



## SMART INSOLVENCY SOLUTIONS

# FEES AND REMUNERATION

### The tph Difference

Remuneration is heavily regulated. **tph** has standard hourly rates which we use for most formal appointments such as Liquidations and Voluntary Administration's. For non-formal consulting/ advisory work we charge a 33% discount on those rates. So, the hourly rate for a director of **tph** on advisory work is \$400 per hour. For advisory work we agree on likely costs and for any variation we work with the client to ensure all parties are comfortable before commencement of any extra work.

Where companies look like there are insufficient assets to be sold to meet the estimated costs, we ask for funds before commencement. Fees vary from case to case however we can undertake Liquidations for as low as \$5,000 in certain circumstances, whilst the average cost for a Liquidation that has few creditors, and few assets is approximately \$10,000. If a Voluntary Administration is requested the **tph** fee for non-trading Voluntary Administration is approximately \$20,000 and the following Creditors Voluntary Liquidation is between \$5,000 and \$10,000.

If the Liquidation/Voluntary Administration is for companies with more activities (for example, they have a trading position, suppliers outstanding, employees, various operating sites, plant and equipment, work in progress, stock etc) then the costs do go up. These costs are usually met by the assets that are sold and we try to provide a likely range of costs before commencement.

There are also other costs for alternative appointments such as entering a Deed of Company Arrangement after a Voluntary Administration. **tph** attempts to be as transparent as possible when meeting with directors and their advisors before being asked to undertake a role.

It is however never a perfect science in projecting costs in a Liquidation/ Voluntary Administration. It is like a builder going onto a site without the benefit of the historical engineering reports or a motor mechanic being asked to quote on

fixing a car without being able to look under the hood first. It is difficult to be right every time. Usually, a range will be provided based on our best judgement.

### Common Alternative Approaches adopted by Insolvency Firms

The insolvency industry is regularly criticised for the costs of delivering the programs for formal insolvency appointments such as liquidations, voluntary administrations, DOCA's or receiverships. Costs vary enormously from firm to firm however it is always difficult to determine if another firm had been appointed to the company would they have provided a better result for the money or even less money.

It is advisable to seek a practitioner to agree to a fixed fee where possible. If that is not feasible due to the nature of the prospective appointment, then it is always recommended that the practitioner is asked to justify any proposed costs with examples of previous similar sized appointments.

This should not be too much to ask and as a director is responsible for choosing the voluntary Liquidator so as the best outcome is achieved for the creditors it seems logical to appoint someone who is transparent and open to be reviewed for their fee structures and projections.



### The tph Smart Solution

When appointing an insolvency firm to conduct services, be sure to understand the fees; it is crucial that this is disclosed upfront. **tph** will always detail pricing and expected costs to ensure all parties agree to the schedule of work. If there is extra unexpected work due, then **tph** will detail the extra costs involved.

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