



THE TIMOTHY JAMES PARTNERSHIP

Charging and disbursement recovery policy

Introduction

The insolvency legislation was changed in April 2010 for insolvency appointments commenced from that time in order to allow more flexibility on how an office holder's fees are charged to a case. The new 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 details about how an office holder's fees are approved for each case type are available in a series of guides issued with the Statement of Insolvency Practice 9 (SIP 9) and can be accessed at www.timothyjamespartnership.co.uk. Alternatively a hard copy may be requested from Timothy James Partnership Limited, 59 Worcester Road, Bromsgrove B61 7DN.

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. Under the new legislation, any such report must 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.

Staff allocation and the use of sub-contractors

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

The case team will usually consist of the office holder, a senior manager/manager and an administrator. The exact case team will depend on the anticipated size and complexity of the assignment. On larger, more complex cases several staff at all grades may be allocated to meet the demands of the case. The charge out rate schedule below provides details of all grades of staff.

Charge out rates

Our charge out rates are reviewed periodically and are summarised below.

Grade of Staff	Charge out rates per hour effective from April 2013
	£
Director/Office Holder	200 - 350
Manager	200 - 250
Senior Professionals	180 - 225
Assistants and Support Staff	80 - 180

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. The work is recorded under the following categories:

- **Administration and planning** - which includes work such as planning how the case will be administered and progressed; the administrative set up of the case; notifying creditors and others of the appointment; keeping the records relating to the case up to date; case reviews; case progression meetings; and reporting on progress of the case to creditors and others.
- **Investigations** - which includes work such as undertaking an initial review of the financial affairs of the insolvent; 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 in the initial review; and reporting to the Insolvency Service on the conduct of the directors.
- **Realisation of assets** - which includes work such as identifying, securing and insuring assets; dealing with retention of title claims; collecting debts owed; and selling assets.
- **Employee matters** - which includes work such as dealing with employees; and liaising with the redundancy payments office.
- **Creditors** - which includes work such as communicating with creditors; dealing with creditors' claims; and where funds realised allow, paying dividends to creditors.
- **Trading** - which includes work such as managing and controlling all aspects of the business; and preparing financial records and information relating to that trading.

Percentage basis

The new 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 basis

The office holder'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 VAT is not chargeable.

Disbursements

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 case or Timothy James Partnership Limited; in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the case. These disbursements are recoverable in full from the case without the prior approval of creditors either by a direct payment from the case or, where the firm has made payment on behalf of the case, 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 and land registry search fees.

Category 2 expenses are costs that are directly referable to a case but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the case on a proper and reasonable basis. These disbursements are recoverable in full from the case, 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 where appropriate:

- Fax and telephone charges.
- Photocopying - to be charged for circulars to creditors and bulk copying at 8 pence per sheet.
- Stationery – to cover lever arch files, file dividers, paper, envelopes etc over the life of the case at £20 per case.
- Mileage – to be charged at the HM Revenue & Customs approved rate of 45 pence per mile.
- Storage - to be charged where case books and records are stored on the premises of The Timothy James Partnership Limited at £5 per box per year.
- SQL Licence fee at £100 per case

Professional Advisors and Agents' costs

These costs are charged as invoiced by the party instructed and include the fees in relation to:

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

On this assignment the office holder has used the professional advisers listed below. The office holder has also indicated the basis of the fee arrangement with them, which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement

The office holder's choice was based on the perception of the professional adviser's experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them.