

CHARGING, EXPENSES AND DISBURSEMENTS POLICY STATEMENT EFFECTIVE FROM 1ST AUGUST 2014

Introduction

Current insolvency legislation provides for the manner in which insolvency practitioners' fees and disbursements are charged in insolvency assignments. The legislation permits insolvency practitioners to seek the bases for their fees on a time cost basis, a percentage of realisation basis or on a fixed fee basis. Dependent upon the nature of any particular case, a combination of these bases can be applied in respect of different tasks within a particular case.

The basis for each individual insolvency appointment are subject to approval by a committee of creditors if appointed failing which by creditors in a general meeting of creditors or by the Court. Further information regarding the approval of office holders' fees for each type of insolvency case can be found within Statement of Insolvency Practice 9 (SIP9). Once the basis of office holders' fees has been approved it is reported to any committee and to creditors generally within the next statutory report.

Time Cost Basis

- This is the most common basis for fees sought by this Firm. Partners, managers, administrators, cashiers and support staff are allocated an hourly charge out rate which is reviewed annually.
- Work undertaken by secretarial staff will be or has been charged for separately and such work will not or has not also been charged for as part of the hourly rates charged by partners, managers and administrators.
- Time spent by partners and all staff in relation to the insolvency estate is charged to the estate.
- It is the office holder's policy to ensure that work undertaken is carried out by the appropriate grade of staff required for each task, having regard for its complexity and the skill and experience required to perform it.
- Time spent on casework is recorded directly to the relevant case utilising timesheets and a computerised time recording system and the nature of the work undertaken is recorded at that time. Time is recorded in units of 6 minutes. The time records retained by this office are in line with best practice and the industry guidelines provided under SIP 9.
- In matters where the remuneration has been approved on a time cost basis a periodic report will be provided to any creditor's committee appointed by the creditors or in the absence of a committee to the creditors. The progress report will provide a breakdown of the time expended by this office and details of any remuneration drawn thus enabling creditors to see the average rates of such costs.
- The current charge rates of this Firm are set out below:

Grade of Staff	Hourly Chargeout Rate
Partner/Appointment Taker	£295.00
Senior Manager	£235.00
Manager	£210.00
Administrator	£140.00
Cashier	£165.00
Trainee/Support Staff	£80.00

Time is recorded in all insolvency appointments under the following headings. In cases of high complexity, there may be case specific headings.

- **Administration & Planning**
This includes administrative set up, appointment notification, maintenance of office holder's and company records, preparation of statutory reports and taxation issues. It deals generally with compliance, case progression and internal administration.
- **Creditors**
Communication with creditors, agreement of claims and distributions where appropriate. This includes all classes of creditor, secured, preferential and unsecured. It also includes employee issues arising.
- **Investigations**
This includes an initial review of a company's financial affairs to identify any matters requiring further investigation. It also deals with review of a company's records and work on any potential antecedent

transaction recovery. It also covers an insolvency practitioner's statutory reporting obligation.

- **Realisations**

This deals with identifying, securing and insuring assets, retention of title and other proprietary claims. Debt recovery and dealing with asset sales.

- **Trading**

This relates to the management, accounting and ongoing employee issues in a trading insolvency assignment.

Percentage Basis

The legislation provides for fees to be charged on a percentage of the value of property with which an insolvency practitioner deals with. Different percentages can be used for different assets or types of assets. When seeking creditor approval for this basis, further information will be provided for creditors to judge the appropriateness of this basis.

Fixed Fee Basis

It is possible for an insolvency practitioner to seek to be paid on a fixed fee basis. Where this is the case, further information will be provided to explain why this would be considered appropriate.

Expenses and Disbursements Policy

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into two categories and are disclosed to creditors in the appropriate reports.

Category 1

It is not necessary for creditors to approve Category 1 disbursements which can be summarised as follows:

- Category 1 disbursements relate to expenses where this practice has met a specific cost in respect of the insolvent estate where payment has been made to a third party where the invoice specifically identifies the individual estate. These may include items such as advertising, searches at Companies House, Land Registry fees, Couriers etc. In each case the recharge will be reimbursed on a quarterly basis.

Category 2

- These are expenses and disbursements incurred by this Firm which may contain a profit element (for example any which include an element of shared or allocated costs) require the approval of creditors prior to being drawn from the insolvency estate.
- This Firm will seek to recover Category 2 disbursements in respect of the following:

Hire of Room* (per statutory meeting)	£200.00
Storage of records (per box per quarter)	£2.00
Partner/staff mileage	£0.45 per mile

**The meeting room facility is held in-house at these offices*

VAT

VAT at the prevailing rate is applied to office holders' fees and disbursements. In Company and Individual Voluntary Arrangements, VAT may not apply following the decision in PAYMEX versus HMRC.

FURTHER INFORMATION

Creditors Rights

SIP9 together with 'Creditors' Guides to Fees' provides information for creditors in relation to the fees charged by Office Holders for each type of insolvency procedure. These can be accessed from the following websites:

Insolvency Practitioners Association at:

www.insolvency-practitioners.org.uk/regulation-and-guidance/guides-to-fees

Association of Business Recovery Professionals at:

www.r3.org.uk/index.cfm?page=1591

Alternatively, a copy can be provided by written request to this office.