Joint Supervisor, in connection with a number of other prospective cases to establish whether further actions should be commenced. A number of writs have now been issued. Legal advice was taken which confirmed that the provisions of the Scheme of Arrangement will allow this litigation to be continued by the Joint Supervisors and does not require the Administration to be further extended. As such, the remaining cases where writs have been issued by PMS are being passed over to the Joint Supervisors to be actioned under the Scheme of Arrangement.
- 3.3 There were a large number of outstanding dividend cheques from the Administrator's original distribution which were not presented for payment. The Creditors' Committee agreed that these should be reissued to creditors on the condition that if they were not cashed within six months of their issue date they would be cancelled and retained in the Scheme of Arrangement. As this date has now passed, the balance of monies from uncashed cheques, which amounts to £1,862, has been transferred to the PMS Scheme operating account in accordance with the direction of the Creditors' Committee.
- 3.3 Whilst progress had been made with the ongoing legal cases, neither they nor the outstanding cheques were in a position to be completed by 16 May 2013, which was the date on which the Administration was due to terminate. As a result, the Administrator applied to court for an extension of the Administration for six months to 30 November 2013, so that all outstanding matters could be addressed or passed to the Joint

Supervisors to complete. This involved preparing an interim report for the court to 31 March 2013. This was agreed by the court, who also directed that the next report to creditors, be for the period from 17 November 2012 to the finalisation of the administration.

- 3.4 The Administrator has been dealing with a number of other matters, including website updates; creditors/members queries; reporting to the Creditors' Committee; together with the finalisation of the Administration and preparation of his statutory reports to the Court and the creditors.
- 3.5 Application has been made to the Directors Disqualification Unit (DDU) for reimbursement of costs incurred in assisting with the provision of information for the DDU enquiry. The amount recovered will be paid into the PMS Scheme operating account on receipt.
- 3.6 In the Administrator's first letter to creditors on 12 January 2009, he put a number of proposals to creditors including the following two resolutions:-
- *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..*
 - *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.*

The Scheme of Arrangement was approved by a majority of over 99% of creditors in May 2011 and the Scheme was approved by the Court in early July 2011. Part of the scheme involved asking creditors to make a voluntary deferral of part of their entitlement over and above the 15p compulsory deferment, to allow small shareholders to receive 100p rather than 97p in the £. One third of creditors agreed to support this voluntary deferral which resulted in a lower contribution by all. Following receipt of funds from DETINI of £225million and PCI £1 million, the Joint Supervisors paid members and creditors between 77p and 100p in the £. Creditors also received a distribution of 12p in the £ in April 2010 from the Administrator

- 3.7 The Administrator believes that the purposes of the administration, as set out, have been sufficiently achieved and he is therefore in a position to bring the Administration to an end.
- 3.8 Following termination of the Administration, the Joint Supervisors will report to creditors annually through the PMS website (www.presbyterianmutualsociety.co.uk)

4. RECEIPTS & PAYMENTS ACCOUNT

- 4.1 The Administrator has provided at Appendix 1 to this report his receipts and payment account for the period 17 November 2011 to 7 November 2013. Since August 2011 all receipts and payments have been under the control of the Joint Supervisors and as a consequence receipts such as rental income do not appear in the accounts shown in Appendix 1.
- 4.2 Expenses in the period relate to costs in respect of dealing with legal cases; obtaining a further extension at May 2013; preparing reports for the court, the Creditors Committee and final report for creditors; and the cost of printing and sending letters and reports to creditors. In accordance with the Scheme rules, these have been paid by the Joint supervisors on behalf of the Administrator.
- 4.3 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.
- 4.4 The Administrator has attached at Appendix 2 a schedule which summarises the time that has been spent in attending to matters arising in the period from the Administrator's appointment to 7 November 2013. In summary the Administrator and his staff have spent 15,420 hours totalling £1,549,862 at an average charge out rate of £101 per hour from 17 November 2008 to 7 November 2013.
- 4.5 Time incurred in the current period relates to the work set out in paragraph 3 above. Final fees which have been approved by the Creditors' Committee and DETINI have been drawn in the period.

5. CREDITORS' COMMITTEE

- 5.1 The Administrator had contacted each member of the committee to seek their approval for his application to court for the further short extension of the Administration. The Committee had agreed that the Administrator should apply to the court for a further extension for a period of six months to 16 November 2013.
- 5.2 A formal Creditors' Committee meeting was held on 18 June 2013, at which the Administrator updated the committee and discussed a number of matters including the publication of the PMS accounts, the contents of the accounts and outstanding matters to be dealt with prior to the finalisation of the Administration later in the year. The committee also confirmed their approval of the Administrator's costs and fees.
- 5.3 The Creditors committee have approved the Administrator bringing the Administration to an end and have approved his final fee.
- 5.4 If you wish to contact a committee member by letter, you can write to the individual committee member under a specific box number c/o Presbyterian Mutual Society Limited (in Administration), Glengall Exchange, Glengall Street, Belfast BT12 5AB, using the references below. These letters will be forwarded unopened to the individual committee member concerned. Alternatively you can use the email addresses supplied.

Name of Member of Committee	Contact Details by letter/email/telephone
James Gregg	
Stephen Macartney	
William Andrew (Ian) McGimpsey	
Robert McCord	
Mrs Avril Heenan	
Harold Duncan	

6. 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:	IP000275
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 Administrator's proposal 4 so as to extend the Administration by 6 months. The Court has approved further extensions of the Administration for 12 months at a time, and a further extension of 6 months.
End of the Administration:	7 November 2013

7. 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

ADMINISTRATOR'S RECEIPTS & PAYMENTS FOR THE PERIOD 17 NOVEMBER 2008 TO 7 NOVEMBER 2013

RECEIPTS	<i>Period</i> 17/11/12 to 7/11/13 £'000	<i>Period</i> 17/11/08 to 7/11/13 £'000
Rental income from investment properties	-	20,585
VAT on rental income	-	2,892
Mortgage interest on advances	-	4,928
Bank interest	-	2,108
Capital repayments on mortgage advances	-	20,945
Claims receipts		585
Investments received post-Administration		2
Funds from Joint Supervisors to pay Administration costs	145	406
	145	52,451
PAYMENTS		
Pre Administration expenses		47
Office overheads and running expenses		668
Premises expenses		58
Premises expenses-investment properties		450
VAT payments		2,133
Legal fees	31	1,552
Administrator's fees	79	1,549
Administrator's expenses	2	261
Supervisors' costs paid by Administrator	<i>Note</i>	220
Printing and related costs	10	102
Property advisers and valuation fees		580
VAT on legal and professional fees	23	655
Investments received returned to members		24
First distribution payment		24,282
Isle of Man withholding tax		45
Funds transferred to Joint Supervisors		24,599
	145	57,225
Net payments in period	-	4,774
Opening bank balance	-	4,774
Closing balance 7 November 2013	-	-

Note

Supervisors' costs paid by the Administrator include professional fees for the Joint Supervisors and solicitors in implementing the Scheme, together with property advisers' costs.

APPENDIX 2

ANALYSIS OF TIME AND COSTS FOR THE PERIOD FROM 17 NOVEMBER 2008 TO 7 NOVEMBER 2013

	The	Administrator	Partner/manager	Other	Professional	Total	Total	Average	
	hours	cost	hours	cost	Staff	cost	cost	cost per	
		£		£	hours	£	£	hour	
Administration and planning	694	129196	369	50746	1552	56070	2615	236012	90
Trading	1178	217958	319	45061	2668	112288	4165	375307	90
Investigations	287	53515	21	2833	27	1166	335	57514	172
Realisation of assets	684	126559	1254	162017	1794	81401	3732	369977	99
Members/creditors	712	132433	190	23651	1153	48047	2055	204131	99
Special	995	186706	442	56437	1081	63778	2518	306921	122
	4550	846367	2595	340745	8275	362750	15420	1549862	
Average hourly rate		186		131		44		101	
Normal hourly charge out rates in the period		Abated Rate for PMS to 31/3/12		Revised rates from 1/4/12					
	£	£							
Administrator	220-250	185		250					
Partner	165-180	140		180					
Senior Manager	135-140	115		140					
Senior staff	70-90	61-70		70-80					
Other staff	35-60	25-50		30-64					

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. Since the commencement of the Scheme of Arrangement time has been billed by the Joint Supervisors at rates subject to approval by DETINI.

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.

APPENDIX 3
FORM 2.32B (NOTICE OF END OF ADMINISTRATION)

Rule 2.114

Form 2.32B

The Insolvency (Northern Ireland) Order 1989

2.32B

Notice of End of Administration

Name of Company Presbyterian Mutual Society Ltd	Company number IP00275
In the High Court of Justice in Northern Ireland Chancery Division (Company Insolvency)	Court case number 09/1140

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

I / We (a) Arthur J. Boyd

(b) Insert name of company and address of registered office

having been appointed administrator(s) of (b) Presbyterian Mutual Society Limited

(c) Insert date of appointment

_____ (“the company”)

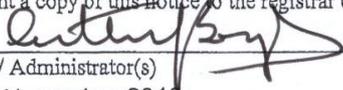
on (c) 17-11-08 by (d) the directors of the Society

(d) Insert name of appointor

hereby give notice that I / we think the purpose of administration has been sufficiently achieved in relation to the company.

I / We attach to this notice a copy of the final progress report.

I/We have sent a copy of this notice to the registrar of companies.

Signed 
Joint / Administrator(s)

Dated 7 November 2013

(e) Insert date and time

Endorsement to be completed by the court
This form and the attached documents have been filed (e)

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

	Tel

When you have completed and signed this form please send it to the Registrar of Companies at the Companies Registry for Northern Ireland