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## PRACTICE FEE RECOVERY POLICY

### How fees are calculated & charged

The insolvency legislation allows fees to be calculated and charged in a variety of different ways. These bases include time costs, percentage calculation, set fee or a combination of them for different tasks within the same appointment.

The basis or combination of bases set for a particular appointment are subject to approval. Approval is either by a committee of creditors, if one is appointed, or failing that the creditors in general, or lastly by the Court.

Further detail about how an officeholder's fees may be 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 <https://kreocr.co.uk>. Alternatively a hard copy may be requested from «GENERAL\_COMP» of «GENERAL\_ADDCOMMA».

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and to each creditor. The report will provide a breakdown of all remuneration drawn and if the basis is time costs, together with the time costs incurred. The analysis of the time and value also shows the average rates charged for each category covered.

Each report also discloses how you as a creditor can seek further information and challenge the basis on which the fees are calculated as well as the level of fees drawn in the period of each report. Once the time to challenge the office-holder's remuneration for the period reported on has elapsed, then that remuneration cannot be subsequently challenged.

### Time cost basis & rates used

When charging fees on a time costs basis we use charge out rates appropriate to the skills and experience of a 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.

<b>Grade of staff</b>	<b>Current charge-out rate per hour, effective from 01 July 2024 (£)</b>
Director/Associate Director	400
Manager	300
Senior Administrator	250
Administrator	200
Other support Staff	150

The charge-out rates listed above are reviewed annually and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system. The nature of the work undertaken is recorded against each activity code and the codes are maintained under the following main categories:

- Administration & Planning
- Investigations
- Realisation of Assets
- Creditors
- Trading
- Case specific matters.

### **Percentage basis**

Fees can be charged on a percentage of the value of the property with which the officeholder has to deal with and/or the quantum of funds being distributed. Different percentages can be used for different assets, types of assets or distributions made to different classes of creditors. Where we would like to realise any asset or type of assets on a percentage basis an explanation will be provided explaining why this basis is considered fair and reasonable in the circumstances of that case.

### **Fixed fee**

A fixed fee provides certainty in relation to the amount being charged as an agreed amount. Different fixed amounts can be used for different tasks. Where we would like to realise any asset or type of assets on a fixed fee basis an explanation will be provided explaining why this basis is considered fair and reasonable in the circumstances of that case.

### **All bases**

Except for Individual Voluntary Arrangements and Company Voluntary Arrangements which are VAT exempt, the officeholder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

### **Professional Advisers**

Details of any professional advisers used will be given in the reports to creditors together with the basis of the fee charged. The choice of professional used is based on their expertise, qualification and location.

Professional Advisers include: -

- Solicitors/Legal Advisors
- Auctioneers/Valuers
- Accountants
- Quantity Surveyors
- Estate Agents
- Other Specialist Advisors

The office holder 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 insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

### **Subcontractors**

Where we subcontract out work that could otherwise be carried out by the officeholders or their staff then we will draw it to the attention of creditors in any report that incorporates a request for approval of the basis of which the remuneration may be charged.

### **Expenses**

In accordance with Statement of Insolvency Practice 9 (SIP 9) the basis of expense allocation in respect of expenses incurred by the officeholder in connection with the administration of the estate must be fully disclosed to creditors. Expenses 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 «GENERAL\_COMP»; in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the estate. These expenses 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 expenses are statutory advertising, external meeting room hire, external storage, specific bond insurance, external postage costs and Company search fees.

Category 2 expenses are payments related to the case but not paid to independent third parties and include payments made to associates or payments with an element of shared costs. These expenses are recoverable in full from the estate, subject to the basis of the expense charge being approved by creditors in advance. Examples of category 2 expenses are photocopying, internal room hire, internal storage and mileage.

It is likely that the following Category 2 expenses will be incurred in administering the case: -

Mileage	45p per mile
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