

Issued on behalf of the Administrator of the Presbyterian Mutual Society

17 November 2008

### **Statement from the Administrator**

Arthur Boyd of Arthur Boyd & Company, the Belfast-based chartered accountants and business recovery specialists, has today been appointed Administrator of the Presbyterian Mutual Society.

The appointment of an Administrator follows a period of severe pressure on the Society's liquid assets.

Mr Boyd said: "It is apparent that the credit crunch has had a severe effect on the Society. A number of members have moved funds from the Society to other financial institutions that enjoy protection under the Government's financial guarantee scheme, leading effectively to an unprecedented run on the Society's cash which it could not sustain.

"My appointment as Administrator at the request of the Directors of the Society will provide protection for its assets.

"Administration is not the same as liquidation, bankruptcy or a winding-up. Administration is designed to protect a company faced with liquidity problems. The Administrator's role is to act in the best interests of everyone who is owed money.

"My aim is to see if the Society can be rescued or, if this is not possible, to ensure that the Society is wound down in an orderly manner to maximise the return of money to members.

"I cannot at this stage say whether members' funds can be returned to them in full or what proportion of their funds can be returned. The Society has considerable assets but if those assets were sold now it might not produce the best return for members.

"The Administrative process is likely to take some time. My immediate priority is to work with the Directors and staff of the Society to make a full examination of the Society's financial position and assess the next steps.

"Members are not required to take any action at present. I will write to members to inform them of my appointment. As required of an Administrator, I will endeavour to make my initial proposals to the members within eight weeks.

"I am aware that in some cases lack of access to funds will cause hardship to members of the Society. However, the role of the Administrator is to act on behalf of all members and develop a plan which will ultimately be put to those members for their consideration and decision.

"The decision by the Directors to place the Society in Administration was made possible through the making of subordinate legislation by the Department of Enterprise, Trade and Investment on Friday. The Directors of the Society have expressed their gratitude to

Arlene Foster MLA, the Enterprise Minister, and her Department, for expediting the measure.

“The Presbyterian Mutual Society has total assets exceeding £300m of which more than £180m is in loans to members and £130m is in fixed and other assets, including commercial property which is held in order to produce a rental income which contributed to the dividend distributed to members.

“The Administrator is currently not in a position to make repayments to members whether they have already applied for withdrawals or not.

“The Society has five full-time and two part-time employees who will remain in place to assist with the Administration.”

**ends**