

WU07

Notice of progress report in a winding-up by the court



Companies House

SATURDAY



A26 *A71F3Z6Y* 10/03/2018 #254
COMPANIES HOUSE

1 Company details

Company number 0 7 4 1 9 9 6 9

Company name in full Diffraction Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) David A

Surname Ingram

3 Liquidator's address

Building name/number 30 Finsbury Square

Street

Post town

London

County/Region

Postcode E C 2 P 2 Y U

Country

4 Liquidator's name ①

Full forename(s)

Surname

① Other liquidator

Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number

Street

Post town

County/Region

Postcode

Country

② Other liquidator

Use this section to tell us about
another liquidator.

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6 Period of progress report

From date	^d 1	^d 4	^m 0	^m 1	^y 2	^y 0	^y 1	^y 7
To date	^d 1	^d 3	^m 0	^m 1	^y 2	^y 0	^y 1	^y 8

7 Progress report☐ The progress report is attached**8** Sign and date

Liquidator's signature

Signature

X

Adin W. S. L. e. u.

X

Signature date

^d0 ^d9 | ^m0 | ^m3 | ^y2 | ^y0 | ^y1 | ^y8 |

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Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Jenna K Warburton

Company name Grant Thornton UK LLP

Address 30 Finsbury Square

Post town London

County/Region

Postcode EC2P 2YU

Country

DX

Telephone 0117 305 7600



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Our Ref D01110/DAI/JKT/KIS/LKG/

To the creditors and members

Recovery and Reorganisation

Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0ES

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F +44 (0)117 316 9178
grantthornton.co.uk

9 March 2018

Dear Sirs

Diffraction Limited - In Liquidation
In the High Court of Justice No 8748 of 2013

1 Introduction

- 1.1 Following my appointment as liquidator of the above company on 14 January 2015, in accordance with Part 18 of the Insolvency (England and Wales) Rules 2016 I now report on the progress of the liquidation for the year ended 13 January 2018 and attach:
- Appendix A, an account of the receipts and payments for the year ended 13 January 2018 and also for the whole liquidation to that date
 - Appendix B, a statement of the remuneration charged by the liquidator in the period 14 January 2017 to 13 January 2018 and a statement of expenses incurred in the period
 - Appendix C, an analysis of time costs as required by Statement of Insolvency Practice 9
 - Appendix D, an extract from the Insolvency (England and Wales) Rules 2016 relating to creditors' rights to request additional information from the liquidator (rule 18.9)
 - Appendix E, an extract from the Insolvency (England and Wales) Rules 2016 relating to creditors' rights to challenge the liquidator's remuneration or expenses if excessive (rule 18.34).
- 1.2 I am authorised by the Insolvency Practitioners Association to act as an insolvency practitioner and is bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

2 Statutory information

- 2.1 The company's statutory details are as follows:

Registered number 07419969

Registered office 30 Finsbury Square, London, EC2P 2YU

Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. A list of personnel permitted by Grant Thornton to accept appointments as insolvency practitioners and of their respective authorising bodies may be inspected at the above address. Please see www.grant-thornton.co.uk for further details.

3 Progress report

- 3.1 As has been previously reported, the Company was wound up by the Court in the public interest as part of a petition with 14 other connected Companies. I am Liquidator of four of the connected Companies and Nedim Ailyan and James Dowers of DDJ Limited were appointed Liquidators of the remaining Companies.

Diamonds

- 3.2 The Company supplied diamonds to other Companies, which sold them as investments to the general public. Since my appointment, I have investigated the sale of the diamonds, which did not bring rise to any claims.

Carbon Credits

- 3.3 As stated in my previous reports, the Company sold Voluntary Emissions Reduction carbon credits (VERs) to members of the public as investments. The VERs sold by the Company were held on trust for investors in the VER registries by Eco-Synergies Limited ("ESN") and so the Company does not hold any VERs in its name.
- 3.4 The joint liquidators of ESN filed a Witness Statement in Court seeking directions for how to proceed with the sale of a portfolio of carbon credits. The joint liquidators' proposals were approved by the Court on 18 October 2017 and the VERs were tendered for sale.
- 3.5 In January 2018, a sale was finalised and the sale proceeds are being held in Trust (as ordered by the Court) by Gowlings, the legal advisors who dealt with the sale process. Investors who have VERs included within the sale, will have received notification direct from Gowlings. Updates are being posted on Gowlings creditors' portal and any investors with queries should contact Gowlings directly. The details of the portal are shown below:

<http://gatewaywlg.com>

Login: ca_ECO_ES01

Password: MbKh4juE6

- 3.6 Please note that any distribution to investors will be paid directly by Gowlings. No funds will be received into the Company's liquidation estate as I have no direct dealings in this matter.

Other Investigations

- 3.7 Since my appointment, I have investigated the trading and financial activity of the Company and its directors. These investigations have not brought rise to any claims to date. My investigations are ongoing.

4 Creditors

- 4.1 There are no preferential creditors in this matter.
- 4.2 I have received unsecured claims totalling £1,231,013.
- 4.3 Unfortunately, there are insufficient funds available for a distribution to be made to creditors.

5 Liquidator's remuneration and expenses

5.1 On 9 March 2015 the creditors resolved that I draw remuneration by reference to time costs. You will note from the SIP 9 table attached at Appendix C that time costs to date are £65,612 and from the receipts and payments account attached at Appendix A, that I have not drawn any fees. Time costs of £11,859 incurred in the period but not drawn as remuneration to date are disclosed in Appendix B.

5.2 The time costs of £11,859 incurred in the period have been incurred in respect of the following:

Administration and planning

5.3 This work involved meeting the Liquidators' statutory obligations including, statutory reporting, filing statutory documents with Companies House, carrying out case reviews, maintaining records and managing the bank account. I have also corresponded with my legal advisors in respect of the pending sale of the VERs.

5.4 The statutory work undertaken, although mandatory, is not of financial benefit to creditors.

Creditors

5.5 Time incurred was in respect of communicating with creditors regarding the sale process of the VERs.

5.6 Although the work undertaken is not of financial benefit to creditors, it is a statutory obligation.

Investigations

5.7 The time I have incurred in respect of investigations has included research and investigations into the trading and financial activity of the Company and its directors.

5.8 The investigation work undertaken is of financial benefit to creditors as this may result in realisations.

Taxation

5.9 Statutory work relating to corporation tax.

5.10 The time spent in respect of corporation tax has not been of financial benefit to creditors, but is a statutory and legal requirement.

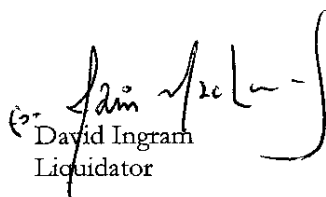
5.11 Time is charged in units of 6 minutes. Background information regarding the fees of liquidators can be found at [https://www.r3.org.uk/media/documents/publications/professional/Guide to Liquidators Fees - April 2017.pdf](https://www.r3.org.uk/media/documents/publications/professional/Guide_to_Liquidators_Fees_-_April_2017.pdf). Alternatively, I will supply this information by post on request free of charge.

5.12 The hourly charge out rates used in calculating time costs for the current and prior period are as follows:

	01/07/16 - 30/09/17 £	01/10/17 - Present £
Partner / Directors	370 - 615	380 - 650
Managers	290 - 470	300 - 495
Other senior professional	195 - 305	200 - 325
Administrators	160 - 230	165 - 240
Assistants and support staff	160 - 175	150 - 180

- 5.13 In addition, we have incurred expenses of £3,037.32, of which none have been drawn, as set out in Appendix B.

Yours faithfully
for and on behalf of Diffraction Limited


 David Ingram
 Liquidator

Enc

A Abstract of the liquidator's receipts and payments

Diffraction Limited - in liquidation
Summary of receipts and payments
from 14 January 2015 to 13 January 2018

	Statement of Affairs Per OR £	From 14/01/2015 to 13/01/2017 £	From 14/01/2017 to 13/01/2018 £	Total £
Receipts				
		0.00	0.00	0.00
Payments				
O.R. Disbursements		194.31	0.00	194.31
O.R. Remuneration		1,235.00	0.00	1,235.00
ISA Account Fees		176.00	88.00	264.00
		1,605.31	88.00	1,693.31
Net Receipts/(Payments)		(1,605.31)	(88.00)	(1,693.31)
Made up as follows				
ISA		(1,605.31)	(88.00)	(1,693.31)
		(1,605.31)	(88.00)	(1,693.31)

**B Remuneration charged and expenses incurred by the liquidator
in the period 14 January 2017 to 13 January 2018**

	Charged/incurred in period 14/01/17 to 13/01/18	Cumulative charged/incurred to 13/01/18	Of which paid to 13/01/18
	£	£	£
Liquidator's fees:	11,859.00	65,612.16	-
Time costs			
Expenses:			
Courier and storage	-	72.74	-
Land registry	-	71.73	-
Insurance	-	10.00	-
Statutory advertising	-	101.52	-
Fee for transcribing interview	-	97.50	-
Travel & Accommodation	895.00	2,653.00	-
Courier and storage	-	72.74	-
Land registry	-	71.73	-
	12,754	68,763.12	-

C SIP 9 information

Diffraction Limited - D30201110 - SIP 9 TIME COST ANALYSIS

Transaction period: All transactions

	Partner		Manager		Executive		Administrator		Total	
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£ Avg. Hrry Rate
Administration and Planning	90	403.00	20.55	7,795.50	23.15	6,544.75	64.03	11,101.95	108.63	24,805.20
Creditors	.25	153.75	3.55	1,325.00	12.90	3,199.00	28.55	5,583.00	45.25	10,260.75
Investigations	2.20	1,968.00	22.85	8,142.50	27.95	7,168.50	39.57	8,239.48	92.57	23,518.48
Pensions			40	200.00			1.10	208.00	1.50	408.00
Realisation of Assets			20	80.00	1.10	308.00	15.17	3,424.73	16.47	3,812.73
Taxation			1.90	948.00	.65	184.00	13.50	1,677.90	16.05	2,809.00
Total	4.35	2,624.75	49.45	18,451.00	65.75	18,402.25	160.92	28,234.16	280.47	65,812.16

Administration & Planning Includes: case planning; statutory obligations (e.g statutory returns); maintenance of cash and estate records; general correspondence; dealing with tax correspondence.

Investigations Includes: Investigation into Company's affairs and assets that may have been held prior to Liquidation

Realisation of Assets Includes: realisation of property; dealing with Solicitors and liaising with our agents.

Creditors Includes: correspondence with unsecured creditors.

Diffraction Limited**Costs incurred in the period 14 January 2017 to 13 January 2018**

TASKS	Incurred to date		
	Av Hrlly Rate	Hrs	£
STATUTORY AND ADMINISTRATIVE TASKS	231	27	6,110
Case planning			
Statutory obligations (e.g statutory returns)			
File reviews			
Reports to creditors			
Bank account administration (treasury)			
Minutes of meeting			
Creditor correspondence			
General administration			
Corresponding with legal advisors in respect of sale of VERs			
CREDITORS	233	10	2214
Creditor correspondence			
INVESTIGATION	166	20	3,300
Land registry searches			
Altia Analysis			
Corresponding with research team relating to information requests			
TAXATION	358	1	233
Tax compliance			
Total costs	210	57	11,857

**D An extract from the Insolvency (England and Wales) Rules
2016 relating to creditors' rights to request additional information
from the liquidator**

Rule 18.9

- (1) The following may make a written request to the office-holder for further information about remuneration (other than pre-administration costs in an administration) set out in a progress report under rule 18.4(1)(b), (c) or (d) or a final report or account under rule 18.14 -
 - (a) a secured creditor;
 - (b) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (*including the creditor in question*);
 - (c) members of the company in a members' voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company;
 - (d) any unsecured creditor with the permission of the court; or
 - (e) any member of the company in a members' voluntary winding up with the permission of the court.
- (2) A request, or an application to the court for permission, by such a person or persons must be made or filed with the court (as applicable) within 21 days of receipt of the report or account by the person, or by the last of them in the case of an application by more than one member or creditor.
- (3) The office holder must, within 14 days of receipt of such a request respond to the person or persons who requested the information by-
 - (a) providing all of the information requested;
 - (b) providing some of the information requested;
 - (c) declining to provide the information requested.
- (4) The office-holder may respond by providing only some of the information requested or decline to provide the information if-
 - (a) the time or cost of preparation of the information would be excessive; or
 - (b) disclosure of the information would be prejudicial to the conduct of the proceedings;
 - (c) disclosure of the information might reasonably be expected to lead to violence against any person; or
 - (d) the office-holder is subject to an obligation of confidentiality in relation to the information.
- (5) An office-holder who does not provide all the information or declines to provide the information must inform the person or persons who requested the information of the reasons for so doing.
- (6) A creditor, and a member of the company in a members' voluntary winding up, who need not be the same as the creditor or members who requested the information, may apply to the court within 21 days of –

- (a) the office holder giving reasons for not providing all of the information requested; or
 - (b) the expiry of the 14 days within which an office-holder must respond to the request.
- (7) The court may make such order as it thinks just on an application under paragraph (6).

**E An extract from the Insolvency (England and Wales) Rules
2016 to creditors' rights to challenge the liquidator's remuneration or
expenses if excessive**

Rule 18.34

- (1) This rule applies to an application in an administration, a winding up or a bankruptcy made by a person mentioned in paragraph (2) on the grounds that:
 - (a) the remuneration charged by the office-holder is in all the circumstances excessive;
 - (b) the basis fixed for the office-holder's remuneration under rules 18.16, 18.18, 18.19, 18.20 and 18.21 (as applicable) is inappropriate; or
 - (c) the expenses incurred by the office-holder are in all the circumstances excessive.
- (2) The following may make such an application for one or more of the orders set out in rule 18.36 or 18.37 as applicable:
 - (a) a secured creditor;
 - (b) an unsecured creditor with either-
 - (i) the concurrence of at least 10% in value of the unsecured creditors (including that creditor), or
 - (ii) the permission of the court, or
 - (c) in a members' voluntary winding up-
 - (i) members of the company with at least 10% of the total voting rights of all the members having the right to vote at general meetings of the company, or
 - (ii) a member of the company with the permission of the court.
- (3) The application by a creditor or member must be made no later than eight weeks after receipt by the applicant of the progress report under rule 18.3 or final report or account under rule 18.14 which first reports the charging of remuneration or the incurring of the expenses in question ("the relevant report").