

PRACTICE FEE RECOVERY POLICY FOR McALEER JACKSON LIMITED (MMJ)

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. This sheet explains how we may apply the alternative fee bases. The legislation now 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 committee if one is appointed by the creditors, failing which the creditors in 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 Statement of Insolvency Practice 9 (SIP 9) and can be accessed at www.mmjca.com or www.r3.org.uk. Alternatively a hard copy may be requested from McAleeer Jackson Chartered Accountants, Church House, 24 Dublin Road, Omagh, Co Tyrone BT78 1HE.

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 remuneration drawn and time costs incurred and will also enable the recipients to see the average rates of such costs. Under the 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.

Under the old legislation, which still applies for insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to be challenged.

Time Properly Incurred

This is the basis that we use in the majority of cases and 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.

Chargeout Rates

Grade of staff	Current charge-out rate per hour, effective from 1 January 2017 £	Previous charge-out rate per hour, effective from 1 May 2017 £
Director/Associate Director – appointment taker	215 - 250	160 - 250
Executive Director/ Senior Manager	90 - 175	90 - 150
Manager/Assistant Manager	45 - 90	56 - 80
Case Worker	30 - 45	35 - 55
Cashier/Support Staff	30	30

Where necessary and appropriate, members of staff from other departments of the practice will undertake work on a case. They will be charged at their normal charge out rate for undertaking such work.

These charge-out rates charged are reviewed on 1 May each year 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 and the nature of the work undertaken is recorded at that time. Each unit of time is 6 minutes. The work is recorded under the following categories:

- Administration and Planning.
- Investigations.
- Realisation of Assets.
- Employee matters.
- Creditors.
- Trading.

Percentage basis

The legislation now 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 legislation now 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

With the exception of 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.

Agent's Costs

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

Expenses

In accordance with SIP 9 expenses are payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or member. Expenses are also disbursements. Disbursements are expenses which are first met by the office holder and then reimbursed to the office holder from the estate. Expenses are categorised as either Category 1 or Category 2.

Category 1 expenses are payments to persons providing a service to which the expense relates who are not associates of the office holders. Category 1 expenses can be paid without prior approval. Examples of Category 1 disbursements are statutory advertising, external meeting room hire, external storage, specific bond insurance and insurance.

Category 2 expenses are payments to associates or which have an element of shared costs. Before being paid, category 2 expenses require approval in the same manner as an office holder's remuneration. Category 2 expenses require approval whether paid directly from the estate or a disbursement.

It is proposed that the following Category 2 disbursements are recovered:

Mileage: 45p per mile

Mileage is paid to the office holder's staff for travel associated with the insolvency appointment. It is a Category 2 expense as it is payable to employees of the office holder (therefore associates). It is proposed that mileage is paid and recovered at HMRC approved mileage rates for the distance travelled in connection with the insolvency appointment by the office holder's staff.