

The Insolvency Act 1986

2.17B**Statement of administrator's proposals**

Name of Company	Company number
Southside Thermal Sciences (STS) Limited	04393613
In the	Court case number
High Court of Justice [full name of court]	11/54/201

(a) Insert full
name(s) and
address(es) of
administrator(s)

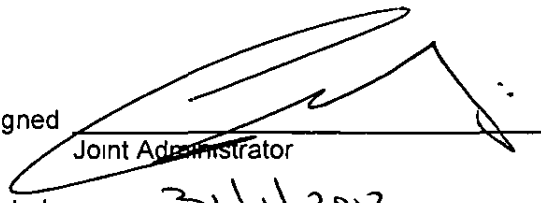
We,
Susan Maund
44-46 Old Steine
Brighton
BN1 1NH

Christopher Latos
44-46 Old Steine
Brighton
BN1 1NH

attach a copy of our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on 31 January 2012

(b) Insert date

Signed 
Joint Administrator
Dated 31/1/2012

THURSDAY



A37 *A11T0XUX* 02/02/2012 #134
COMPANIES HOUSE

Contact Details*

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

Phil Harris	
White Maund LLP, 44-46 Old Steine, Brighton, East Sussex BN1 1NH	
Tel 01273 731144	
DX Number	DX Exchange

When you have completed and signed this form please send it to the Registrar of Companies at
Companies House, Crown Way, Cardiff, CF14 3UZ
DX33050 Cardiff

Our ref CL/PH/SOUTER/7/ADMP0830
Your ref

whitemaund

business recovery and insolvency specialists

44-46 Old Steine
Brighton
BN1 1NH
Tel 01273 731144
Fax 01273 731164
Email info@whitemaund.co.uk
www.whitemaund.co.uk

TO THE CREDITORS

phil@whitemaund.co.uk

31 January 2012

Dear Sirs

Southside Thermal Sciences (STS) Limited In Administration

I refer to the appointment of Susan Maund and I as Joint Administrators of the company on 29 December 2011 and enclose a copy of our proposals for the company

In accordance with Paragraph 52(1) of Schedule B1 to the Insolvency Act 1986 (as amended), the Administrators are not convening a meeting of creditors because in their opinion the Company has insufficient property to enable a distribution to be made to unsecured creditors

Please note that we are required to convene a meeting of creditors if so requested by creditors of the company whose debts amount to at least 10% of the total debts of the company. Such request must be submitted in writing to us within 12 days of the date on which these proposals are sent out. Further information on how to make such a request is given in section 7 of our proposals. In the circumstances and in accordance with Rule 2.48 of the Insolvency Rules 1986 (as amended) an Administrator may seek to obtain the passing of a resolution by the creditors by sending a notice in Form 2.25B to every creditor who is entitled to be notified of a creditors' meeting.

In order to be counted, votes must be received by the Administrator by **12.00** hours on the **16 February 2012** and must be accompanied by the attached proof of debt or similar form.

The proposed resolutions are detailed on form 2.25B of the proposals at Appendix D. If you have any queries please contact Phil Harris of my office.

Yours faithfully
for and on behalf of
Southside Thermal Sciences (STS) Limited



Christopher Latos
White Maund LLP
Joint Administrator

Susan Maund is licensed to act as an Insolvency Practitioner in England and Wales by the Insolvency Practitioners Association

Christopher Latos is licensed to act as an Insolvency Practitioner in England and Wales by the Institute of Chartered Accountants in England and Wales

The affairs, business and property of the company are being managed by the Joint Administrators who act as agents of the company and without personal liability

IN THE HIGH COURT

MATTER NO: 11/54/201

IN THE MATTER OF
SOUTHSIDE THERMAL SCIENCES (STS) LIMITED ("THE COMPANY")
IN ADMINISTRATION
JOINT ADMINISTRATORS' PROPOSALS AND REPORT
31 JANUARY 2012

CHRISTOPHER LATOS AND SUSAN MAUND
JOINT ADMINISTRATORS

APPOINTED 29 DECEMBER 2011

WHITE MAUND LLP
44-46 OLD STEINE
BRIGHTON
EAST SUSSEX BN1 1NH

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1. JOINT ADMINISTRATORS' APPOINTMENT

- 1 1 Chris Latos and Susan Maund of White Maund LLP, 44-46 Old Steine, Brighton, East Sussex BN1 1NH were appointed Joint Administrators ("Joint Administrators") of Southside Thermal Sciences (STS) Limited on 29 December 2011 by a director of the Company being,

Dr Maurice Dixon
The Pound House
Middle Common
Kington Langley
Wiltshire SN15 5NW

- 1 2 The notice of appointment was filed in the High Court under reference number 11/54/201
- 1 3 The Joint Administrators' appointment specified that they would have power to act jointly and severally. The Joint Administrators have exercised and will continue to exercise all of their functions jointly and severally as stated in the notice of appointment.
- 1 4 The Joint Administrators are pleased to present their Proposals and Report pursuant to Paragraph 49 of the Insolvency Act 1986 (as amended) and Rule 2.33 of the Insolvency Rules 1986 (as amended).

2 STATUTORY INFORMATION

- 2 1 We attach as Appendix A an extract of statutory information from the Company's file held at Companies House.
- 2 2 Please note that the Registered Office of the Company was changed to c/o White Maund LLP, 44-46 Old Steine, Brighton, East Sussex BN1 1NH on 6 January 2012 for the purpose of the Administration.

3. EVENTS LEADING UP TO THE ADMINISTRATION

Brief Background

- 3 1 Southside Thermal Sciences (STS) Limited ("the Company") was incorporated 13 March 2002, and traded from premises situated at Lab 104, The Biocubator, Bessemer Building, Imperial College London SW7 2BP under a 18 month lease dated 29 May 2009. Upon the expiry of the lease the Company continued to operate under a Tenancy at Will.
- 3 2 The Company was founded in 2002 as a spin out company from Imperial College London. The Company is based in central London, South Kensington, and is based in the Imperial Incubator. The Company's intellectual property is the result of more than 10 years of research and development by a team of leading engineers and scientists.
- 3 3 The Company's principal research area is that of ceramic sensors for use in accurately measuring temperature in jet engines and has obtained a number of patents in this respect.
- 3 4 The Company's core technology has historically attracted endorsements from several national and international governmental funding agencies and investors and through different technical and commercial awards. Research funding was received from The London Development Agency, The Carbon Trust and several EU funded projects as well as private investors.
- 3 5 On 25 March 2011 one of the Company's principal shareholders transferred their entire shareholding of 650 shares obtained in respect of a loan advanced to the Company totalling £317,303 to the remaining shareholders pro-rata to their existing shares. The loan was then written off. This is reflected in the 2011 accounts as "Exceptional Item".
- 3 6 In the meantime 750,000 shares were issued and paid up to three shareholders for the sum of £75,000 to assist the Company's cash flow while further investors were sourced.
- 3 7 An investor was sourced to inject a further £132,000 in order to provide cash flow for the Company; however the offer was subsequently withdrawn after the shareholders could not agree to the new shareholders' agreement put forward as a condition of the investment.

- 3 8 Without further investment the Company did not have sufficient cash flow to pay the employees' wages. The board of directors sought advice as to their position from ASB Law and White Maund LLP as to the Company's solvency.

3 9 Company's trading history

Relevant extracts from the Company's unaudited financial statements are summarised below

	Y/e 31/07/2011	Y/e 30/07/2010
	£	£
Turnover	167,462	211,131
Cost of Sales	(54,108)	(82,315)
Gross Profit	113,354	128,816
Administrative Expenses	(365,602)	(310,955)
Operating loss	(252,248)	(182,139)
Interest and taxation	5	-
	(252,243)	(182,139)
Taxation on ordinary activities	20,111	11,395
Loss for the year	(232,132)	(170,744)
Exceptional Item	317,306	-
Retained Profit C/Fwd	85,174	(170,744)
Tangible fixed assets	890	7,669
Debtors	41,477	83,756
Cash	7,190	46,023
Total assets	49,557	137,448
Current liabilities	(107,354)	(38,112)
Provision for liabilities	(7,927)	(822,165)
Net Liabilities	(65,724)	(722,829)
Share Capital	75,677	260
Share Premium Account	626,136	129,621
Profit and Loss Account	(767,537)	(852,710)
Shareholders' Deficit	(65,724)	(722,829)

4 STATEMENT OF AFFAIRS

- 4 1 The directors have not yet lodged a Statement of Affairs with the Administrators. Accordingly, pursuant to Rule 2.33 of the Insolvency Rules 1986 (as amended), we attach an Estimated Statement of the Financial Position of the Company as at 29 December 2011 as Appendix B. This records the assets and liabilities at their estimated book value at the date of our appointment together with details of the names, addresses and the estimated amounts due to the Company's creditors at the date of our appointment.
- 4 2 The value at which creditors' claims are stated in the Estimated Financial Position are, as is required by legislation, those which are provided by the Directors of the Company and it is our view that some balances may not be wholly correct. In addition, certain claims may be subject to reduction in respect of mitigation, set-off or retention of title.
- 4 3 The value at which creditors' claims are stated in the SofA are, as is required by legislation, those which are reflected in books and records of the Company and it is our view that some balances may not be wholly correct. In addition, certain claims may be subject to reduction in respect of mitigation, set-off or retention of title. Additional claims may also be forthcoming for gains on the disposal of assets or damages for breach of contract.
- 4 4 The agreement of creditors' claims by the Administrators (or any subsequently appointed Supervisor or

Liquidator) is a separate matter and will be dealt with as appropriate in due course, initially by reference to the proofs of debt lodged in the proceedings by creditors themselves

- 4 5 The "Prescribed Part" is a statutory amount of the Company's assets subject to a floating charge to be set aside for the benefit of the Company's non-preferential creditors. In this case there are not any creditors secured by qualifying floating charges over the assets and undertaking of the Company. There is therefore no requirement to estimate the amount of the Prescribed Part of the assets under Section 176A of the Insolvency Act 1986 (as amended)

5. CONDUCT OF THE ADMINISTRATION

- 5 1 Paragraph 3 to Schedule B1 to the Insolvency Act 1986 (as amended) sets out the purposes of an administration. The Joint Administrators' must perform functions with the objective of
- (a) rescuing the Company as a going concern, or
 - (b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), or
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors
- 5 2 In order to protect the value of the business and assets for the Company and the creditors and directors considered it appropriate to formally instruct White Maund LLP on 20 December 2011 in order to protect the Company's position and facilitate a sale of the business the alternative being the closing down of the business
- 5 3 Alternative options for the Company were considered and the following conclusions drawn. A Company Voluntary Arrangement was not possible as there were no sources of funding for ongoing trading. Liquidation would have meant ceasing to trade and the asset values would have been significantly reduced. In addition it was considered that it would not be possible to obtain the required 75% voting majority from the shareholders, for a resolution to put the Company into liquidation.
- 5 4 Accordingly, it was considered that Administration would be the most appropriate way forward. However, the additional costs associated with the Administrators trading the business with a view to selling as a going concern would have been prohibitive to any sale agreement in view of the lack of funds available to meet the associated costs. In addition there were no external sources of funding available to the Administrators to facilitate continuation of trading. Therefore it was agreed that a sale of the business, affected as soon as possible upon the formal appointment of the Administrators, would achieve the best value for creditors.
- 5 5 The directors instructed ASB Law to act on their behalf to prepare the necessary documentation to place the Company into Administration the costs for doing so are an expense of the Administration and subject to creditor approval. Further details can be found in Section 12.
- 5 6 The Company's assets consisted of intellectual property made up of 14 patents, plant, machinery, fixtures and equipment, a potential research and development tax credit estimated between £5k-£17k, a rent deposit in the sum of £9,344, two debtors worth circa £3,435 and cash at bank in the sum of £2,000. A buyer for the business would need to be found within 2 weeks from the date of the Administrators' appointment otherwise the business would have to be closed down, the employees made redundant and the assets sold on a break up basis.
- 5 7 In addition two critical patent applications required payments to be made within the next week from the date of appointment which the Company was not in a position to pay.
- 5 8 It was apparent that the only interested parties in the patents would be Aerospace companies or present investors. In order to attract interest from Aerospace companies a specialist agent would need to be retained to package the intellectual property rights and find the correct individuals in such organisations that have an interest and budget to make the acquisition.
- 5 9 Advice was sought from Intangible Business Limited who are professional valuers of intangible assets to advise on the likely costs of valuing the intellectual property rights and in particular the 14 patents detailed on the patent portfolio. We were advised that a valuation exercise would cost between £7,000 and £14,000 and would have taken between 5 and 10 days to complete. In addition the costs of engaging agents to enter into a sales mandate to fully market the patents would have cost a further £10,000 to £15,000 plus disbursements and VAT in addition to a minimum commission of 10% of the selling cost.

- 5 10 The Company did not have the funds or the time to undertake such an extensive marketing campaign. It was therefore our view as Administrators that the existing investors should be approached.
- 5 11 One of the shareholders made an offer for one of the patents in relation to wear resistant coating technology in the sum of £1,000. After consulting with the managing director it was considered that this was a fair value and should be accepted. Accordingly the patent was sold to Mr M Fraser on 6 January 2012.
- 5 12 The remaining patents were sold as part of the sale of the business further detail of which is at paragraph 5 18.
- 5 13 The plant, machinery, fixtures and equipment is made up of various items of computer equipment and software which is approximately 3 years old. In addition the Company owns two Rolls Royce Viper engines and associated parts which are currently in disrepair, a laser and other sundry lab equipment. Empire Auctions were instructed to provide a desktop valuation of the Plant and Machinery. Empire Auctions have advised that the value of the above is estimated at £13k subject to disposal costs of approximately £2k plus VAT.
- 5 14 Subsequent to our appointment we were advised by the Company accountant that HM Revenue and Customs ("HMRC") disputed the tax reclaim and that in the worst case scenario £5k may be reclaimable although further work would be required to establish this. In addition the Company's records showed that HMRC are due approximately £3,866 in respect of PAYE and NIC for November's payroll. It is anticipated that HMRC would apply set-off against any refund payable to the Company.
- 5 15 The rent deposit is detailed in the lease dated 29 May 2009 in respect of Laboratory B104 at £9,344. The landlord has advised they are owed approximately £10,359. Accordingly based on current information the rent deposit appears to have no value to the Company.
- 5 16 The cash in hand held in the Company bank account as at 17 January 2012 totals £1,469. We have written to the Bank requesting the funds to be transferred to the Administration account and anticipate this to be completed within the next few weeks.
- 5 17 After some negotiation it was agreed that the business and assets of the Company would be sold to a newly incorporated company "New STS Limited" for the total sum of £25,000.
- 5 18 Completion took place on 11 January 2012 and was not part of a pre-packaged sale. New STS Limited are a company with common directors to that of the Company in Administration, accordingly detailed below are further details of the sale in accordance with Statement of Insolvency Practice 13.

SALE AGREEMENT																	
The date of the transaction	11 January 2011																
Details of the assets involved and the nature of the transaction	<p>Sale of business and assets made up as follows,</p> <table> <tr> <th>Asset</th><th>£</th></tr> <tr> <td>Goodwill</td><td>1</td></tr> <tr> <td>Plant & Machinery</td><td>10,000</td></tr> <tr> <td>Books and Records</td><td>1</td></tr> <tr> <td>Stock</td><td>1</td></tr> <tr> <td>Customer Contracts</td><td>1</td></tr> <tr> <td>Business and Intellectual Property</td><td>14,996</td></tr> <tr> <td>Total</td><td>25,000</td></tr> </table> <p>Included within the "Business and Intellectual Property" figure is the right to the amounts due from the debtors and any amounts received from the research and development tax credit.</p>	Asset	£	Goodwill	1	Plant & Machinery	10,000	Books and Records	1	Stock	1	Customer Contracts	1	Business and Intellectual Property	14,996	Total	25,000
Asset	£																
Goodwill	1																
Plant & Machinery	10,000																
Books and Records	1																
Stock	1																
Customer Contracts	1																
Business and Intellectual Property	14,996																
Total	25,000																
The consideration for the transaction and when it was paid	£25,000 paid on 11 January 2011																
The name of the counterparty																	

	New STS Limited
Connection between the purchaser, the directors, shareholders or secured creditors of the Company,	<p>Common Directors being,</p> <p>Prof John Rayment Nicolls Dr Maurice Christopher Scott Dixon Dr Jorg Peter Feist Mr Barry Royston Shaw Dr Andrew Lawrence Heyes</p> <p>It should be noted that Mr William Duane Iselin is a shareholder of the Company in Administration and also a director of New STS Limited</p>
Whether the purchaser was independently advised	All parties were advised to seek their own independent advice

Rescuing the Company as a going concern

- 5 19 Following our appointment it became evident that neither the directors nor shareholders of the Company were able to invest additional funds into the Company with a view to preserving the corporate entity
- 5 20 It was apparent that the Company did not have the resources to continue trading as the Company could not generate sufficient profit to pay the trading costs or repay all creditors and therefore the Company could not be rescued as a going concern and accordingly, objective (a) above could not be achieved

A better result for the creditors than immediate liquidation

- 5 21 The Joint Administrators are therefore pursuing objective (b) being achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration)
- 5 22 We attach as Appendix C a summary of our receipts and payments ("R&P")

6. JOINT ADMINISTRATORS' PROPOSALS

The Joint Administrators' proposals in relation to the Company are -

- 6 1 The Joint Administrators should arrange to distribute available funds from the realised assets to those creditors entitled to them in such manner as they consider will lead to an early distribution of the available assets in an economic manner
- 6 2 The Joint Administrators be authorised to make such application to court for directions as they consider appropriate with a view to achieving the purposes of the Administration or their proposals
- 6 3 In the event that a Creditors' Committee is not established, the Joint Administrators shall be authorised to draw their remuneration based upon their time costs by reference to the time properly given by the Joint Administrators and their staff, in attending to matters arising in the Administration at White Maund LLP standard hourly rates, current details of which are attached at Appendix I, but which are reviewed periodically to be paid out of the assets of the Company and which may be drawn on account as and when funds permit
- 6 4 In the event that a Creditors' Committee is not established, the Joint Administrators shall be authorised to draw their disbursements and other expenses incurred by them in the administration, to be paid out of the assets of the Company, such disbursements to include "Category 2 disbursements" at the rates disclosed in Appendix K, but which are reviewed periodically
- 6 5 The Joint Administrators conclude the Administration when all the property and assets have been realised and distributed (after costs)
- 6 6 The Company exits the Administration by way of Dissolution

- 6 7 To consider and if thought fit, appointing a Creditors' Committee to assist the Joint Administrators
- 6 8 In the event that a Creditors' Committee is not established, the Joint Administrators be discharged from liability in respect of any action of theirs as Joint Administrators immediately following their cessation to act as Joint Administrators

7. MEETING OF CREDITORS

- 7 1 In accordance with Paragraph 52(1) of Schedule B1 to the Insolvency Act 1986 (as amended), the Administrators are not convening a meeting of creditors because in their opinion
- 7 2 The Company has insufficient property to enable a distribution to be made to unsecured creditors
- 7 3 In the circumstances and in accordance with Rule 2 48 of the Insolvency Rules 1986 (as amended) an Administrator may seek to obtain the passing of a resolution by the creditors by sending a notice in Form 2 25B to every creditor who is entitled to be notified of a creditors' meeting
- 7 4 In order to be counted, votes must be received by the Administrator by **12 00** hours on the **16 February 2012** and must be accompanied by the attached proof of debt or similar form
- 7 5 The proposed resolutions are as follows,
- 7 6 1) In the event that a Creditors' Committee is not established, the Joint Administrators shall be authorised to draw their remuneration based upon their time costs by reference to the time properly given by the Joint Administrators and their staff, in attending to matters arising in the administration at White Maund LLP standard hourly rates, current details of which are attached at Appendix K, but which are reviewed periodically to be paid out of the assets of the Company and which may be drawn on account as and when funds permit,
- 7 7 2) The Joint Administrators Remuneration and Disbursements (including Category 2 Disbursements) are drawn on the basis detailed in paragraph 6 5 and 6 6 of the proposals as circulated,
- 7 8 3) For the Joint Administrators to obtain their discharge from liability in respect of any action as Joint Administrators to take effect immediately following our cessation to act as Joint Administrators
- 7 9 Under Paragraph 52(2) of Schedule B1 to the Insolvency Act 1986 (as amended), the Administrators shall convene a meeting of creditors if so requested by creditors of the Company whose debts amount to at least 10% of the total debts of the Company
- 7 10 Such request must be submitted in writing to the Administrators on Form 2 21B within 12 days of the date on which these proposals are sent out, and the Administrators may require any such creditor to lodge with him a deposit, at an amount to be determined by the Administrators, as security for expenses of convening a meeting
- 7 11 Under Rule 2 33(5) of the Insolvency Rules 1986 (as amended) the Administrators' Proposals shall be deemed to be approved if no creditors' meeting has been requisitioned within the specified time period as set out above
- 7 12 Creditors are also entitled at a meeting of creditors to establish a Creditors' Committee should they so wish, provided that there are no fewer than three and no more than five wishing to be represented on the Committee
- 7 13 The following documentation is attached for your use as appropriate
- Appendix D Form 2 25B
 - Appendix E Form 2 21B,
 - Appendix G a proof of debt to enable creditors who have not yet lodged their claim to do so (please note that you will not be able to vote at any meeting unless you have lodged your claim with the Joint Administrators)

8. PROPOSED EXIT FROM ADMINISTRATION

- 8 1 It is proposed that the Company shall exit administration by Dissolution

9. DIVIDEND PROSPECTS

- 9 1 Based on current information it appears the assets realised in the Administration may not be of sufficient value to enable a distribution to be paid to the unsecured creditors

10 DISCHARGE FROM LIABILITY

- 10 1 We will, in accordance with legislation, be seeking a resolution from the creditors, as appropriate for discharge from liability in respect of any action of ours as Administrators to take effect immediately following our cessation to act as Administrators

11. JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

- 11 1 Creditors are asked to consider resolutions as regards the payment of the Joint Administrators' remuneration and drawing certain disbursements from the Administration estate. These are detailed at paragraphs 6 5 and 6 6 of the Joint Administrators' proposals. If a Creditors' Committee is appointed, it is for the Committee to consider this resolution.

- 11 2 Expenses and disbursements which are not capable of precise identification and calculation (for example any which include an element of shared or allocated costs) require approval prior to being drawn from the insolvency estate. These expenses are known as "Category 2" disbursements.

- 11 3 For your information the following documentation is attached

- Appendix H Joint Administrators' time cost analysis
- Appendix I Joint Administrators' charge out and disbursement rates
- Appendix J Summary of payments to Joint Administrators and associated parties
- Appendix K Charging, expenses and disbursement policy statement

- 11 4 A Creditors Guide to Joint Administrators' Fees, a guide in relation to the remuneration of Joint Administrators, can be accessed at the website of the Association of Business Recovery Professionals at www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Nov2011.pdf

Alternatively, we can provide you with a copy on written request to our office

Administrators' time costs

- 11 5 We propose that the Administrators shall be authorised to draw their remuneration based upon their time costs, by reference to the time properly given by the Administrators and their staff, in attending to matters arising in the Administration at White Maund LLP standard hourly rates, current details of which are attached at Appendix I, but which are reviewed periodically to be paid out of the assets of the Company and which may be drawn on account as and when funds permit.

- 11 6 Details of our time costs incurred to the date of this report are detailed in appendix H

- 11 7 Expenses and disbursements which are not capable of precise identification and calculation require approval prior to being drawn from the assets of the Company ("Category 2" disbursements). We shall propose that the Administrators shall be authorised to draw their disbursements and other expenses incurred by them in the Administration, to be paid out of the assets of the Company, such disbursements to include "Category 2 disbursements" at the rates disclosed in Appendix K, but which are reviewed periodically.

- 11 8 The following is a narrative summary of the tasks carried out by us

11 9 Administration and Planning

This includes day-to-day administrative duties and dealing with statutory duties and responsibilities, including advertising notice of the Administration, providing notice to creditors, dealing with the submission of the Statement of Affairs and filing necessary documents at Companies House. Other duties include handling and recording receipts and payments, VAT and Corporation Tax issues such as the monthly VAT returns, pension queries and general correspondence.

11 10 Investigations

In accordance with our statutory obligations under the Company Directors' Disqualification Act 1986, we will be required to have filed the appropriate documentation on the conduct of the directors with the Department of Business, Enterprise & Regulatory Reform. This will be done in due course in compliance with the Act.

11 11 Realisation of Assets

Our staff have been assisting with various matters such as preparing sale documents, handling queries from interested parties and obtaining valuations of assets. A large amount of time has been spent on this area as it is considered to be a key aspect of the Administration.

11 12 Creditors

Corresponding with employees and creditors, have been necessary aspects of the administration process. The preparation of the Joint Administrators' Proposals has been undertaken including the attendant aspects of providing and obtaining the required information, convening the creditors' meeting etc.

11 13 Administrators' disbursements

To date we have not drawn any of our disbursements incurred.

12 EC REGULATIONS

It is considered that the EC Regulations will apply and that these proceedings will be main, secondary proceedings as defined in Article 3 of the EC Regulations as the centre of main interest of the Company is in England and Wales.



Christopher Latos
White Maund LLP
Joint Administrator

Christopher Latos is licensed to act as an
Insolvency Practitioner by the Institute of Chartered Accountants in England and Wales

Susan Maund is licensed to act as an
Insolvency Practitioner by the Insolvency Practitioners Association

**The affairs, business and property of the Company are being managed by the
Joint Administrators who act as agents of the Company and without personal liability**

STATUTORY INFORMATION

COMPANY NAME Southside Thermal Sciences (STS) Limited

TRADING NAME As above

PREVIOUS COMPANY NAMES N/a

COMPANY NUMBER 04393613

DATE OF INCORPORATION 13 March 2002

TRADING ADDRESS Lab 104,
The Biocubator,
Bessemer Building Imperial College
South Kensington
London SW7 2AZ

PRINCIPAL ACTIVITY Development thermal barrier sensory coatings

REGISTERED OFFICE White Maund LLP
44-46 Old Steine
Brighton
East Sussex
BN1 1NH

SHARE CAPITAL

NOMINAL & ISSUED SHARE CAPITAL 756,774 Ordinary Shares of £0 10p each

SHAREHOLDERS	Mr Michael Fraser	33%
	Dr Maurice Christopher Scott Dixon	33%
	Forfar Limited	33%
	Minority Shareholders	1%

DIRECTORS

Name	Appointed	Resigned
Dr Jorg Peter Feist	17/12/2002	
Dr Andrew Lawrence Heyes	13/03/2002	
Dr Maurice Christopher Scott Dixon	02/07/2004	
Prof John Rayment Nicolls	07/01/2005	
Mr Barry Royston Shaw	02/07/2004	
Mr Michael Fraser	21/03/2003	02/12/2011

SECRETARY Mrs Lorraine Mears

WHITE MAUND LLP
ESTIMATED FINANCIAL POSITION AS AT
29 DECEMBER 2011

	Book Value £	Notes	Estimated to Realise £
Uncharged Assets			
Debtors	3,436		3,436
Rent Deposit	9,344	1	Nil
Research & Development Tax reclaim	5,000	2	Uncertain
Cash at Bank	2,000	3	2,000
Plant, Machinery, Fixtures & Equipment	7,669	4	Uncertain
Estimated total assets available for preferential creditors	27,449		5,436
Liabilities			
Wages	(7,326)		(7,326)
Total assets available to unsecured creditors			(1,890)
Unsecured non-preferential claims			
Trade and Expense Creditors	(102,967)		(102,967)
Estimated Surplus (Deficiency) Unsecured creditors			(104,857)
Share Capital			
Ordinary	(75,677)		(75,677)
Estimated Surplus (Deficiency) as regards members			(180,534)

Notes to the Statement of Affairs

1. The rent deposit is detailed in the lease dated 29th May 2009 in respect of Laboratory B104 at £9,344. The landlord has advised they are owed in excess of this amount. We are awaiting a statement confirming this but do not anticipate a recovery in this respect.
2. The R&D tax reclaim is estimated to be worth in the region of £5,000 and is currently disputed by HMRC. Additional work will be required to confirm the amount refundable if any. In addition as already mentioned HMRC are likely to apply set off for amounts due to them. Accordingly any realisation would be nominal in comparison to the costs involved to calculate and apply for the tax credit. Any benefit in respect of any reclaim possible has been sold to New STS Limited as part of the sale agreement.
3. Cash at Bank is in respect of the balance held in the Company's bank account and is expected to be fully realisable.
4. Plant, Machinery, Fixtures & Equipment is made up of various items of computer equipment and software which is approximately 3 years old. In addition the Company owns two Rolls Royce Viper engines and associated parts which are currently in disrepair, a laser and other sundry lab equipment.

B COMPANY CREDITORS - SOUTHSIDE THERMAL SCIENCES (STS) LIMITED

NOTE You must include all creditors and identify any creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the company's possession

Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held	Date security given	Value of security £
ASB Law	Innovis House, 108 High Street Crawley RH10 1AS	15,960 00			0 00
BOC Gases	PO Box 12, Priestley Road, Worsley Manchester M28 2UT	17 86			0 00
BT Business Direct Ltd	NLC, Winsgate Industrial Park, Westhoughton Bolton BL5 3XU	332 00			0 00
C Pilgrim	127 The Street, Rockland St Mary Norwich NR14 7HQ	275 35			0 00
Easton, Rob (Mr)	C/o Will Iselin, Winghaven Partners Limited, 11 Grosvenor Crescent London SW1X 7EE	9,000 00			0 00
Feist, Joerg (Dr)	67 Morley Road, Stratford London E15 3HF	2,037 83			0 00
Forschungszentrum Jülich	Wilhelm-Johnen-Strasse, 52425 Jülich	1,516 16			0 00
Fraser, Michael (Mr)	Ile clach House, Rathealty Road, Fermoy County Cork	6,000 00			0 00
Fry Heath Spence	The Gables, Massetts Road, Horley RH6 7DQ	36,649 78			0 00
HM Revenue & Customs	CT Operations (Euston Group) , 13th Floor, Euston Tower, 286 Euston Road London NW1 3UQ	3,866 00			0 00
Imperial Bioincubator Ltd	Bessemer Building (RSM), South Kensington Campus, London SW7 2AZ	10,359 00			0 00
Imperial College	Accounts Receivable, Level 3 Sherfield Building, Kensington Campus, London SW7 2AZ	103 84			0 00
Iselin, Will (Mr)	Winghaven Partners Limited, 11 Grosvenor Crescent London SW1X 7EE	9,000 00			0 00
Lorraine Mears Accountancy Ltd	26 Southbank, Thames Ditton Surrey KT7 0UD	640 00			0 00
NDE Research	49 Hill View Road Oxford OX2 0DA	7,000 00			0 00
Viking Direct	PO Box 9998 Leicester LE41 9GS	57 85			0 00
Zurich Commercial	PO Box 547, 3000B Parkway, Fareham PO14 9DU	151 55			0 00
Employee Claims		7,325 57			

Southside Thermal Sciences (STS) Limited

In Administration

Abstract of the Joint Administrators' Receipts and Payments Account For the period 29 December 2011 to 31 January 2012

	Estimated Financial Position (£)	As at 20 January 2012 (£)
Receipts		
Debtors	3,436	1 00
Rent Deposit	Nil	-
Research & Development Tax reclaim	Uncertain	-
Patent	-	1,000 00
Goodwill, Stock, Books and Records	-	3 00
Cash at Bank	2,000	1,463 36
Plant, Machinery, Fixtures & Equipment	Uncertain	10,000 00
Sale of Business and Intellectual Property	-	14,998 00
Total	5,436	27,463.36
Payments		
Legal Fees		11,432 16
Balance		16,031.20
MADE UP OF		
Bank 1 Current Account		13,751 77
VAT Receivable/(Payable)		2,279 43
Balance		16,031.20

NB VAT on receipts and payments will be shown net

NOTE:

Part of legal fees includes ASB Law's costs amounting to £6,432 16 in respect of costs incurred in obtaining the Administration. The instruction was given by the company prior to the Administrators appointment and these costs have been paid in accordance with Rule 2 67(C) of the Insolvency Act 1986 (as amended)

Rule 2.48

Form 2.25B

Notice of conduct of business by correspondence

Name of Company SOUTHSIDE THERMAL SCIENCES (STS) LIMITED	Company number 04393613
In the HIGH COURT OF JUSTICE	Court case number 11/54/201

Notice is hereby given by

Christopher Latos and Susan Maund of
White Maund LLP, 44-46 Old Steine, Brighton BN1 1NH

to the creditors of

Southside Thermal Sciences (STS) Limited
44-46 Old Steine, Brighton BN1 1NH

that, pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, enclosed are (c) three resolutions for your consideration. Please indicate below whether you are in favour or against each resolution. This form must be received at White Maund LLP, 44-46 Old Steine Brighton BN1 1NH by **12 00** hours on **16 February 2012** in order to be counted. It must be accompanied by details in writing of your claim unless those details have already been submitted for the purpose of a meeting of creditors. Failure to do so will lead to your vote(s) being disregarded.

Resolution 1 For the **acceptance** of the Administrators' proposals as circulated

For / Against*

Resolution 2 The Joint Administrators Remuneration and Disbursements (including Category 2 Disbursements) are drawn on the basis detailed in paragraph 6.5 and 6.6 of the proposals as circulated

For / Against*

Resolution 3 For the Joint Administrators to obtain their discharge from liability in respect of any action as Joint Administrators to take effect immediately following our cessation to act as Joint Administrators

For / Against*

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM

Name of creditor _____

Signature of creditor _____

(If signing on behalf of creditor, state capacity e.g. director/solicitor) If you require any further details or clarification prior to returning your votes, please contact me / us at the address above

Signed _____
Joint Administrators

Dated 31/1/12

Form 2.21B**Creditor's request for a meeting**

Name of Company
SOUTHSIDE THERMAL SCIENCES (STS) LIMITED

Company number
04393613

In the
HIGH COURT OF JUSTICE

Court case number
11/54/201

(a) Insert full name and
address of the creditor
making the request

I (a) _____

(b) Insert full name and
address of registered office
of the company

request a meeting of the creditors of (b) _____

(c) Insert amount of claim

My claim in the administration is (c) _____

(d) Insert full name(s) and
address(es) of creditors
concurring with the request
(if any) and their claims in
the administration if the
requesting creditor's claim
is below the required 10%

(d) _____

concur with the above request, and I attach copies of their written confirmation of
concurrence

(e) Insert details of the
purpose of the meeting

The purpose of the meeting is (e) _____

Signed _____

Dated _____

INSOLVENCY RULES 1986 (AS AMENDED)

Entitlement to vote (Rule 2.38)

- 1) Subject as follows in administration proceedings a person is entitled to vote only if –
 - a) he has given to the Administrator, not later than 12 00 hours on the business day before the day fixed for the meeting, details in writing of the debt which –
 - i) he claims to be due to him from the Company, or
 - ii) in relation to a Member State Liquidator, is claimed to be due to creditors in proceedings in relation to which he holds office,
 - b) the claim has been duly admitted under the following provisions of this Rule, and
 - c) there has been lodged with the Administrator any proxy which he intends to be used on his behalf,

and details of the debt must include any calculation for the purposes of Rules 2 40 to 2 42

- 2) The chairman of the meeting may allow a creditor to vote, notwithstanding that he has failed to comply with paragraph (1)(a), if satisfied that the failure was due to circumstances beyond the creditor's control
- 3) The chairman of the meeting may call for any document or other evidence to be produced to him, where he thinks it necessary for the purpose of substantiating the whole or any part of the claim
- 4) Votes are calculated according to the amount of a creditor's claim as at the date on which the Company entered administration, less any payments that have been made to him after that date in respect of his claim and any adjustment by way of set-off in accordance with Rule 2 85 as if that Rule were applied on the date that the votes are counted
- 5) A creditor shall not vote in respect of a debt for an unliquidated amount, or any debt whose value is not ascertained, except where the chairman agrees to put upon the debt an estimated minimum value for the purpose of entitlement to vote and admits the claim for that purpose
- 6) No vote shall be cast by virtue of a claim more than once on any resolution put to the meeting
- 7) Where –
 - a) a creditor is entitled to vote under this Rule,
 - b) has lodged his claim in one or more sets of other proceedings, and
 - c) votes (either in person or by proxy) on a resolution put to the meeting, and
 - d) the Member State Liquidator casts a vote in respect of the same claim,

only the creditor's vote shall be counted

- 8) Where –
 - a) a creditor has lodged his claim in more than one set of other proceedings, and
 - b) more than one Member State Liquidator seeks to vote by virtue of that claim,

the entitlement to vote by virtue of that claim is exercisable by the Member State Liquidator in main proceedings, whether or not the creditor has lodged his claim in the main proceedings

- 9) For the purposes of paragraph (6), the claim of a creditor and of any Member State Liquidator in relation to the same debt are a single claim
- 10) For the purposes of paragraphs (7) and (8), "other proceedings" means main proceedings, secondary proceedings or territorial proceedings in another Member State

Proof of Debt

Southside Thermal (STS) Limited In Administration

Date of administration 29 December 2011

1	Name of creditor (If a Company please also give Company registration number)	
2	Address of creditor for correspondence	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest, as at the date the Company went into administration (Less any payments made after that date in respect of the claim, and any adjustment by way of set off in accordance with Rule 2.85 Insolvency Rules 1986)	
4	If amount in 3 above includes outstanding uncapitalised interest please state amount	
5	If amount in 3 above includes VAT please state amount	
6	Whether the whole or any part of the debt falls within any, and if so which, categories of preferential debts under s386 Insolvency Act 1986	
7	Details of any documents by reference to which the debt can be substantiated (Note There is no need to attach them now but the Administrator may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting)	
8	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)	
9	Particulars of any security held, the value of the security, and the date it was given	
10	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates	
11	Signature of creditor or person authorised to act on his behalf	
12	Name in BLOCK LETTERS	
13	Position with or in relation to creditor Address of person signing (if different from 2 above)	
For office use only Admitted to vote for		Admitted for dividend for
Date		
Administrator		Administrator

**Southside Thermal Sciences (STS) Limited
In Administration**

**Time costs in accordance with Statement of Insolvency Practice 9
Summary of Time Costs from 29 December 2011 to 31 January 2012**

	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs (£)	Average hourly rate (£)
Administration & Planning	17 15	7 30	-	0 30	24 75	4,311 00	174 18
Investigations	-	-	-	-	-	-	-
Realisation of Assets	19 15	0 10	-	-	19 25	3,841 00	199 53
Creditors	1 50	-	-	1 30	2 80	384 50	137 14
Total Hours	37 80	7 40	-	-	46 80		
Total Time Costs	7,618 50	814 00	-	104 00		8,536 50	

Charge-out Rates

As at 1 April 2011

200 - 265	110	50 - 90	65
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**Southside Thermal Sciences (STS) Limited
In Administration**

**Summary of Time Costs and Charge-out Rates
from 29 December 2011 to 31 January 2012**

Summary of Time Costs for "Administration and Planning"

HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs (£)
Case Management	9 90	7 30	-	0 30	17 50	2,861 00
Shareholders/Director/Debtor/ Bkpt	4 75	-	-	-	4 75	950 00
Totals	14 65	7 30	-	0 30	22 25	3,811 00

Summary of Time Costs for "Realisation of Assets"

HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs (£)
Sale of Business	11 50	-	-	-	11 50	2,300 00
Land & Property	0 50	-	-	-	0 50	100 00
Chattels	2 15	-	-	-	2 15	430 00
Assets – general /other	5 00	0 10	-	-	5 10	1,011 02
Totals	19 15	0 10	-	-	19 25	3,841 00

Summary of Time Costs for "Creditors"

HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs (£)
Employees	0 75	-	-	-	0 75	234 50
Unsecured	0 75	-	-	1 30	2 05	150 00
Totals	1 50	-	-	1 30	2 80	384 50

SUMMARY OF PAYMENTS TO JOINT ADMINISTRATORS AND ASSOCIATED PARTIES

AMOUNTS PAID OR PAYABLE TO THE JOINT ADMINISTRATORS' FIRM	
TYPE AND PURPOSE	£
Total	

AMOUNTS PAID OR PAYABLE TO ASSOCIATED PARTIES OF JOINT ADMINISTRATORS	
TYPE AND PURPOSE	£
Total	

AMOUNTS PAID OR PAYABLE TO THE JOINT ADMINISTRATORS' SOLICITOR	
TYPE AND PURPOSE	£
ASB Law – Pre-Appointment costs	11,432 16
ASB Law – All matters pertaining to sale contract	5,000 00
Total	11,432 16

AMOUNTS PAID OR PAYABLE TO THE JOINT ADMINISTRATORS' AGENT	
	£
Total	

WHITE MAUND LLP**CURRENT HOURLY CHARGE OUT RATES**
AS AT 1 APRIL 2011

	Charge out band as at date of current report
Partner	£200 - £265
Manager/Assistant Manager	£110
Administrators	£50 – £90
Assistants & Support Staff	£65

It is the office holder's policy to ensure that work undertaken is carried out by the appropriate grade of staff required for each task, having regard to its complexity and the skill and experience actually required to perform it. White Maund LLP charge out rates are reviewed periodically.

"CATEGORY 2" DISBURSEMENTS

Authority to draw Category 2 disbursements as detailed on the attached schedule will be sought with the approval of the proposals.

CHARGING, EXPENSES AND DISBURSEMENTS POLICY STATEMENT**Charging policy**

- Partners, directors, managers, administrators, cashiers, secretarial and support staff are allocated an hourly charge out rate which is reviewed from time to time
- Work undertaken by cashiers, secretarial and support staff will be or has been charged for separately and such work will not or has not also been charged for as part of the hourly rates charged by partners, directors, managers and administrators
- Time spent by partners and all staff in relation to the insolvency estate is charged to the estate
- Time is recorded in 6-minute units
- The current charge rates are attached
- Time billed is subject to Value Added Tax (VAT) at the applicable rate

Expenses and disbursements policy

- Only expenses and disbursements properly incurred in relation to an insolvency estate are re-charged to the insolvency estate
- Expenses and disbursements which comprise external supplies of incidental services specifically identifiable to the insolvency estate require disclosure to creditors, but do not require creditors' approval prior to being drawn from the insolvency estate. These are known as "Category 1" disbursements
- Expenses and disbursements which are not capable of precise identification and calculation (for example any which include an element of shared or allocated costs) require the approval of creditors prior to being drawn from the insolvency estate. These are known as "Category 2" disbursements
- A resolution to consider approving "Category 2" disbursements at the attached rates applicable to Brighton will be proposed to creditors' in general meeting
- General office overheads are not re-charged to the insolvency estate as a disbursement
- Any payments to outside parties in which the office holder or his firm or any associate has an interest will only be made with the approval of creditors
- Where applicable, expenses and disbursements re-charged to or incurred directly by an insolvency estate are subject to VAT at the applicable rate

WHITE MAUND LLP
DISBURSEMENTS CHARGING POLICY

1 APRIL 2011

It is this firm's policy to make the following charges for disbursements and expenses in relation to all formal appointments

CIRCULARS TO**MEMBERS/CREDITORS**

- Labels £0 01 each
- Headed paper £0 04 per sheet
- Plain paper £0 01 per sheet
- Large envelopes £0 09 each
- Medium envelopes £0 05 each
- Small envelopes £0 04 each
- Postage actual cost for relevant postal class used

(net)

- Lever arch files £0 67 per file
- A-Z dividers £0 72 per set
- 1-31 dividers £0 90 per set
- Coloured dividers (5 part) £0 40 per set
- Coloured dividers (10 part) £0 18 per set
- Multi-punch pockets £0 02 per pocket
- Storage boxes £1 14 per box
- Photocopying £0 01 per sheet

TRAVEL

- Motor travel – 45 pence per mile
- Travel – at actual cost
- Taxi fares – at actual cost
- Car parking – at actual cost

SUBSISTENCE

At actual cost or firm's prevailing overnight flat rate allowance of £23

TELEPHONE

Conference and international calls are charged at cost

COMPANY SEARCHES

At cost incurred

BANK CHARGES

At cost incurred

STORAGE COSTS

At cost incurred

All the above costs are subject to amendment by the firm at any time, and if amended will be notified at the time of the next report