

## **CHARGE OUT RATES & POLICY REGARDING THE RECOVERY OF EXPENSES PURSUANT TO STATEMENT OF INSOLVENCY PRACTICE 9**

The following information applies to all appointments of Insolvency Practitioners acting as:

- Liquidator, Receiver, Administrator or Administrative Receiver of a Limited Company
- Trustee in Bankruptcy
- Supervisor of an Individual, Company or Partnership Voluntary Arrangement
- Administrator under the Insolvent Estates Order
- Monitor

When acting as Nominee, the provisions of the Insolvency Act require that the amount of the fees payable to the Office-holder be specified within the Debtor's proposals. Such fees will nevertheless be fixed to take account of the Office-holder's expected time costs arising as referred to below.

### **1. POLICY ON FEES**

Fees are either fixed by reference to time costs, or as a percentage of realisations and distributions, or a set amount or any combination of all three. Where fees are agreed on a time cost basis, rates may be varied from time to time, at the sole discretion of the practice, and such changes will be notified in retrospect with each report to Creditors. It is our policy to use as junior grade of staff as compatible with the efficient conduct of the matter in order to ensure costs are kept to a minimum.

#### **1.1. CHARGE-OUT RATES**

Where the approved basis of remuneration is on a time costs basis, work undertaken on cases is recorded in 6 minute units in an electronic time recording system. Time properly incurred on cases is charged at the hourly rate of the grade of staff undertaking the work that applies at the time the work is done. Details of charge-out rates effective from 1 April 2021 and 1 June 2023 are as follows:

|                                    | Rate from 1 April 2021<br>Per Hour (£) | Rate from 1 June 2023<br>Per hour (£) |
|------------------------------------|--|---------------------------------------|
| Directors/Insolvency Practitioners | 600                                    | 675                                   |
| Senior Managers and Managers       | 370-425                                | 415-475                               |
| Administrators                     | 145-285                                | 165-320                               |
| Secretaries & Support Staff        | 120                                    | 135                                   |

The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment.

Staff are employed across a number of jurisdictions with a standard charge out rate. The Office holder reserves the right to use staff in any jurisdiction, as appropriate, based on the complexity of the matter and to ensure the most time and cost-efficient service is provided.

Rates vary between individuals, reflecting experience and qualification. Please note that support staff time is charged to the case at the rate indicated. Rates are subject to review annually. Any change in rates will be advised to creditors.

For further information on the manner in which an Office Holder's fees may be fixed, please refer to the guidance notes in relation to fees which can be downloaded from <https://www.hudsonweir.co.uk/resources/>.

## 1.2. FIXED AND % FEES

Where fees are authorised and approved as a fixed fee and/or % fee this fee is to cover the time costs incurred by the Insolvency Practitioner and his staff and does not include any additional direct costs.

## 2. RECOVERY OF EXPENSES

An expense is a directly attributable cost to the estate which is neither an office holder's remuneration nor a distribution to creditors or members. Expenses can include disbursements, payments met by the office holder and subsequently recovered from the estate, and are divided into those that do not need approval before they are charged to the estate (category 1) and those that do (category 2).

Category 1 expenses are payments to independent third parties and do not have to be approved prior to payment, but when reporting to the creditors committee and creditors during the course of the liquidation the actual expenses incurred will be compared with the original estimate provided with any material difference explained (e.g. where legal costs rise due to escalated recovery action).

Category 2 expenses are payments to associates, or parties with a professional or personal relationship, or payments which have an element of shared costs. These expenses require approval in the same manner as an office holder's remuneration. Where it is necessary for staff to travel from the office, business mileage may be charged at the HMRC rate of 45p per mile.

An estimate of expenses (including disbursements) is provided to creditors when the basis of the office-holder's fees are approved.

The expenses recovered by the practice are as follows:-

| Expenses   | Charge  |
|--|---|
| <b>Category 1</b>  |   |
| Indemnity Bond   | At cost of mandatory cover required in accordance with the Insolvency Act 1986 for each appointment |
| Insurance of assets  | At cost in relation to asset coverage requirements  |
| Company searches   | At cost incurred  |
| Statutory Advertising  | At cost incurred  |
| External postage   | At cost incurred  |
| <b>Category 2</b>  |   |
| Mileage (where any staff of office holder of utilises their own vehicle) | 45p/mile  |

Some statutory category 1 expenses, such as the bond and statutory advertising, may be paid by the practice in the first instance due to a lack of funds in the estate to enable a direct payment. The expenses may then be recovered from the estate when funds permit. These remain a category 1 expense.

### **3. Specialist Professional Advisors**

On occasion it is necessary for the office holder to engage with specialist professional advisers. Professional advisers are selected with regard to the specific requirements and based upon the office-holders professional judgement of their experience and ability to perform the necessary work, the complexity and nature of the assignment and the basis of the fee arrangement with to ensure a fair and reasonable cost to the estate.

Expenses incurred in respect of specialist advisers are subject to independent assessment prior to engagement and reported in accordance with current guidance. Unless a significant personal or professional relationship, that may give rise to a potential threat or conflict, has been identified with any Advisor their costs are regarded as category 1 expenses.

### **4. Use of Subcontractors**

It is not our policy to use sub-contractors unless there is a direct benefit to the estate. If it is necessary to use sub-contractors full disclosure will be provided to creditors in the regular progress report for individual cases with an explanation of the work to be undertaken, why it is necessary and the cost incurred.