

Turpin Barker Armstrong's Fee Recovery Policy

The revised Statement of Insolvency Practice [SIP] 9 took effect on 1 April 2007 and applies to all appointments held by Insolvency Licence Holders. The purposes of the SIP include the following: -

- set out best practice with regard to the observance of the statutory provisions;
- set out best practice with regard to the provision of information to those responsible for the approval of fees to enable them to exercise their rights under the insolvency legislation;
- set out best practice with regard to the disclosure and drawing of disbursements.

SIP's are not to be regarded as a definitive statements of the law and no liability attaches to any body or person involved in the preparation or promulgation of SIP's. However, Insolvency Practitioners are expected to have regard to SIP's in carrying out their professional work. This statement sets out the policy of Turpin Barker Armstrong in complying with SIP9 and the manner in which information will be disclosed to creditors.

Remuneration of the Insolvency Practitioner

Creditors' Guides to Fees

SIP9 has several appendices that are creditors' guides to fees in relation to the various appointments that may be held by an Insolvency Licence Holder. Turpin Barker Armstrong will provide an internet address where creditors may access a copy of the appropriate creditors' guide to fees in the first notice to creditors and, thereafter, the link will be repeated with each report to creditors. Hard copies are also made available to creditors on request by writing to Turpin Barker Armstrong, Allen House, 1 Westmead Road, Sutton, Surrey, SM1 4LA.

Basis of Calculating Remuneration

Turpin Barker Armstrong will normally seek creditors' approval for remuneration to be fixed on a time cost basis, one of the bases permitted by the statutory provisions, at the first appropriate meeting of the creditors. Once the basis of remuneration has been approved, Turpin Barker Armstrong will be able to draw remuneration from time to time on account without specific reference to creditors.

In order to assist creditors in considering whether to grant this approval, the hourly charge out rates in force at the time authority is sought will be disclosed at the earliest opportunity.

The time spent by Turpin Barker Armstrong's staff working on insolvency appointments is recorded on a time recording system. That time is recorded in 6 minute units and is analysed as indicated below in the following section.

Disclosure of Time Costs

Since 1997, Turpin Barker Armstrong has routinely disclosed the time spent in reports to creditors. The information has been analysed by category or staff and hourly rate, together with sums drawn on account. Where this information has already been reported to creditors, the same information will be provided in each report until the conclusion of the case together with a statement confirming the period covered by the time spent.

SIP9 recommends that time spent is disclosed by reference to a number of standard activities undertaken by each category of staff. The total time cost relating to each activity will be disclosed together with the average hourly rate. The total time cost and hours spent will also be disclosed.

SIP9 sets out the following standard activities and examples of work: -

Standard Activity	Examples of Work
Administration & Planning	Case planning Administrative set up Appointment notification Maintenance of records Statutory reporting
Investigations	SIP2 review

	CDDA reports Investigating antecedent transactions
Realisation of Assets	Identifying, securing, insuring assets Retention of title Debt collection
Trading	Property, business and asset sales Management of operations Accounting for trading Ongoing employee issues
Creditors	Communications with creditors Creditors claims (including employees' and other preferential Creditors')

In addition, Turpin Barker Armstrong will include the following activity: -

Activity	Examples of Work
Other	Any case specific matter of such overall significance that disclosure is necessary to form a judgement of the work carried out by Turpin Barker Armstrong

Reports prepared by Turpin Barker Armstrong will, from 1st January 2003, disclose time spent since any previous report to creditors on the basis set out above. Where subsequent reports to creditors are prepared, the disclosure will comprise time spent during the period covered by the report and will state the total hours spent in each category brought forward from previous reports to give a total since the commencement of the appointment.

Turpin Barker Armstrong will disclose the date and amount of any sums drawn on account of remuneration, together with any payments made to third parties in connection with assistance given in the preparation of the statement of affairs, where appropriate.

Expenses and Disbursements

The overall position is that insolvency licence holders are entitled to necessary disbursements in connection with an insolvency appointment and that approval is not necessary to draw such necessary disbursements.

SIP9 states that not all costs properly charged in connection with insolvency assignments may necessarily be regarded as disbursements and further comments that the demarcation line between disbursements and remuneration is not defined by statute. SIP9 identifies two categories of disbursements: -

Category 1 disbursements

These are costs that are readily identifiable as specifically relating to an insolvency appointment and referable to a payment to an independent third party. These are recoverable without approval from creditors. They will generally comprise external supplies of services and some examples given by the SIP include postage, case advertising, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case up to HMRC agreed limits.

Category 2 disbursements

These are costs, which, whilst being in the nature of expenses or disbursements, include elements of shared or overhead costs. The SIP requires these to be identified and subject to approval as if they were remuneration. A charge for expenses in this category is permitted provided that:

- The expenses are of an incidental nature, are directly incurred on the case and there is a reasonable method of calculation and allocation. Persuasive evidence of reasonableness will be if the charge is in line with the cost of external provision; and
- The basis of the charge is disclosed and approved by those responsible for approving remuneration.

Other provisions of SIP9 include: -

- Non-incident costs including such items as time costs, office and equipment rental, depreciation, standing charges, finance charges, accounting and administration costs may not be the subject of separate charges.
- Payments to outside parties in which the office holder, his firm or any associate [defined by Section 435 Insolvency Act 1986] has an interest should be treated as a category 2 disbursement.
- Where remuneration is being drawn on the Official Receiver's scale, there is no committee and it has not been possible to obtain a resolution of the creditors, category 2 disbursements may only be recovered if authorised by the creditors.

Turpin Barker Armstrong Policy

Category 1 Disbursements

Turpin Barker Armstrong defines category 1 disbursements as those where there is an identifiable payment to a third party not associated with Turpin Barker Armstrong or any partners or employees thereof. Wherever possible, such disbursements are paid by the insolvency case direct. Where they are paid by Turpin Barker Armstrong on behalf of the case, they are reimbursed, net of any discount received, without prior approval by the creditors.

Category 2 Disbursements

With effect from 1st June 2004, Turpin Barker Armstrong will make no charge for disbursements that fall within this category. Prior to 1st June 2004, Turpin Barker Armstrong made a charge for the following facilities and services provided that included shared costs. The category 2 disbursements charged prior to 1st June 2004 will be subject to disclosure to creditors and a resolution for their approval will be put to creditors.

Meeting Room Facilities

Where meetings of creditors pursuant to Sections 98 and 257 Insolvency Act 1986 are held at Turpin Barker Armstrong offices, a charge of £65.00 is made. This is approximately half the rate for similar facilities provided commercially.

Photocopying and Stationery

A charge of 15 pence per sheet of headed paper and 10 pence per sheet of plain paper is levied where circulars are issued to creditors, shareholders, employees and general contacts. No additional charge is levied for individual items of correspondence. This level of charge is considered to be less than is available from a third party.

Disclaimer

This statement is not to be regarded as a definitive statement of the law and no liability attaches to Turpin Barker Armstrong, its partners, employees and agents as a result of any information contained herein. This statement sets out the provisions of the revised SIP9 as it is applied by Turpin Barker Armstrong.