

Valentine & Co

CHARGE OUT RATES & POLICY REGARDING THE RECHARGE OF DISBURSEMENT RECOVERY PURSUANT TO STATEMENT OF INSOLVENCY PRACTICE 9

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 8 January 2015 are as follows:

	(Per hour) £
Managing Director	425
Other Directors / Consultant	325-375
Manager	200-300
Senior	150-200
Administrator	50-150
Support	50

Time is charged to the cases in units of 6 minutes. The minimum unit used to charge time is 6 minutes. Please be advised that support staff time is charged to the case at the rate indicated.

Where the approved basis of remuneration is as a set amount and percentages of realisations, the charges are applied as follows, unless otherwise specified and approved;

1. A set amount of £15,000 plus VAT for the general administrative and statutory work in relation to the insolvency, to be drawn from the asset realisations at the office holders' discretion, as and when funds are available.

Administration (including statutory compliance & reporting)

Office Holders are required to carry out certain tasks in nearly every insolvency assignment, namely administrative duties and dealing with the Company's creditors. Whilst these tasks are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings, they do not necessarily produce any direct financial benefit for creditors, but nonetheless still have to be carried out. This work may include:

- Notifying creditors of the office holder's appointment and other associated formalities including statutory advertising and filing relevant statutory notices at Companies House
- Preparing and issuing annual and final progress reports to members and creditors
- Lodging periodic returns with the Registrar of Companies for the insolvency
- Complying with statutory duties in respect of the office holder's specific penalty bond
- Creation and update of case files on the firm's insolvency software
- Redirection of the Company's mail to the office holder's office
- Establishing and holding periodic meetings of the creditors' committee and associated filing formalities (if a committee is appointed)
- Securing the Company's books and records
- Pension regulatory reporting and auto-enrolment cancellation
- Completion and filing of the notice of the Company's insolvency to HMRC
- Initial assessment required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 (CDDA) including the review of the Company's books and records and the identification of potential further asset realisations which may be pursued in the insolvency
- Initial investigations as required by the Company Directors Disqualification Act 1986 and Statement of Insolvency Practice 2
- Filing a statutory report to the Department for Business, Energy & Industrial Strategy under the CDDA
- Periodic case progression reviews (typically at the end of Month 1 and every 6 months thereafter)
- Opening, maintaining and managing the insolvency estate cashbook and bank account(s)
- Dealing with all post-appointment VAT and corporation tax compliance
- Liaison with secured creditors, if any, obtaining charge documents and validating the security
- Dealing with employees, if any, to provide support and assistance in lodging any claims they may be entitled to make for unpaid wages, holiday pay and other statutory entitlements from the National Insurance Fund and the Company. Liaising with (or appointing) union representatives and payroll providers and reviewing employment contracts as necessary
- Attending to correspondence and telephone calls with directors and shareholders

- Attending to correspondence and telephone calls with other interested parties including HM Revenue & Customs
- Closing the insolvency and preparing and issuing the office holder's final progress report to members and creditors and calling the final meetings
- Attending to correspondence and telephone calls with creditors
- Recording and acknowledging creditors' claims

Valentine & Co reserve the right to seek a further set amount in the event of a distribution to creditors to reflect the work carried out in relation to reviewing and adjudicating upon creditors' claims, issuing Notice(s) of Intended Dividend and declaring/issuing the dividend itself. Where applicable, a further fee resolution may be sought from creditors.

2. Thereafter, 20% of all realised assets, to be drawn from the asset realisations at the office holders' discretion, as and when funds are available.

2 DISBURSEMENT RECOVERY

In accordance with Statement of Insolvency Practice 9 (SIP9) disbursements are categorised as either Category 1 or Category 2.

2.1 Category 1 Disbursements

Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case. Where these have initially been paid by Valentine & Co and then recharged to the case, approval from creditors is not required. The amount recharged is the exact amount incurred. Category 1 disbursements can be drawn without prior approval, although an office holder should be prepared to disclose information about them in the same way as any other expenses.

Examples of Category 1 disbursements include postage, case advertising, specific bond insurance, company search fees, case management software system, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

2.2 Category 2 Disbursements

Category 2 disbursements include elements of shared or allocated costs incurred by Valentine & Co and recharged to the estate; they are not attributed to the estate by a third party invoice and/or they may include a profit element. Category 2 disbursements may be drawn if they have been approved in the same manner as an office holder's remuneration. When seeking approval, an office holder should explain, for each category of expenses, the basis on which the charge is being made. Examples of Category 2 disbursements are photocopying, all business mileage, internal room hire and internal storage.

The current levels of Category 2 disbursements recovered by Valentine & Co are as follows:-

Disbursement	Charge
First circular each	£2.25
Subsequent circulars each	£1.75
Room Hire (per hour)	£10.00
Mileage (where any staff of office holder of Valentine & Co utilises their own vehicle)	45p/mile
Other travel charges are recharged at 100% of the fare/cost incurred by the office holder, his staff or relevant party	100%
Subsistence and any other miscellaneous disbursements, where appropriately incurred, are charged/recharged at 100% of the cost incurred by the office holder, his staff or relevant party	100%

All costs are subject to VAT, where applicable. The costs recharged are based upon the actual cost of the materials used or the costs which would have been incurred if that service had been sourced externally.

Valentine & Co reserve the right to alter its charge rates without notice from time to time.