**[Company Name] (**the **Company)**

**Fees Information in accordance with The Insolvency (England and Wales) Rules 2016 and Statement of Insolvency Practice 9**

**Fees Overview**

Prior to an office holder agreeing the basis of remuneration, details of the work proposed to be done and the expenses it is considered will be, or are likely to be, incurred in dealing with an insolvent’s affairs must be provided to creditors.

In addition, where an office holder proposes to take all or any part of this remuneration based on the time spent in dealing with the insolvent’s affairs, a ***fees estimate*** must also be provided. This will outline the anticipated cost of that work, how long it is anticipated the work will take and whether any further approvals may be needed from creditors in due course.

In this case, I am not proposing to agree my remuneration based on time spent, and consequently, I am not required to provided creditors with a ***fees estimate***.

I am however, required to confirm the basis or bases I am seeking in the alternative and details of the work proposed to be done in this case, which can be found below.

**Work anticipated and the likely outcome to creditors**

Some of the work undertaken by an office holder is required by statute and may not necessarily provide a financial benefit to creditors. Examples of this work include investigations required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 or dealing with the claims of former employees via the National Insurance Fund.

It may also be necessary for an office holder to instruct other parties to assist with the assignment because of a particular expertise that they may bring, such as asset valuation, tax or legal advice. Details of any anticipated expenses can be found at the end of this document, although it should be noted that this may change during the course of an assignment where it is necessary to seek additional expertise or specialist support.

Office holders are also required to comment on whether the work they anticipate doing will provide a financial benefit to creditors and to give an indication of the likely return to creditors when seeking approval for the basis of their remuneration. Due to the complex nature of the work undertaken by insolvency practitioners and the uncertainties that may exist in relation to the realisation of an insolvent’s assets at the outset of a case, this position may change during an assignment, therefore updates will be provided in periodic progress reports to creditors.

In this case, it is anticipated that a distribution may become available for the *[enter details of the anticipated outcome here, which for example may be that a distribution will be paid to the secured or the secured and preferential creditors only, or a prescribed part distribution to the unsecured creditors may result, etc].* Further information on this can be found below in the section on ‘**Creditors (claims and distributions)**’.

**Proposed Fee Basis/Bases**

*[Insert details of the basis or bases being proposed here – this may for example be a set amount for the statutory compliance work and a percentage of realisations for the asset realisation and other work but remember that new SIP 9 requires that where remuneration is sought on more than one basis, you must clearly state to which part of the office holder’s activities each basis relates. [SIP 9, Para 22]*

*[SIP9 also requires that when approval for a set fee or a percentage basis is sought, the office holder should explain why the basis requested is expected to produce a fair and reasonable reflection of the work that the office holder anticipates will be undertaken. It is unlikely that a statement merely confirming that the fee proposed is expected to produce this outcome will be sufficient from a regulatory perspective.*

*It may be appropriate to consider internally what the time costs may be on the case (and keep an internal record of this calculation in case of regulatory challenge) and then confirm in your estimate, that the fees proposed are in line with, or less than, the likely cost that would be incurred if fees were proposed on a time spent basis. It may also be appropriate to state that you have considered the costs of similar past assignments done by the firm and the fee you are proposing is in line with the time costs incurred on such cases in the past. Alternatively, it is also worth considering comparing the fee proposed to the new fee structure by The Insolvency Service as from 21 July 2016 in compulsory liquidations, where the OR’s General Fee is £6,000, plus the company administration fee of £5,000, plus a 15% charge for all assets realised by the Official Receiver acting as Liquidator for example.]*

*Where a set amount and/or percentage basis is being sought, you must also provide an explanation of which direct costs (if any) are included, ensuring that the information that you provide is transparent – [see SIP9, para 21]. This means confirming if costs such as the specific penalty bond or statutory advertising for example, are included in the set amount and/or percentage basis being sought. Where there will be additional direct costs, you should include these in your table of anticipated expenses and make it clear they do not form part of the set amount and/or percentage fee being proposed.*

*[If the fee proposed includes a percentage basis or is solely based on a percentage of asset recoveries for example, it may be appropriate to make reference to this basis being sought in reflecting the risk being taken by the office holder in realising particular categories of assets, the nature of the assets involved, the complexity of the insolvency assignment and that it shares the anticipated benefit with the Company’s creditors. Ensure you have explained the nature of those assets and any complexities which are anticipated in realising them, in the narrative below by way of further justification.]*

*SIP9 states that the liquidator is permitted to choose whatever fee basis/bases, subject to the overriding principle that any work done for which payment is sought must be necessarily and properly undertaken in the context of the insolvency appointment.*

In this case, I am proposing following basis or bases for my remuneration as office holder:

A set fee of [provide details].

[If you are proposing a set amount fee, confirm whether the fee is anticipated to be for the whole duration of the appointment or to a particular stage of the case, etc. Follow the guidance above in providing confirmation of the reasonableness of the fee to satisfy the provisions of SIP9.]

[and/or]

I am proposing that the basis of my remuneration as office holder in this case will be based on a percentage of the value of assets I anticipate realising *[if you are also proposing that the fee be based on a percentage of the assets distributed, then edit this accordingly]*. I am not proposing to charge additional time costs [or any set fees – *delete where fee basis will include a split fee between a set amount and a percentage basis*] for the work I anticipate having to undertake.

I have set out below the anticipated realisations based on information to hand at this time and the percentage fee I am proposing against these. This table is for illustration purposes only and creditors should note that the actual payment arising from the proposed percentage may go up or down depending on the eventual realisations made. Updates will be provided to creditors in subsequent progress reports on recoveries and the amounts paid to the office holder, and it is the ***basis*** only that is being sought to be agreed at this time.

|  |  |  |  |
| --- | --- | --- | --- |
| **Asset** | **Anticipated recovery £** | **Percentage basis** | **Anticipated fee £** |
| Book Debts |  | Enter proposed % |  |
| Plant & Machinery |  | Enter proposed % |  |
| Office Equipment |  | Enter proposed % |  |
| Motor Vehicles |  | Enter proposed % |  |
| Cash at Bank |  | Enter proposed % |  |
| *Enter categories as applicable* |  | Enter proposed % |  |

Set out in the table at the end of this document is information about any proposed expenses that are not included in the above proposed percentage or set fees. These may include statutory costs (unless they are included in the above fee proposal, in which case this will be stated) or other necessary costs, such as agent’s costs and legal expenses.

*[You should ensure that is clear to creditors that the fees proposed by the office holder will not create a duplication of costs against any expenses proposed to be paid to third parties for their assistance in realising the assets eg, agents].*

Finally, please note that in circumstances where my initial investigations reveal matters for further detailed investigation or previously unknown assets to be realised, I reserve the right to refer back to creditors to establish how I am to be remunerated for such additional work, which may be proposed on a time cost basis. If such work proves necessary, I will revert to creditors with my fees estimate for approval.

**Outline of work to be done by the office holder**

Below are details of the work I propose undertaking in support of the above fee proposalfor the liquidation:

*[If you are proposing a set fee, ensure you make a statement here that the set amount covers* ***all*** *work you anticipate undertaking in the case. If you are proposing a set amount say for statutory work and a percentage fee for realising the assets in addition to this, ensure you make it clear in this section which elements of work will be covered by the fees proposed.]*

***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 claims of creditors. Whilst these tasks are required by statute or regulatory guidance, or they 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: *[delete or edit all items listed that are not applicable to this appointment]*

* Notifying creditors of the office holder’s appointment and other associated formalities including statutory advertising and filing relevant statutory notices
* Securing the insolvent’s assets and placing insurance where appropriate
* Preparing and issuing annual progress reports to creditors (and members where applicable)
* Lodging periodic returns with the Registrar of Companies
* 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 mail to the office holder’s premises
* Establishing and holding periodic meetings of any committee formed and associated filing formalities
* Securing the insolvent’s books and records
* Pension regulatory reporting and auto-enrolment cancellation
* Completion and filing of the notice of the insolvency with HMRC
* Initial assessment required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 (CDDA) including the review of the insolvent’s books and records and the identification of potential further asset realisations which may be pursued in the proceedings *[Note: if the firm records time for this work on their system under ‘Investigations’ rather than ‘Administration’ remove from this section and outline in ‘Investigations’ below instead]*
* Submitting a statutory report to the Insolvency Service under the CDDA *[Note: if the firm records time for this work on their system under ‘Investigations’ rather than ‘Administration’ remove from this section and outline in ‘Investigations’ below instead]*
* Periodic case progression reviews (typically at the end of Month 1 and every 6 months thereafter)
* Opening, maintaining and managing the insolvent estate cashbook and bank account(s)
* Dealing with all post-appointment VAT and corporation tax compliance as applicable to the proceedings
* Liaison with secured creditors, obtaining charge documents and validating the security
* Dealing with employees 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 insolvent entity. Liaising with (or appointing) union representatives and payroll providers and reviewing employment contracts as necessary *[Note: if the firm records time for this work on their system under ‘Creditors’ rather than ‘Administration’ remove from this section and outline in ‘Creditors’ below instead’*
* Closing the case and preparing and issuing the office holder(s) final account to prescribed parties

***Realisation of assets***

*[Outline details of the main assets to be realised, using appropriate sub-headings for different categories of assets. Provide a narrative explanation of the work you intend undertaking for each category to realise them.*

*This explanation should cross-refer to any percentage fees you are seeking approval for in the table above (where applicable) and be clear as to what work will be done by you, as well as what aspects are to be outsourced. If work that could be done by the office holder is being sub-contracted to another party (eg, debt collection work, ERA work, etc) then SIP9 requires this to be drawn to the attention of creditors and other interested parties with an explanation of why it is being done and how much it will cost. You could refer the cost element to the table of expenses below.*

Work done by the office holder(s), their staff and any third parties engaged to assist the office holder in realising the insolvent’s assets will, it is anticipated, provide a financial benefit to creditors. This may involve realising assets to facilitate a distribution to secured or preferential creditors only, or may, depending on realisations and the extent of any 3rd party security, result in a distribution to the unsecured creditors. If there are no assets to be realised and the costs of the proceedings are to be met by way of a contribution from the directors or another third party, then there will be no direct financial benefit to creditors.

*[If you are providing an estimated outcome statement with the fees estimate, include the following sentence, otherwise delete it]* The attached Estimated Outcome Statement provides an illustration of what the outcome for creditors may be at this time, however this is subject to fluctuation during the proceedings, depending on actual realisations made, costs incurred and the eventual claims submitted by creditors, all of which cannot be predicted with any certainty at this stage.

*[then add]*

Creditors will be updated on the anticipated outcome in future progress reports issued by the office holder.

***Creditors (claims and distributions)***As office holder, I will deal with all secured, preferential and unsecured creditor correspondence and claims as received, including any claims of creditors under retention of title. Based on the estimated statement of affairs, I currently think that after taking into consideration the costs of realising the assets and dealing with the statutory formalities of the insolvency process and the related costs and expenses, a distribution may become available to the [secured/preferential/unsecured creditors - state likely outcome] *[OR]* I think there that no dividend will be available to creditors in this case. I will deal with the review and adjudication of creditors’ claims as appropriate, if and when it is determined that a dividend is to be declared.

*[If no EOS is being provided, remember the revised SIP9 requires that an indication of the likely return to creditors be given when seeking approval for the basis of remuneration (unlike the previous SIP9 which only required this where it was “practical to do so”), therefore you will need to include narrative about the likely outcome in the alternative instead.]*

It should be noted that the above is based on the estimated statement of affairs and the projected realisable value of the assets which at this stage is unconfirmed, together with the anticipated costs of the proceedings. I will undertake appropriate investigations into and obtain valuations of the insolvent’s assets and will update the likely return to creditors in my future progress reports.

***Investigations***

*[Edit this section as necessary where investigations are not required by statute in the proceedings or where SIP2 does apply but CDDA does not – ie, in a Compulsory Liquidation]*

As office holder, I am required to conduct investigations into the conduct of the director(s) of the Company and transactions entered into prior to the Company’s insolvency, as required by the Company Directors Disqualification Act 1986 and Statement of Insolvency Practice 2 (Investigations by Office Holders in Administrations and Insolvent Liquidations).

This work may not necessarily lead to any financial benefit to creditors yet is work I am required to undertake by statute. My initial investigations may reveal that further recoveries could be available for the insolvent estate and if this proves to be the case and I consider that further work will be required to pursue these assets, I will refer back to creditors about the likely costs involved in pursuing such recoveries.

[Enter further subheadings as necessary for work categories covered by the fee proposal above and explain] *Nb, SIP 9 states that not all divisions of work will be appropriate in all cases and the office holder should consider what divisions are likely to be appropriate and proportionate for the circumstances of each appointment (Para 27)*

**Office Holder’s Expenses and the use of Subcontractors**

Expenses are payments from an insolvent estate which are neither an office holder’s remuneration nor a distribution to a creditor or shareholder. Some expenses can be paid without prior approval from creditors (**Category 1 expenses**) and other expenses which may have an element of shared costs or are proposed to be paid to an associate of the office holder, require approval before they can be paid (**Category 2 expenses**).

Examples of expenses include agent’s costs for assisting in the disposal and realisation of assets, legal costs, specialist pensions advice, tax services or other routine expenses associated with an insolvency appointment such as statutory advertising costs, the office holder’s specific penalty bond and costs associated with storing books and records. Expenses also include disbursements which are payments that are first met by the office holder and then reimbursed at a later date from the estate, usually when realisations permit.

Further details of my firm’s Category 2 expenses policy, which explains the basis on which any proposed expenses appearing in the relevant table below are being charged to the estate, is attached for creditors’ information. Approval to pay any proposed Category 2 expenses will be sought from creditors at the same time as the basis of the office holder’s remuneration is agreed.

Below is a summary of the Category 1 and Category 2 expenses it is considered will be, or are likely to be, incurred in this case. An update will be provided in my first progress report to creditors in due course and then in subsequent reports thereafter until the case is concluded.

*[Nb, SIP 9 effective 1/4/21 (see Para 25) now permits the office holder to provide a range, or repeat a range quoted by a third party, for payments that the office holder anticipates will be, or are likely to be, paid eg, legal costs in litigation*

***Category 1 expenses***

The following Category 1 expenses are currently anticipated on this assignment and do not require prior approval from creditors to be paid:

*[Remember these expenses are concerned with expenses that are anticipated following appointment. Any unpaid pre-appointment fees and expenses should be reported separately and will appear in your receipts and payments account in due course, if approval to pay them from the estate is obtained.]*

|  |  |  |  |
| --- | --- | --- | --- |
| ***Expense*** | ***Basis of remuneration/cost*** | ***Service to be provided*** | ***Estimated cost***  ***£*** |
| Agent’s fees & expenses | State basis proposed – if % of realisations, state the % | Eg, valuation, uplift & sale of the insolvent’s property or chattel assets via auction/private treaty | XXXX |
| Legal fees & expenses | State basis proposed | Drafting sale agreement/pursuing book debts, other legal recoveries (specify) | XXXX |
| Statutory advertising | Fixed cost | Statutory advertising in London Gazette (if other, state) | XXXX |
| Specific Penalty Bond | Fixed cost | Statutory bond required in all insolvency appointments for each office holder appointed | XXXX |
| Insurance | Variable depending on duration of cover | Asset insurance | XXXX |
| External storage costs | £X per box of records stored | Storage of insolvent’s books & records for statutory timescales | XXXX |
| External meeting room hire | Fixed cost | Meeting room hire for creditors’ meeting | XXXX |
| Re-direction of mail | Fixed cost | Re-direction of the insolvent’s mail to the office holder | XXXX |
| Pension advice | State basis proposed | Specialist pensions advice relating the administration of the insolvent’s pension scheme(s) | XXXX |
| Case administration software | Fixed cost per case | Provision of insolvency case management software | XXXX |
| External Mail Services | State basis proposed | External mail service costs for creditor circulars eg, Postworks | XXXX |
| External Web Hosting | State basis proposed | External web hosting services for creditor circulars | XXXX |
| AML electronic searches | Fixed cost of £XX per individual search | Identity & verification searches of directors/ beneficial owners to company with ML Regs | XXXX |
| Bank charges | State cost | Charges incurred for operating the insolvent estate account(s) | XXXX |
| Others – provide details |  |  |  |

***Category 2 expenses***

The following Category 2 expenses are currently anticipated on this assignment and do require prior approval from creditors to be paid:

*[Note: remove notes in red in the table, these are for guidance only. If any expenses proposed such as external mail services, case-related web hosting or case administration software services are provided by an associated company, then these should be treated as Category 2 expenses rather than Category 1 expenses and included in the table below. If other payments to associated companies are proposed, again these must be disclosed and treated as a Category 2 expense requiring approval from creditors before being paid.]*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Expense*** | ***Basis of remuneration/ cost*** | ***Payment to Associate or shared/allocated cost*** | ***Service to be provided*** | ***Estimated cost***  ***£*** |
| External meeting room hire (where there is an element of shared or allocated cost between more than one insolvent entity) | State basis of allocation of cost | Shared/allocated cost | Meeting room hire for creditors’ meeting | XXXX |
| Business mileage | XXp per mile | Allocated cost | Cost reimbursed to office holder or staff member for case-related business mileage | XXXX |
| External storage costs (where there is a means of allocating a shared cost between cases) | State basis of allocating proposed cost | Allocated cost | Storage of insolvent’s books & records for statutory timescales | XXXX |
| Postage charges | £X per creditor circular | Allocated cost | Cost based on (eg, cost of 1st class large letter cost via Royal Mail) | XXXX |
| AML electronic searches | State basis of allocating proposed cost | Shared/allocated cost | Identity & verification searches of directors/ beneficial owners to company with ML Regs | XXXX |
| Others - state |  |  |  |  |

***Subcontractors***

On this assignment, it is proposed that the following subcontractors will be utilised to undertake work that could otherwise be done by the office holder or his/her staff. If further subcontractors are utilised during the assignment that are not foreseen at this stage, this will be reported in subsequent progress reports.

The reasons why it is felt appropriate to utilise subcontractors in this case for the proposed work is also explained against each subcontractor.

|  |  |  |
| --- | --- | --- |
| **Subcontractor** | **What work does this relate to and why is a subcontractor being used?** | **Anticipated cost of the services to be provided** |
| [Name] | Employee claims support, assisting with the submission of ERA claims to the Redundancy Payments Service and agreement of employee claims with the office holder. This may also include the production of P45s for former employees where appropriate.  This is a specialist claims area and we believe greater efficiencies will be created for the former employees and the estate if this sub-contractor works alongside the office holder to assist with the processing of claims, etc. | £XXX |
| [Name] – Debt collection work / Quantity Surveyor | Pursuing and collecting in of outstanding book/contract debts due to the estate. [Explain any specialist nature of the work here that would make it difficult or less efficient for the office holder and his/her staff to pursue these directly in relation to the nature of the appointment). We believe greater efficiencies and potential recoveries will be made by utilising a specialist collections company for a fixed price [outline]. | £XXX |
| [Add other subcontractors as necessary] |  |  |