In accordance with Rule 18.8 of the Insolvency (England & Wales) Rules 2016.

WU07

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

Companies House

WEDNESDAY

A814QX5S
A14 13/03/2019 #293
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 ❶

Full forename(s)	
Surname	

❶ Other liquidator
Use this section to tell us about another liquidator.

5 Liquidator's address ❷

Building name/number	
Street	
Post town	
County/Region	
Postcode	
Country	

❷ Other liquidator
Use this section to tell us about another liquidator.

WU07
Notice of progress report in a winding-up by the court

6 Period of progress report

From date	d1 d4	m0 m1	y2 y0 y1 y8
To date	d1 d3	m0 m1	y2 y0 y1 y9

7 Progress report

☑ The progress report is attached

8 Sign and date

Liquidator's signature

Signature
X [signature] X

Signature date	d1 d1	m0 m3	y2 y0 y1 y9

WU07
Notice of progress report in a winding-up by the court

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	E C 2 P 2 Y U
Country	
DX	
Telephone	Tel/Fax

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

Grant Thornton

Our ref: D01110/DAI/IDM/JKW/LKG/7

To the creditors and members

Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

T +44 (0)20 7383 5100
F +44 (0)20 7184 4301

6 March 2019

Dear Sir / Madam

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

1 Introduction

1.1 Following my appointment as liquidator of the 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 2019 and attach:

- Appendix A, an account of the receipts and payments for the year ended 13 January 2019 and also for the whole liquidation to that date
- Appendix B, Statement of Insolvency Practice 9 disclosure.

1.2 I am authorised by the Insolvency Practitioners Association to act as an insolvency practitioner. I am bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

2 Statutory information

The Company's registered number is 07419969.

3 Progress report

3.1 As previously reported, the only matter outstanding was in respect of the sale of a portfolio of Voluntary Emissions Reduction Carbon Credits (VERs), which were held on trust for investors in the VER registries by Eco-Synergies Limited (ESN).

3.2 The joint liquidators of ESN applied to Court for directions as to 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 sold in January 2018. Investors who have VERs included within the sale will have received notification direct from the solicitors dealing with the sale and the proceeds are to be distributed shortly.

3.3 Please note that the realisations from the sale of VERs do not constitute an asset of the Company and no funds will be received into the insolvency estate.

3.4 **Other Investigations**

3.5 Since my appointment, I have investigated the affairs of the Company and the events leading to its insolvency. My investigations consisted of a review of the Company books and records and an analysis of the bank statements. My investigations did not identify any claims that were considered viable to pursue.

4 Creditors and Distributions

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 Remuneration and expenses

5.1 Please see Appendix B for details of our remuneration, expenses and payments made to associates in accordance with Statement of Insolvency Practice 9.

6 Contact from third parties

6.1 Please be aware fraudsters have been known to masquerade as legitimate liquidators. The fraudster will contact creditors asking for an upfront fee or tax. The joint liquidators would never ask for such a payment nor instruct a third party to make such a request.

7 Data Protection

7.1 Any personal information held by the Company will continue to be processed in accordance with completing the liquidation of the Company and in accordance with meeting our requirements under applicable Data Protection Legislation/law in the United Kingdom

Should you have queries please contact Jenna K Warburton on 0161 953 6477 or using the telephone number above.

Yours faithfully
for and on behalf of Diffraction Limited

David Ingram
Liquidator

Appendix A

Diffraction Limited - in liquidation
Summary of receipts and payments
from 14 January 2015 to 13 January 2019

	Statement of Affairs Per OR £	From 14/01/2015 to 13/01/2018 £	From 14/01/2018 to 13/01/2019 £	Total £
Receipts				
		0.00	**0.00**	**0.00**
Payments				
O.R Disbursments		194.31	0 00	194.31
O.R. Remuneration		1,235.00	0.00	1,235.00
ISA Account Fees		264.00	88 00	352 00
		1,693.31	**88.00**	**1,781.31**
Net Receipts/(Payments)		**(1,693.31)**	**(88.00)**	**(1,781.31)**
Made up as follows				
ISA		(1,693.31)	(88.00)	(1,781.31)
		(1,693.31)	**(88.00)**	**(1,781.31)**

Payments, remuneration and expenses to the liquidator or his associates (Appendix B)

Statement of Insolvency Practice 9 disclosure

Diffraction Limited - In Liquidation

This appendix has been prepared in conjunction with the requirements of the Insolvency Act 1986, the Insolvency (England and Wales) Rules 2016 (the Rules) and Statement of Insolvency Practice 9 (SIP9). In summary, it covers:

- fee basis
- work done by the liquidator and his team during the period
- hourly charge out rates
- disbursements and expenses
- sub-contracted out work
- payments to associates
- relationships requiring disclosure
- information for creditors (rights, fees, committees)

Fee basis of the liquidator

On 9 March 2015, the creditors resolved that remuneration be fixed by time costs, with an uplift of 35%.

During the period from 14 January 2018 to 13 January 2019 (the Period) time costs were incurred totalling £16,313.25 represented by 69.85 hours at an average charge out rate of £233.55 per hour. Description of the work done is provided in the respective section below.

Work done by the liquidator and his team during the Period

I am required to detail costs of actual work done in the Period, including any expenses incurred in connection with it. I am also required to provide narrative explanation of the work done. The following tables (narrative followed by numerical) set out this information for the liquidator's fees incurred. Details of the respective expenses are provided in the 'Disbursements and expenses' section below.

Area of work	Work done	Why the work was necessary	Financial benefit to creditors	Fees incurred		
Investigations				**43.40 hrs**	**£10,551.50**	**£/hr 243.12**
General	• Correspondence with third parties to obtain information relating to the Company, analysis of information received & preparing case strategy. Discussions with legal advisors relating to VEs, conference calls and other correspondence to progress sale and distribution of funds	• In order to identify any claims that may result in realisations for creditors and to progress the sale of the VERs.	• This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available			
Creditors				**6.55 hrs**	**£1,389.75**	**£/hr 212.18**
Unsecured	• Responding to creditor queries	• It is a statutory requirement to respond to queries from creditors.	• This work was necessary to discharge the office holders' duties. As explained under 'Why the work was necessary', although it might not add financial value to the estate it adds value to the insolvency process			
Administration				**19.90 hrs**	**£4,372.00**	**£/hr 219.69**
Treasury, billing & funding	• Maintaining the bank account	• It is a statutory requirement to properly maintain the estate account	• This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to creditors			
Tax	• File reviews	• To ensure that legal tax requirements are being met	• This work was necessary to discharge the office holders' duties. As explained under 'Why the work was necessary', although it might not add financial value to the estate it adds value to the insolvency process			
General	• Filing, maintenance of records and storage	• It is a statutory duty to maintain records	• This work was completed solely for the purpose of complying with statutory requirements and had no direct financial			

			benefit to creditors			
Case reviews	• Case reviews and planning	• To ensure case progression and efficiency	• This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to creditors			
Case Analysis	• Corresponding with financial institutions and analysing data received	• To progress the case strategy's and identify potential claims	• This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available			
Total fees incurred in the Period				**69.85 hrs**	**£16,313.25**	**£/hr 233.55**

Detailed SIP9 time cost analysis for the period

Area of work	Partner		Manager		Executive		Administrator		Period total			Cumulative total as at period end		
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£	£/hr	Hrs	£	£/hr
Realisation of assets:									**1.10**	**269.50**	**245.00**	**13.25**	**3,389.75**	**255.83**
Property	-	-	-	-	-	-	-	-	-	-	-	0.20	33.00	165.00
Stock & work-in-progress	-	-	-	-	-	-	-	-	-	-	-	0.20	33.00	165.00
Insurance	-	-	-	-	-	-	-	-	-	-	-	0.10	16.00	160.00
General	-	-	-	-	1.10	269.50	-	-	1.10	269.50	245.00	12.75	3,307.75	259.43
Investigations:									**43.40**	**10,551.50**	**243.12**	**175.19**	**42,799.96**	**244.31**
Other assets	-	-	-	-	-	-	-	-	-	-	-	15.97	3,730.73	233.61
General	-	-	2.90	986.00	38.55	9,369.50	1.95	196.00	43.40	10,551.50	243.12	135.97	34,067.98	250.56
Director	-	-	-	-	-	-	-	-	-	-	-	23.25	5,001.25	215.11
Creditors:									**6.55**	**1,389.75**	**212.18**	**51.60**	**11,587.50**	**224.56**
Employees & pensions	-	-	-	-	-	-	-	-	-	-	-	1.55	248.00	160.00
Unsecured	-	-	0.90	306.00	1.90	465.00	3.75	618.75	6.55	1,389.75	212.18	50.05	11,339.50	226.56
Administration:									**18.80**	**4,102.50**	**218.22**	**110.08**	**24,085.20**	**218.80**
Treasury, billing & funding	-	-	-	-	0.70	139.00	6.30	1,134.00	7.00	1,273.00	181.86	17.20	3,190.50	185.49
Tax	-	-	0.10	58.00	-	-	-	-	0.10	58.00	580.00	16.15	2,867.00	177.52
General	-	-	1.70	609.50	5.30	1,321.75	4.35	721.25	11.35	2,652.50	233.70	74.88	17,500.70	233.72
Shareholders	-	-	0.35	119.00	-	-	-	-	0.35	119.00	340.00	1.85	527.00	284.86
Total	**-**	**-**	**5.95**	**2,078.50**	**47.55**	**11,564.75**	**16.35**	**2,670.00**	**69.85**	**16,313.25**	**233.55**	**350.12**	**81,862.41**	**233.81**

Notes:

- Partner includes partners and directors
- Manager includes associate directors and managers
- Executive includes assistant managers and executives
- Due to enhancements to our SIP9 reporting systems, allocation of time against areas of work may differ to previous periods, however this does not affect overall total time costs
- The uplift included in the agreed fee basis is in addition to the amounts included under £ and £/hr
- Total time costs paid to date: Nil

Hourly charge out rates

Time is charged in units of 6 minutes for each grade of staff used. The hourly charge out rates applied during the Period are as follows:

Grade	From 19 December 2017 to current	
	Insolvency £/hr	Pensions & Tax £/hr
Partner	510 - 650	745
Director	380	595
Associate director	340	485
Manager	340 - 420	410
Assistant manager	300 - 350	340
Executive	245 - 325	315
Administrator	165 - 240	170 - 235
Treasury	180	n/a
Support	150 - 155	n/a

The current charge out rates have applied since 1 October 2017. We reserve the right to amend our charge out rates in the future. Any amendments will be detailed within the next report following such an amendment.

Statement of expenses and disbursements incurred in the Period

This table provides details of expenses and disbursements incurred in the Period in connection with the work done by the liquidator, description of which is provided in the 'Work done' section above.

Category	Incurred in the Period (£)	Cumulatively incurred as at Period end (£)	Of which paid by the estate as at Period end (£)
Category 1 disbursements			
Specific Bond	-	10.00	-
Statutory advertising	-	101.52	-
Insurance	-	30.00	-
Travel & Accommodation	-	2,653 83	-
Courier and storage	-	72 74	-
Land registry	-	71.73	-
Category 2 disbursements			
N/A	-	-	-
Expenses			
Fee for transcribing interview	-	97.50	-
Total expenses and disbursements	**-**	**3,037.32**	

Disbursements are expenses met by and reimbursed to an office holder in connection with an insolvency appointment and fall into two categories:

Category 1 disbursements

These are also known as 'out of pocket expenses' and are payments to independent third parties where there is specific expenditure directly referable to the insolvent estate; they can be drawn without prior approval and consist of the following categories:

- Travel and subsistence – these costs, which exclude mileage, are incurred by staff in attending trading premises or meetings, for example
- Office costs – these are costs such as postage or courier charges which are incurred in managing the case
- Statutory costs – these are costs such as bonding and advertising relating specifically to the case, which are required by statute

They also include expenses which have been paid using a Grant Thornton Loan, the balance of which (if any) can be seen on the liquidator's receipts and payment account at Appendix A.

Category 2 disbursements

These are expenses that are directly referable to the insolvent estate but not a payment to an independent third party. They may include shared or allocated costs that may be incurred by an office holder or their firm, and that can be allocated to the appointment on a proper and reasonable basis. Category 2 disbursements require approval in the same manner as an office holder's remuneration.

To the extent that recovery of category 2 disbursements is sought, this will be for mileage only.

Mileage is charged at 45p a mile. VAT is added as appropriate. Details of these costs are also provided in the table below.

Information for creditors

Provided below is information to help creditors to understand their rights in insolvency and regarding officeholders' fees, and the roles and functions of committees.

R3 is the trade association for the UK's insolvency, restructuring, advisory and turnaround professionals. Amongst other things, R3 has made available written guidance for stakeholders affected by insolvency, in particular creditors, for some of which the web links are provided below.

Where web links are provided for the information, we will supply this information by post, free of charge on request.

'Office holder' means, for example, the appointed administrator(s), liquidator(s) or trustee(s) in bankruptcy.

R3 creditor guides

- Rights of creditors during an insolvency process guides: https://www.r3.org.uk/what-we-do/publications/professional/creditors-guides
- Background information regarding the fees of officeholders: https://www.r3.org.uk/what-we-do/publications/professional/fees
- Liquidation/Creditors' committees and commissioners: https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf

Creditors' and members' rights to request information about remuneration or expenses under r18.9 of the Rules

(1) The following may make a written request to the office-holder for further information about remuneration or expenses (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 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 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; or

(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 a request.

(7) The court may make such order as it thinks just on an application under paragraph (6).

Creditors' and members' rights to challenge the office-holder's remuneration and expenses under r18.34 of the Rules

(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 the remuneration or the incurring of the expenses in question ("the relevant report").