



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 December 2009

CONTENTS

	Page No.
1 Letter from Administrator	3
2 Introduction	6
3 Progress Report: General	6
4 Progress Report: The Loan Book	9
5 Progress Report: Buy to Let/Development Land	10
6 Progress Report: Investment Properties	11
7 Investigations	12
8 Receipts & Payment Accounts	13
9 Statutory Information	14
10 Additional Information	15
Appendix 1 Questions & Answers	16
Appendix 2 The Administrator's Proposals (as approved)	20
Appendix 3 Administrator's Receipts & Payment	21
Appendix 4 Administrators time Costs Analysis	23
Appendix 5 Form 2.24B (Notice of Administrators progress report)	24

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) mutual@presbyterianireland.org.

1. LETTER TO MEMBERS



TO ALL KNOWN CREDITORS / MEMBERS

15 December 2009

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. 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 17th May 2009 to 16th November 2009.

I am again distributing this report to both creditors and members of the Society for the reasons stated in my report dated 15 June 2009.

I continue to receive requests from members of the Society as to how the administration is progressing. I would again ask members and creditors to bear in mind that as an officer of the court, I must operate within certain legal (and commercial) constraints in terms of reporting on the progress of the administration. However, I will continue as before to endeavour to provide you with information over and above the minimum required by the Rules.

Since my last report I have completed my investigation into the conduct of the Society's directors. In July 2009, I submitted my final report to the Department of Enterprise and Investment ("DETI"). As you are aware from my previous correspondence, the contents of my report to DETI are confidential and not something which I can disclose to members or creditors. However, I wish to thank all those who contributed in relation to my investigation.

It had been my intention to progress matters during September 2009 by way of a court scheme of arrangement for the orderly wind down of the Society over a number of years. However, as I indicated in my letter to you on 22 September 2009, with the setting up of the Government Working Group to consider potential assistance for the Society and its members, I did not believe it would be in your best interests to proceed with a formal arrangement until the Government position as to assistance is made clear.

It has also transpired that the support for a scheme of arrangement is not currently as strong as it was in January 2009 when the overwhelming majority of members and creditors approved the fifth resolution in my Proposals. Since my Proposals were approved in January 2009, a number of the larger loan capital holders have indicated that they would find it difficult (for legal or other reasons) to support an arrangement which treated share and loan capital holders equally. Some loan capital holders have indicated that they would only support an arrangement which gave the loan capital holders priority over members holding share capital. This represents a significant change in attitude bearing in mind that 88.6% of loan capital holders/creditors voted in favour of the fifth resolution in my Proposals.

Due to this change in attitude towards a scheme of arrangement, the delay in the Working Group's report and the financial difficulties being faced by many members, I have instructed my legal advisers to make an urgent application to the High Court for directions. In particular I am seeking permission to make a first distribution as soon as possible and an order that the administration be extended in light of the uncertainty around the viability of a scheme of arrangement. As part of this application, I will also be seeking a direction from the High Court on whether or not I can make a distribution to both share and loan capital holders or whether loan capital holders have to be paid in priority to share capital holders. I will let you know the outcome of this application as soon as it is known. Subject to the High Court's approval, I am planning to make a distribution in January 2010.

I have dealt with these matters in more detail in my report.

I am aware that there has been a great deal of rumour and speculation about the current position of the Administration, my dealings with borrowers and the future of the Society. I even understand that the contents of this report have been the source of much speculation, even before I put pen to paper. I would like to take this opportunity to assure all members/creditors that I am working tirelessly to find a solution which is in your best interests. If I am not as candid or as forthcoming about potential solutions as you would like, please be assured that there are good legal or other reasons for this.

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 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 first report to members/creditors was on 15 June 2009 and on 22nd September 2009 the Administrator sent a letter to all members/creditors with a brief update of the situation.
- 2.4 As the twelve month anniversary has recently passed, please find attached the Administrator's second 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 May 2009 to 16 November 2009.

3. PROGRESS REPORT: GENERAL

- 3.1. The Administrator took legal and professional advice concerning the procedure for setting up of a court scheme of arrangement in line with the fifth resolution of the Administrator's Proposals which had been approved by the overwhelming majority of the members and creditors of the Society. An action plan was set out and agreed and work had commenced on this when the Government announced the setting up of a Working Group in June 2009.
- 3.2. The terms of reference of the Government Working Group were:
 - to investigate the circumstances surrounding the collapse of the Society;
 - to consider the losses incurred by the Society's members; and
 - to consider what, if any, action can be taken to mitigate members' losses, particularly those hardest hit by the collapse of the Society.

- 3.3 In addition, the Working Group was to take account of the legislative framework under which the Society operates; the work of the Administrator; wider financial services policy, fairness and value for money; and submit a draft report to the Prime Minister during September 2009
- 3.4 The committee comprises the Chief Secretary to the Treasury; the Economic Secretary to the Treasury; the Secretary of State for Northern Ireland; the Minister for Finance and Personnel, Northern Ireland; the Minister for Enterprise, Trade and Investment, Northern Ireland; the First Minister and Deputy First Minister.
- 3.5 As the Working Group was to present a report by the end of September 2009, the Administrator deferred proceeding with the court scheme of arrangement, as he considered that it would not serve the interests of members to put a formal arrangement to a vote and commence the orderly winding down of the Society, until such time as the position of the Government is made clear.
- 3.6 Prior to drafting a scheme of arrangement in line with the fifth resolution in the Administrator's Proposals, the Administrator took soundings from a number of the larger loan capital holders and their representatives, with particular reference to the proposal to treat all share and loan capital holders equally for the purposes of distributions. You will recall that prior to the Administrator's appointment, the holders of share capital and loan capital were treated equally by the Society. In practice, both share capital and loan capital were withdrawable on demand. This position changed as a consequence of the administration of the Society in that loan capital holders are now entitled to be repaid in priority to share capital holders.
- 3.7 On the basis of the soundings taken from the larger loan capital holders, it transpired that a number of loan capital holders would find it difficult (for legal or other reasons) to support an arrangement which treated share and loan capital holders equally. Some loan capital holders have indicated that they would only support an arrangement which gave the loan capital holders priority over members holding share capital. Furthermore one member of the Society commenced legal proceedings against the Society seeking a declaration from the High Court that loan capital holders should be treated in priority to share capital holders.
- 3.8 This represented a significant change in attitude bearing in mind that 88.6% of members holding loan capital voted in favour of the fifth resolution in the Administrator's Proposals.

- 3.9 In the light of these developments and the fact that many members are suffering financial difficulties, the Administrator has taken the decision to apply to court for :
- 3.9.1 permission to make a distribution (which he is required to do by law);
 - 3.9.2 a direction as to whether the Administrator should make a distribution to both loan capital holders and share capital holders;
 - 3.9.3 a direction as to how set off should be applied for members with borrowings from the Society; and
 - 3.9.4 an Order extending the period of the administration which is currently due to come to an end on 16 May 2010.
- 3.10 The Administrator had hoped to address the issues above with the agreement of the members by way of a court scheme of arrangement. As this has not been possible for reasons outlined at paragraphs 3.5-3.8, the Administrator believes that the period of the administration will have to be extended as it would be impossible to deal with all outstanding issues by 16 May 2010.
- 3.11 During the last six months the Administrator has continued to deal with various matters raised by members' groups, politicians, lobby groups and in particular with the Government's Working Group, where he has been asked to contribute to a number of meetings with officials and has supplied, and continues to supply, information to assist in their deliberations and to progress matters. The Administrator is aware of media speculation surrounding the possible outcome of the Working Group's deliberations but because of the complexities and commercial sensitivities involved in these discussions, the Administrator is not in a position to comment in any detail on these at this time.
- 3.12 Work has continued on obtaining formal agreement of members' 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 this report, over 98% of members' holdings have been formally confirmed but a small number of members have not replied to the Administrator's correspondence. **Where distributions are made by the Administrator, any outstanding balances not confirmed at that point will be excluded from the distribution.**
- 3.13 The Society continues to employ two full time staff to assist with the day to day work of the Society.

4. PROGRESS REPORT: THE LOAN BOOK

- 4.1 Based on the original valuations received, 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	10	10
advances secured on		
- own homes	8	7
- houses for sale	3	2
- agricultural land	25	21
- other forms of security	3	2
- buy to let properties	24	17
- commercial property	17	9
- building sites and development land	86	34
TOTAL	176	102

- 4.2 The estimated recovery figure is based on the initial valuations at the beginning of 2009 and as updated at May 2009, less monies received since the date of the Administrator's last report. The estimated recovery figures also reflect a 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 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.
- 4.4 As previously mentioned the Administrator has received a significant number of requests to redeem security or refinance borrowings with the Society. However, some of these have been unable to progress due to difficulties with obtaining refinance in the current market. During the last six months 112 loans have been redeemed making a total of 228 since 17 November 2008.
- 4.5 Due to the current economic climate, an increasing number of 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.

- 4.6 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.
- 4.7 At the present time a small number of legal actions have been initiated against borrowers who have defaulted in repayments of their loans.
- 4.8 The Administrator has issued legal proceedings 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 A significant amount of monies lent out in the years 2005 to 2007 were for lands being acquired for development by builders or developers. Whilst some of these transactions were based on loans of up to six years or more, others were for shorter periods based on the expectation of a quick turnaround.
- 5.2 The Administrator has now 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.
- 5.3 The Administrator is aware of three instances where borrowers have entered insolvency procedures and the Society is relying on its security. In each case the Administrator is working with the insolvency practitioner responsible for that borrower's affairs to establish the best way to maximise the return to the Society and its members/creditors.
- 5.4 The Administrator's advisors have now inspected most of the development land on which loans made by the Society are secured, which has enabled the Administrator to prepare strategies for each of the development sites to maximise the return to the Society and its members/creditors.

- 5.5 Meetings have been held with all of the major borrowers and some secondary borrowers to listen to and assess their proposals for repayment of their loans and where necessary to agree repayment and realisation plans.
- 5.6 On the advice of his agents, 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. 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.
- 5.7 A number of property sales have been agreed on sites where the Society has the benefit of security which will result in the sale proceeds being paid directly to the Society.
- 5.8 The Administrator's property advisers have held discussions with DOE Planning service 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 and its members/creditors. At the time of writing this report, a number of current planning applications have been amended or re-submitted for the benefit of the Society.
- 5.9 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 commissioned a valuation of the Investment Property in December 2008 and was advised that the Investment Property was valued in or around £92million in the current market conditions at that time. The gross annual rental income at that time was £7.8million.
- 6.3 You will be aware since the Administrator's last report that three of the Society's tenants have gone into administration. Some progress has been made with these vacant sites. One of the vacant properties has now been re-

let. The Administrator's agents are currently in negotiation to complete the re-letting of the second vacant property and an interest in the third property is being explored.

- 6.4 Since the date of the Administrator's last report, two further rent reviews have also been completed.
- 6.5 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 £7.8million per annum when all the properties are fully re-let.
- 6.6 Whilst the Society has continued to operate from its offices at Glengall Exchange, the Administrator will be reviewing the position of the Society's offices in the New Year to establish whether these can be let out in whole or part to generate further income.
- 6.7 The Administrator's valuation agents have updated their valuations of the Investment Property. As at 14 December 2009 the Investment Property has been valued at £97 million, which assumes that the two vacant units will be re-let. This now reflects a 26% drop from the original purchase cost. The Administrator's agents have previously advised that the average market drop was in the region of 40% and up to 60% in some areas, but some recovery has now taken place.
- 6.8 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 also due to the benefit of the rental income stream to the Society. 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 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 May 2009 to 16 November 2009.
- 8.2 The rental income received is below expectation due to the continuing vacant units in 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 slower than hoped for.
- 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 negotiating and documenting arrangements with borrowers in financial difficulty;
 - 8.5.3 monitoring the formal legal release documents where loans have been discharged;
 - 8.5.4 dealing with proceedings issued against the Society which are referred to in paragraph 3.7 of this report; and
 - 8.5.5 issuing proceedings against parties involved in transactions funded by the Society and referred to in paragraph 4.8 of this report.

At 16 November 2009 legal costs incurred and not billed amounted to £146,000 excluding VAT.

- 8.6 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 4 a schedule which summarises the time that has been spent in the

period following the Administrator's appointment to 16 November 2009. In summary the Administrator and his staff have spent 4,633.4 hours totalling £473,944, at an average charge out rate of approximately £102 per hour from 17th November 2008 to 16th November 2009.

- 8.7 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. 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
Proposed end of the Administration:	16 th May 2010

10. 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. What does Administration mean?

- A. Directors of a company in financial difficulty can appoint an Administrator. Administration is a legal process. It means that people owed money by a company cannot sue it in the courts for the return of their money. It therefore provides legal protection for the Society's assets and its members.

The Administrator is required by the relevant legislation to rescue the company as a going concern wherever this is reasonably practicable. In those cases where it is not possible, the objective will be to provide a better result for those owed money than would be achieved in an immediate winding up and only where this is not possible will he realise assets to make a distribution to members.

Q. What is the purpose of this report?

- A. The Administrator is required by law to give members/creditors a progress report every six months. This report covers the period 17 May 2009 to 16 November 2009. It is for information only and you are not required to take any action.

Q. When might I expect to receive some or all of my savings back?

A. Subject to court approval, the Administrator hopes to pay out a first distribution in January 2010 but at this stage he is unable to forecast the timing and level of future distributions, which will depend on realisations received.

Q. Why has there been a delay in establishing a formal arrangement for winding up the Society over time?

A. As explained in this report, the Administrator believed it was in the best interests of members to await the outcome of the deliberations of the Government's Working Group on the Society. The Administrator is also aware, having spoken with some larger creditors, that there was uncertainty as to whether a court scheme of arrangement would attract the required level of support, particularly from loan capital holders. Being conscious of increasing difficulties for many savers, the Administrator, at the time of writing, is to seek urgent directions from the court to enable him to release monies by way of a first distribution as soon as possible and for the court to direct as to whom the monies should be paid.

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

Q. Can I take court action to recover my money?

A. The Society has been placed in Administration. This provides protection for the Society's assets against any legal action to recover monies owed and prevents legal proceedings being taken against the Society.

Q. Can the Administrator tell me what went wrong with the Society?

A. This is dealt with in detail in the Administrator's proposals but in general terms the Society was affected by the global financial turmoil. The Administrator was appointed because the Society had insufficient cash to meet a mounting level of applications to withdraw money. The Directors attributed the run on the Society's funds to an increasing number of members who were moving money into other financial institutions which enjoyed the protection of the UK Government's financial protection scheme for depositors. The Society does not have this protection.

Q. Can the Administrator comment or answer questions on how the Society was managed before it went into Administration?

A. The Administrator is not in a position to make public comment on these matters. He has submitted a report to the Department of Enterprise Trade and Investment (DETI) on the conduct of the directors of the Society in the period leading up to the administration. This process of reporting is a confidential one and an Administrator is not permitted to disclose his report or its contents to anyone except DETI.

Q. Is the Administrator saying that the members and creditors will not now get an opportunity to vote on a scheme of arrangement?

A. No. The delay in the Working Group's report and the change in attitude some of the loan capital holders to a scheme of arrangement which treats share and loan capital holders equally has caused the Administrator to re-assess the viability of a scheme of arrangement at this stage. A scheme of arrangement may be put to members and creditors at some point in the future but this will largely depend on the outcome of the Working Group's report.

Q. In the absence of a scheme of arrangement, how will the winding down of the Society now be progressed?

A. The period of the administration is currently due to come to an end on 16 May 2010. It had been hoped that the Society would then move into a scheme of arrangement. As this has not been possible to date, the Administrator will be asking the High Court to extend the period of the administration so that the Administrator can re-assess matters once the outcome of the Working Group's report is known.

Q. When is the High Court due to make a decision on the matters referred to in your report?

A. The Administrator has filed an application with the High Court and is awaiting a hearing date. He is hopeful that the application will be heard prior to Christmas but this will be subject to the Court's availability.

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 MAY 2009 TO 16th NOVEMBER 2009

RECEIPTS	6 months to 16/11/09 £'000	Year to 16/11/09 £'000
Rental income from investment properties	3,604	7,277
VAT on rental income	471	910
Mortgage interest on advances	1,133	2,810
Bank interest	113	349
Capital repayments on mortgage advances	4,576	9,306
Investments received post-administration (to be returned)	-	2
	9,897	20,654
PAYMENTS		
Pre administration expenses	-	47
Office overheads and running expenses	77	223
Premises expenses	12	19
VAT payments	396	715
Legal fees post administration	91	313
Administrators fees	268	472
Administrators expenses	79	110
Printing and related costs	13	35
Property advisers and valuation fees	163	228
VAT on legal and professional fees	109	198
Investments received returned to members	-	24
	1,208	2,384
Net receipts in period	8,689	18,270
Opening bank balance	14,355	4,774
Closing balance 16 November 2009	23,044	23,044

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.

Note 1	6 months	Year
Overheads and running expenses	to 16/11/09	to 16/11/09
	£	£
Salaries and pensions *	51,093	145,570
Professional services **	21,657	49,726
Property expenses	-	8,862
Postage telephone and stationery	2,047	13,324
Sundry expenses	1,551	4,894
Office Equipment	231	1,315
	<u>76,579</u>	<u>223,691</u>

Note 2	6 months	Year
Premises	to 16/11/09	to 16/11/09
	£	£
Insurance and service charges ***	7,965	10,658
Heat & Light	995	3,252
Building Maintenance	1,476	1,476
Rates	551	551
Cleaning	1,437	2,856
	<u>12,424</u>	<u>18,793</u>

Note 3	6 months	Year
Administrators expenses	to 16/11/09	to 16/11/09
	£	£
PR and media costs	11,241	26,928
Insurance and bonding costs	-	9,305
Costs of property completion ***	26,933	26,933
Other costs re planning etc ***	40,545	40,545
Cost of Statement of Affairs	-	4,750
Preparation of Vat returns	-	450
Statutory advertising	-	400
Miscellaneous	320	525
	<u>79,039</u>	<u>109,836</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 NOVEMBER 2009

	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	310.1	57368.00	126.3	16677.00	177.5	9552.95	613.9	83597.95	136
Trading	386.1	71428.50	51.9	7191.00	322.5	12974.50	760.5	91594.00	120
Investigations	182.6	33781.00	17.3	2314.50	11.6	444.15	211.5	36539.65	173
Realisation of assets	365.6	67636.50	452.9	62798.50	1344.3	58051.00	2162.8	188486.00	87
Members/creditors	237.9	44011.50	66.9	8971.00	580.0	20744.45	884.8	73726.95	83
	<u>1482.3</u>	<u>274225.50</u>	<u>715.3</u>	<u>97952.00</u>	<u>2435.9</u>	<u>101767.05</u>	<u>4633.5</u>	<u>473944.55</u>	

Average hourly rate	<u>185</u>	<u>136.94</u>	<u>41.78</u>	<u>102.29</u>
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Normal hourly charge out rates	Abated Rate for PMS
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	£	£
Administrator	225	185
Partner	165	140
Senior Manager	135	115
Senior staff	71-80	61
Other staff	40-55	35-48

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.

APPENDIX 5

Rule 2.048

Form 2.24B

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 May 2009**

(b) **16 November 2009**

Signed



~~Joint~~ Administrator(s)

Dated **15 December 2009**

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