



**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 period 17 November 2011 to 16 November 2012**

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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

15 December 2012

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 report for the period 17 November 2011 to 16 November 2012 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 4.

As reported in my last report in December 2011, 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 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 2020.

As Administrator, I have at the same time been progressing court action in a number of legal cases. Whilst progress had been made with these cases it was not going to be possible to complete them before 16 May 2012, the date to which the Administration had been extended.

Having consulted with my legal advisers on this matter, I was advised to request a further extension from the court to allow me to continue the administration for a further period of time to allow outstanding legal and other matters relating to the administration to be progressed and finalised. As a result, I attended court on 14th May 2012 before Judge Deeny, who granted a further extension of the Administration to 16 May 2013 and directed that the next report to creditors be for the 12 month period to 16 November 2012.

I am pleased to report that recoveries of £585,000 have been received in the period from the three legal cases which have now been settled.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Arthur Boyd', with a stylized flourish at the end.

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 and 15 December 2011. 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 seventh 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 2011 to 16 November 2012.

3. PROGRESS REPORT: GENERAL

- 3.1 The Administrator has been actively involved with his legal advisers during the period to 31 March 2012, in progressing a number of cases for compensation to enable court hearings to proceed, in the absence of agreed settlements. Claim recoveries amounting to £585,000 were received in the period and passed to the Joint Supervisors. A further amount in respect of costs is outstanding.
- 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.
- 3.3 Whilst progress had been made with the ongoing legal cases these were not in a position to be completed by 16 May 2012, which was the date on which the Administration was due to terminate. As a result, the Administrator was advised by his legal advisers to request a further extension from the court to allow the administration to be continued for a further period of time to allow outstanding legal and other matters relating to the administration to be progressed and finalised. The creditors committee supported this action. As a result, the Administrator attended court on 14th May 2012 before Judge Deeny, who granted a further extension of the Administration to 16 May 2013 and directed that the next report to creditors be for the 12 month period to 16 November 2012.
- 3.5 The Administrator has been dealing with various matters including website updates, dealing with creditors/members queries and reporting to the creditors committee together with certain other court proceedings. He has also incurred time on finalising matters relating to the period of the Administration prior to the Scheme commencement, including preparation and submission of tax returns.

4. RECEIPTS & PAYMENTS ACCOUNT

- 4.1 The Administrator has provided at Appendix 2 to this report his receipts and payment account for the period 17 November 2011 to 16 November 2012. 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 Claims receipts of £585,000 represent compensation monies from three legal cases together with costs recovered including £50,000 previously deposited in court against potential costs.
- 4.3 Expenses in the period relate to costs in respect of legal cases and reporting to the creditors committee and creditors and in accordance with the Scheme rules, have been paid by the Joint supervisors on behalf of the Administrator.
- 4.4 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 Creditors committee approved an uplift in the charge out rates of the Administrator with effect from the 1st April 2012 as set out in appendix 2. 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 16 November 2012. In summary the Administrator and his staff have spent 15,302hours totalling £1,533,116 at an average charge out rate of £100 per hour from 17 November 2008 to 16 November 2012. Time incurred in the current period included:- finalisation of Administration tax returns; work in relation to various legal cases; creditors committee meeting; reissue of cheques to creditors; application to court for an extension of the arrangement and dealing with various matters raised by creditors and others. No fees have been drawn in the period.

5. CREDITORS' COMMITTEE

- 5.1 The Administrator's creditors' committee met on 24 April 2012. The Administrator confirmed that £175 million had been borrowed from DETINI on a ten year repayment plan with interest at 2.02% and that the first interest and repayment instalment had been paid. He also reported that:
- 5.1.1 settlement had been reached in two of the legal cases but that they would not be complete before the 16 May 2012 when the Administration was due to complete.
 - 5.1.2 a number of Distribution cheques from April 2010 and August 2012 had not been cashed within the six month period before they expired and he was seeking direction from the creditors committee on this matter. The Committee approved the cheques being issued again and the members/creditors be advised that if the reissued cheques were not cashed within six months of the reissue date that the monies would be paid into the scheme.
 - 5.1.3 The committee approved the Administrator's remuneration to date and that the revised charge out rates be adopted from 1 April 2012.
 - 5.1.4 The committee agreed that the Administrator should apply to the court for a further extension of the administration for a period of twelve months.

5.2 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.
Proposed end of the Administration:	16 th May 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 16 NOVEMBER 2012

RECEIPTS	<i>Period</i> 17/11/11 to 16/11/12 £'000	<i>Period</i> 17/11/08 to 16/11/12 £'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	585
Investments received post-Administration	-	2
Funds from Joint Supervisors to pay Administration costs	207	261
	792	52,306
PAYMENTS		
Pre Administration expenses	-	47
Office overheads and running expenses	-	668
Premises expenses	-	58
Premises expenses-investment properties	-	450
VAT payments	-	2133
Legal fees	246	152
Administrator's fees	-	1470
Administrator's expenses	-	259
Supervisors' costs paid by Administrator	-	220
Printing and related costs	5	92
Property advisers and valuation fees	5	580
VAT on legal and professional fees	1	632
Investments received returned to members	-	24
First distribution payment	-	24,282
Isle of Man withholding tax	-	45
Funds transferred to Joint Supervisors	535	24,599
	792	57,080
Net payments in period	-	4,774
Opening bank balance	-	4,774
Closing balance 16 November 2012	-	-

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 31 MARCH 2012

	The	Administrator	Partner/manager	Other	professional	Total	Total	Average	
	hours	cost	hours	Staff	/support	hours	cost	cost per	
		£		hours	cost		£	hour	
					£			£	
Administration and planning	645	120085	366	50270	1543	55492	2553	225847	88
Trading	1178	217958	319	45061	2668	112288	4165	375307	90
Investigations	287	53515	21	2833	27	1166	336	57513	171
Realisation of assets	684	126559	1254	162017	1794	81401	3732	369977	99
Members/creditors	706	130933	190	23651	1132	47047	2028	201630	99
Special	966	182627	442	56437	1081	63778	2489	302842	122
	4466	831675	2592	340268	8244	361172	15302	1533116	

Average hourly rate	186	131	44	100
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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	80
Other staff	35-60	25-50	30-50

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. 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

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 2011**(b) **16 November 2012**

Signed


~~Joint~~ Administrator(s)Dated **15 December 2012****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

