

PRESBYTERIAN



SOCIETY

**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)**

15th June 2009

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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) mutual@presbyterianireland.org.

1. LETTER TO MEMBERS



TO ALL KNOWN CREDITORS / MEMBERS

15th June 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 Rules (Northern Ireland) 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 1.

During the course of the Society’s administration, I am required to prepare a report on the progress of the administration for the first six months of the administration and every subsequent six months period thereafter. The Rules require me to issue each progress report to creditors of the Society, the High Court and the Registrar for Industrial & Provident Societies.

You will have noted from my proposals dated 12th January 2009 that there is now a distinction between share capital holders and loan capital holders as a consequence of the Society being placed into administration. A member holding loan capital in the Society is strictly a creditor of the Society.

Although I am required to send my progress report to creditors of the Society, but not to members who hold share capital in the Society, I have decided to circulate my progress report to all members of the Society. The Rules are designed for companies rather than mutual societies and I do not feel it would be appropriate for me to exclude share capital holders when circulating my progress reports simply because the Rules do not expressly require me to include share capital holders.

Many members have expressed in writing to me a desire to know how the administration is progressing. I would ask members to bear in mind that I, as an

officer of the Court, must operate within certain legal constraints in terms of reporting on the progress of the administration. However, where possible, I will endeavour to provide you with information over and beyond that which I am required to provide under the Rules.

I am conscious that many members of the Society are unfamiliar with the process of administration and from time to time I have been putting questions and answers on the Society's website at www.presbyterianmutualsociety.co.uk. For those members who do not have access to the internet, I have attached at Appendix 2 to this report a copy of the current questions and answers which appear on the website.

As you are aware I am required by law to investigate the conduct of the directors of the Society prior to my appointment as Administrator and to submit my findings to the Department of Enterprise Trade & Investments ("DETI"). I have received many helpful letters and emails from members in relation to concerns which they have. I am in the process of the finalising my submission to DETI which will be made in the coming weeks. My submission to DETI is confidential and it is not something which I can disclose to members, however, I would like to thank members for their contribution in relation to my investigation.

As outlined in my letter dated 1st May 2009, I intend to put an arrangement for the orderly wind down of the Society to members and creditors during September 2009. This remains my intention. If there are any key developments prior to this, 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 Arthur Boyd FCA, FABRP of Arthur Boyd & Company, was appointed Administrator of the Society on 17th November 2008, following special legislation being passed on 14th November 2008 which permitted the Society to enter into administration.
- 2.2 A copy of the Administrator's proposals was sent to all creditors on 12th January 2009 (the "Administrator's Proposals") and the Administrator's Proposals were approved by the required majority of votes. Attached at Appendix 3 to this report is a copy of the approved proposals.
- 2.3 On 1st May 2009 the Administrator sent a letter to all members/creditors with a brief update of the position.
- 2.4 As the sixth month anniversary has recently passed, the Administrator is pleased to provide you with his first six month progress report in accordance with Rule 2.048 of the Insolvency 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 17th November 2008 to 16th May 2009.

3. PROGRESS REPORT: GENERAL

- 3.1 On appointment the Administrator retained the Society's staff to assist with day to day operation of the Society and communication with members and borrowers. However following the approval of the Administrator's Proposals at the end of January 2009, the Administrator undertook a review of staffing requirements on an ongoing basis and five members of staff were made redundant, including the Society's Secretary, Mr Colin Ferguson. The Society currently employs two full time staff.
- 3.2 From the commencement of the Administration until the date of this report, the Administrator has continued his work in reviewing the key elements of the Society's business, namely;
 - 3.2.1 investments received from members;
 - 3.2.2 advances to borrowers by the Society; andinvestments made by the Society in commercial property.

- 3.3 The Administrator is satisfied that the Society did not invest in any other form of investment, other than advances made to borrowers and in commercial investment property.
- 3.4 The Administrator's staff have undertaken a review of the records of members' holdings and sought confirmation of balances from individual members to ensure the Society's records are accurate. This is substantially complete with over 97% of members' holdings having been confirmed. Steps are currently being taken to obtain confirmations of balances in respect of the outstanding 3% of members' holdings.
- 3.5 All share and loan certificates received by the Society in respect of requests for repayment of investments after 25 October 2008 have been returned.
- 3.6 After the commencement of the administration the Administrator was in contact with a number of lending institutions and other parties who expressed an interest in assisting the Society and its members. Some exploratory discussions were held with these parties about investing in and/or purchasing the Society so that the members received a return and the Society could continue as a going concern. The Administrator remains in contact with two interested parties who have expressed an ongoing interest in the assets of the Society.
- 3.7 The Administrator has been contacted by a number of members who have requested that a creditors' committee be established. The Administrator understands from some of the correspondence which he has received that members believe a creditors' committee would have a greater insight into the management of the Society's affairs and the Administrator's decision making process. The role of the creditors' committee in an administration is much more limited than many members may believe and an Administrator would not normally give members of a creditors' committee an active role in any of his decisions. Furthermore, a creditors' committee in an administration would not get any greater insight into the management of the Society's affairs than the general body of creditors. By way of example, a creditor's committee would not be entitled to have sight of an Administrator's submissions to DETI on the conduct of directors.
- 3.8 However, the Administrator is very conscious that there is a desire for a committee to be established and this is something which the Administrator is currently considering in the context of the formal arrangement which the Administrator intends to put to members and creditors of the Society during September 2009.

4. PROGRESS REPORT: THE LOAN BOOK

4.1 The Administrator previously divided the advances made by the Society to borrowers into the following categories:

Nature of advance	Amount £'M
advances to congregations	12
advances secured on	
- own homes	11
- houses for sale	3
- agricultural land	27
- other forms of security	3
- buy to let properties	26
- commercial property	17
- building sites and development land	85
TOTAL	184

4.2 The term of the advances made by the Society to borrowers varies from one year to thirty years.

4.3 The Administrator has instructed his lawyers in Northern Ireland and Scotland to advise him in relation to the terms of the advances made by the Society to borrowers, together with the nature and validity of the security provided to the Society in respect of such advances. A review of title to the properties provided as security is also being undertaken to assess the quality of the property held by the Society as security. This process is ongoing but it will be complete prior to any arrangement being put to you.

4.4 In addition the Administrator has instructed his lawyers to locate and collect in all title documents offered to the Society as security for borrowings. The extent and quality of the security is currently being assessed. To date legal proceedings are pending against one solicitor who has failed to deliver up title documents without a satisfactory explanation.

4.5 The Administrator has received a significant number of requests to redeem security or refinance borrowings with the Society. The Administrator's lawyers are dealing with these requests to ensure that the security currently held by the Society for borrowings is not in any way diluted.

- 4.6 The Administrator commissioned an initial review during December 2008 and January 2009 of the value of the property provided as security for advances made by the Society. The Administrator's valuation agents indicated that the market at the time was abnormally quiet and their values reflected this.
- 4.7 Based on the valuations received and current balances on advances made by the Society, the Administrator estimates the recovery on such advances to be as follows:

Nature of advance	Amount £'M	Estimated Recovery
advances to congregations	11	11
advances secured on		
- own homes	9	8
- houses for sale	3	2
- agricultural land	26	22
- other forms of security	4	3
- buy to let properties	24	17
- commercial property	17	10
- building sites and development land	85	34
TOTAL	179	107

- 4.8 The Administrator has been advised by his property advisers that the property market reached its peak in June 2007 with prices in certain areas having at least doubled over the previous three years. During this period the Society advanced loans of over £150 million to borrowers.
- 4.9 The Administrator has analysed the advances made by the Society during 2005 to 2007 and has noted that over half of these were to fund commercial property, building sites and development land
- 4.10 Due to the significant drop in property values, the Administrator has been advised by his professional advisers to make a provision of at least 40% at the present time on the value of property provided as security to the Society during 2005 to 2007. The estimated recovery figures suggest that the directors' initial assessment in their Statement of Affairs of realisable value of the Society's secured loans may have been too cautious.

4.11 The Administrator's staff are following up loans in arrears. Where a borrower is experiencing financial hardship as a consequence of the Society's administration or otherwise, the Administrator's staff are endeavouring to work with that borrower to find a solution. However, there is an increasing number of borrowers who are having difficulty in meeting their obligations to the Society and where it is in the interests of the Society, a small number of legal actions have been commenced.

5. PROGRESS REPORT: BUY TO LET /DEVELOPMENT LAND

5.1 A significant amount of monies advanced 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, others were for shorter periods based on an expectation that the land could be developed and sold on quickly.

5.2 The development land held by the Society as security for borrowers' obligations is in excess of 100 acres, spread throughout Northern Ireland and Scotland. A small number of sites are in the course of construction with houses at various stages of completion.

5.3 The Society's policy was to require suitable security and valuations as a pre-condition to making any advances available. The Administrator's lawyers are currently assessing the extent and quality of the security granted to the Society.

5.4 Whilst most of the land concerned was zoned for planning permission, the change in the property market has altered the projected viability of some developments significantly with a greater than average market loss of value.

5.5 The Administrator has been working with his professional advisers since his appointment to identify the options available to recover the best value from each advance made by the Society. The work carried out to date has included:

5.5.1 reviewing sites including the current planning status to establish the current market value and comparing the benefits of resale and development;

5.5.2 assessing any buildings on sites which may be sold and the value of outstanding works required to achieve sales;

- 5.5.3 reviewing site potential in relation to original proposals submitted by borrowers, taking account of current markets (some development proposals require revision to better reflect current demand for smaller homes, suitable for first time buyers);
 - 5.5.4 assessing possible changes to site planning/layout to enhance return to the borrower/the Society; and
 - 5.5.5 reviewing due diligence of expenditure to establish realistic costs for completion of sites.
- 5.6 This work has been carried out by the Administrator and his advisers in conjunction with the borrowers. Given the current economic climate, some of the borrowers are experiencing financial difficulties and the Administrator is working with those borrowers to create legal agreements which will protect the Society's position. The Administrator is putting in place legal structures to protect any assets given by a borrower as security where that borrower may become subject to an insolvency process.
- 5.7 It is the Administrator's aim to enhance returns for the Society. However losses in the current market in completing work in progress cannot be avoided, but the Administrator and his advisers will take steps to mitigate such losses where possible.

6. PROGRESS REPORT: INVESTMENT PROPERTIES

- 6.1 The Society owns a portfolio of 13 Investment 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 Properties").
- 6.2 The Administrator commissioned a valuation of the Investment Properties in December 2008 and was advised that these Investment Properties were valued at in or around £93 million in the market conditions at the time. The gross annual rental income at that time was £7.8million.
- 6.3 In the period since Administration three of the Society's tenants have gone into administration namely Woolworths Plc, Principles and Rosberys. Whilst some of the Woolworths Plc, Principles and Rosberys stores were sold on to new owners, unfortunately the leases with the Society were not included. These leases are currently being advertised for let. Against this four rent reviews have been completed in the period with agreed uplifts in each. Two further reviews are ongoing.

- 6.4 The Administrator's valuation agents have updated their valuations of the Investment Properties at the current date to £89 million allowing for the projected letting of the three voids. This reflects a 32% drop from the original purchase cost. The Administrators valuation agents have advised that the average market drop is in the region of 40% and is up to 60% in some areas. They have projected that the annual rental income should continue at £7.8 million per annum.
- 6.5 The Administrator has been advised by his valuation agents that it would not be prudent to dispose of the Investment Properties at the present time, due to current market conditions, unless any special circumstances arise in respect of any property.

7. INVESTIGATIONS

- 7.1 The Administrator is required to conduct investigations into the conduct of the Society's directors and to report his findings to DETI.
- 7.2 An interim submission was forwarded to the DETI on 15th May 2009 and the Administrator intends to lodge his final submission by the end of June 2009. The contents of both reports are confidential and cannot be made available to members or creditors of the Society.
- 7.3 The Administrator and his lawyers have been assisting the Financial Services Authority (the "FSA") with their enquiries and the Administrator also attended a meeting with the FSA to provide information on the business carried on by the Society.
- 7.4 The Administrator has been contacted by a number of members and representatives on their behalf who believe that members of the Society were depositors and/or savers rather than investors.

The Administrator notes that the Rules of the Society state that the objects of the Society are

- *to promote thrift amongst its members by the accumulation of their savings*
- *to use and manage such savings for the mutual benefit of members*
- *to create a source of credit for the benefit of its members at a fair and reasonable rate of interest*

The Administrator is currently making further enquiries in relation to this and will keep members informed of any developments.

8. RECEIPTS & PAYMENTS ACCOUNT

- 8.1 The Administrator has provided at Appendix 4 to this report his receipts and payment account for the period 17th November 2008 to 16th May 2009.
- 8.2 The rental income received in the period is slightly less than anticipated due to the loss of tenants as set out in paragraph 6.3.
- 8.3 The mortgage interest received in the period has been less than anticipated due to slow payment caused primarily by the financial difficulties being experienced by borrowers.
- 8.4 The administrator has been following up arrears and is actively encouraging borrowers to refinance where possible. This has been difficult to progress quickly due to the fact that borrowers are experiencing problems in servicing their debt and bank lending criteria are proving more difficult to meet.
- 8.5 Legal fees reflect the significant input required in dealing with the complex matters in this Administration, in particular the review of title and security and dealing with the many issues arising in respect of the loans, set off, regulatory matters and distinction between members who are creditors and shareholders. A large part of these fees are non recurring but have been essential in securing the best interests of the members.
- 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 as agreed by creditors. 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 16th May 2009. In summary the Administrator and his staff have spent 1720.9 hours totalling £205,103.65, at an average chargeout rate of approximately £119.19 per hour from 17th November 2008 to 16th May 2009.
- 8.7 Property advisers and valuation fees comprise the initial valuation of all properties with outstanding loans in excess of £100k, together with fees for ongoing advice regarding the numerous development sites, planning issues and all related matters. Because of the nature of the loan book, there is still a considerable work to be done in this area with a view to maximising the return to members.

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 a 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

Rule 2.048

Form 2.24B

The Insolvency (Northern Ireland) Order 1989

2.24B

Administrator's Progress Report

Name of Company THE PRESBYTERIAN MUTUAL SOCIETY LIMITED	Company number IP00275
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 administrated(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 2008

(b) 16 May 2009

Signed



Joint / Administrator(s)

Dated

15 June 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 the Companies registry for Northern Ireland

APPENDIX 2

QUESTIONS & ANSWERS

Q. What happens next?

- A. The Administrator will provide a statutory progress report on or before 16th June 2009 for the six month period after his appointment. At this stage he hopes to be in a position to put a formal arrangement to members in September.

Q. Will I get all my money back?

- A. It remains too early in the process for the Administrator to determine what proportion of investments are likely be returned and when. He will address this issue in his proposal for a formal arrangement.

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. I need to talk to somebody urgently about my money or money belonging to 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. I have applied to withdraw money from the Society. Will this be paid?

A. Unfortunately the Administrator is not currently in a position to make repayments from the Society. This applies to applications that have already been made and to any new applications for withdrawal. Share and Loan Certificates already lodged with the Society have been returned.

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 is required to report to the Department of Enterprise Trade and Investment (DETI) on the conduct of the directors of the PMS 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 Will the formal arrangement to be proposed by the Administrator provide definite information of the amounts to be returned to members and when will this occur?

A. The Administrator anticipates being in a position to put a proposal for an arrangement in September 2009. His proposal will contain best estimates of likely returns to members holding loans or withdrawable shares but the exact amount distributed will depend on the property market and the ability of borrowers to meet their obligations to the Society.

APPENDIX 3

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 4

ADMINISTRATOR'S RECEIPTS & PAYMENTS FOR THE PERIOD 17 NOVEMBER 2008 TO 16 MAY 2009

RECEIPTS		£'000
Rental income from investment properties		3,673
VAT on rental income		439
Mortgage interest on advances		1,676
Bank interest		236
Capital repayments on mortgage advances		4,730
Investments received post-administration (to be returned)		2
		<u>10,756</u>
PAYMENTS		
Pre administration expenses		
Legal expenses - L'Estrange & Brett		24
Professional expenses – Arthur Boyd & Company		23
Office overheads and running expenses	<i>Note 1</i>	147
Premises expenses	<i>Note 2</i>	6
VAT payments		320
Legal fees post administration		222
Administrators fees		203
Administrators expenses	<i>Note 3</i>	31
Printing and related costs		22
Property advisers and valuation fees		64
VAT on legal and professional fees		89
Investments received returned to members		24
		<u>1,175</u>
Net receipts in period		<u>9,581</u>
Opening bank balance 17 November 2008		<u>4,774</u>
Closing bank balances 16 May 2009		<u>14,355</u>

Note 1

Overheads and running expenses	£
Salaries and pensions *	94,477
Property expenses	8,862
Professional services **	28,069
Postage, telephone and stationery	11,277
Sundry expenses	3,343
Office equipment	1,084
	<u>147,112</u>

Note 2

Premises	£
Insurance	2,693
Heat and light	2,257
Cleaning	1,419
	<u>6,369</u>

* Includes staff termination costs

** Comprises computer maintainance, legal and agents fees re lease extensions

Note 3**Administrators expenses**

	£
PR and media costs	15,687
Insurance and bonding costs	9,305
Cost of Statement of affairs	4,750
Preparation of vat returns	450
Statutory advertising	400
Miscellaneous	205
	<u>30,797</u>

APPENDIX 5

ANALYSIS OF TIME AND COSTS FOR THE PERIOD FROM 17TH NOVEMBER 2008 TO 16TH MAY 2009

	The Administrator		Partner/manager		Other professional staff/ support		Total	Total	Average
	hours	cost £	hours	cost £	hours	cost £	hours	cost £	cost per hour £
Administration and planning	133.4	24679.00	53.1	6576.50	19.5	889.50	206.0	32145.00	156
Trading	188.3	34835.50	14.5	2030.00	3	345.00	205.8	37210.50	181
Investigations	78.0	14430.00	9.5	1305.00	2.0	0.00	89.5	15735.00	176
Realisation of assets	152.6	28231.00	178.8	24469.50	200.0	9216.70	531.4	61917.20	117
Members/creditors	182.5	33762.50	63.4	8481.00	442.3	15852.45	688.2	58095.95	84
	<u>734.8</u>	<u>135938.00</u>	<u>319.3</u>	<u>42862.00</u>	<u>666.75</u>	<u>26303.65</u>	<u>1720.9</u>	<u>205103.65</u>	

Average hourly rate	<u>185.00</u>	<u>134.24</u>	<u>39.45</u>	<u>119.19</u>
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	Normal hourly charge out rates £	Abated Rate for PMS £
Administrator	220	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.