Charging and disbursement recovery policy for appointments after 1 October 2015

Introduction

Legislation allows different fee bases to be used for different tasks within the same appointment. The basis or combination of bases set for a particular appointment are subject to approval, generally by a creditors' committee if one is appointed by the creditors, failing which the creditors at a general meeting, or the court. Further detail about how an office holder's fees are approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) and can be accessed at www.mw-w.com/fees-and-costs.html. Alternatively a hard copy may be requested from McTear Williams & Wood Limited, Townshend House, Crown Road, Norwich, NR1 3DT.

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the time costs incurred and remuneration drawn and will also enable the recipients to see the average rates of such costs. The report will also disclose how creditors can seek further information and challenge the basis on which the fees are calculated and the level of fees drawn in the period of the report. Once the time to challenge the office holder's remuneration for the period reported on has elapsed, then that remuneration cannot subsequently be challenged.

Time cost basis

This is the basis that we use in the majority of cases using charge out rates appropriate to the skills and experience of each member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in 6 minute units with supporting narrative to explain the work undertaken. Cashiers, secretarial and support staff charge all the time they work as such work has not been allowed for in calculating the hourly rates charged by the directors and other staff. If such time were not charged our charge out rates for directors and other staff would be approximately 15% higher. Time billed is subject to Value Added Tax (VAT) at the applicable rate.

Charge out rates

Our charge out rates are reviewed on 1 January each year and since January 2003 have increased to take account inflation and market forces. Since 1 November 2011, when more detailed information about charge out rates became necessary, our charge out rates are as summarised below.

London rates

Grade of staff	**Charge out rates per hour effective from**				
	January 2018 £	**January 2017 £**	**May 2016 £**	**January 2016 £**	**March 2015 £**
Director	490	470	390	390	380
Senior Associate/Associates	410	390	295-330	330	320
Senior Manager/Manager	345-410	330-390	265-330	195-235	195-230
Assistant Manager/Senior Professional	285-310	265-290	235-265	165-195	155-185
Administrator/Assistant	115-160	150	120	120	115
Trainee	80	75	65*	45	45

***** Increased 1 October 2016

Non London rates

Grade of staff	Charge out rates per hour effective from						
	January 2018 £	January 2017 £	January 2016 £	January 2015 £	January 2014 £	January 2013 £	January 2012 £
Director	390	375	310	295	285	285	275
Senior Associates/ Associates	345	325	235-245	230-240	220-235	210-225	195-215
Senior Manager/Manager	260-295	250-275	195-235	195-230	195-220	195-210	195
Assistant Manager/ Senior Professional	195-235	190-225	165-195	155-185	145-175	135-165	130-155
Administrator/Assistant	115-160	150	120	115	110	105	95
Trainee	80	75	65*	45	45	45	45

* Increased 1 October 2016

Time spent on casework is recorded in 6 minute units using a computerised time recording system under the following categories:

- **Administration and planning** - includes work such as planning how the case will be staffed, administered and progressed; the administrative set up of the case including preparing the documentation to effect the formalities of appointment; notifying creditors and others of the appointment; keeping the records relating to the case up to date including maintaining electronic case files and case details, updating checklists, regular case reviews and case progression meetings; and reporting on progress of the case to creditors and others.

- **Investigations** - includes work such as corresponding with the debtor or the directors and management, reviewing questionnaires and comments provided by third parties, undertaking an initial review of the financial affairs of the company, partnership or bankrupt; establishing whether any lack of records has hindered the administration of the case and realisation of assets; whether any post-dated cheques were issued and any writs received; whether any payments had been made to associates, any directors loans reduced and evidence of excessive remuneration drawn by the director(s); whether any major items of assets have been disposed of since the last audited accounts and whether there has been any significant reduction in stock, debtors or other assets. Also undertaking a detailed investigation with a view to making recoveries for the benefit of creditors where matters such as preferences or wrongful trading come to light as a result of the initial review; and reporting to the Insolvency Service on the conduct of the directors.

- **Realisation of assets** - includes work such as identifying, securing and insuring assets; liaising with agents and solicitors; dealing with sale of business, transition of contracts, property issues, disposal of stock, retention of title claims; collection of debts and realisation of other assets.

- **Employee matters** - includes work such as making redundancies, helping employees make claims on the National Insurance Fund, dealing with employees' queries; and liaising with the redundancy payments office.

- **Creditors** - includes work such as set up of creditor schedules, communicating with creditors; dealing with creditors' claims; and where funds realised allow admitting claims and paying dividends to creditors.

- **Trading** - which includes work such as planning, identifying strategy, preparation of trading forecasts, monitoring of performance against the forecasts, managing operations, dealing with supplier and landlord issues to ensure continuity of operations, accounting and employees (including pensions and other staff benefits) and approving and processing all purchase orders and related documents.

Percentage basis

The legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal. Different percentages can be used for different assets or types of assets. Where we would like to realise any asset or type of assets on a percentage basis we will provide further information explaining why we think that this basis is appropriate and ask creditors to approve the basis.

Fixed fee

The new legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. Where we would like to charge a set amount for a task or different set amounts for different tasks we will provide further information explaining why we think that this basis is appropriate and ask creditors to approve the basis.

All bases

The officeholder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate other than on individual and company voluntary arrangements on which no VAT is charged.

Agent's costs

Agents costs are charged at cost based upon the charge made by the Agent instructed, the term Agent includes:

- Solicitors/Legal advisors
- Auctioneers/Valuers
- Accountants
- Quantity surveyors
- Estate agents
- Other specialist advisors

Disbursements and expenses

In accordance with Statement of Insolvency Practice 9 (SIP9) the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

Category 1 expenses are directly referable to an invoice from a third party, which is either in the name of the estate or McTear Williams & Wood Limited; in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the estate. These disbursements are recoverable in full from the estate without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party. Examples of category 1 disbursements are statutory advertising, external meeting room hire, external storage, specific bond insurance and company search fees.

Category 2 expenses are costs that are directly referable to an appointment but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to an appointment on a proper and reasonable basis. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. It is our normal practice to charge the following category 2 disbursements to cases were appropriate:

- Photocopying – to be charged for circulars to creditors and bulk copying of 10 pages or more at 5 pence per sheet (black and white) and 10 pence per sheet (colour).

- Mileage – to be charged at HM Revenue & Customs approved rate of 45 pence per mile.

- Storage – to be charged for storage of company records where ten or more boxes are stored at £5 per box per year, a cost of £1.95 per storage box and a destruction cost of £2 per box.

- Advertising – the business and assets for sale as a going concern on IP-Bid.com at a cost of £175.

We will provide details of expenses to be incurred or likely to be incurred when seeking fee approval. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.