

The Insolvency Act 1986

Administrator's progress report

Name of Company sit-up Limited	Company number 3877786
In the Leeds District Registry	Court case number 435 of 2014

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

~~HW~~ (a)

William James Wright
KPMG LLP
8 Salisbury Square
London
EC4Y 8BB

Allan Watson Graham
KPMG LLP
8 Salisbury Square
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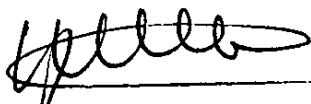
Joint Administrators of the above company attach a progress report for the period

(b) Insert dates from to

(b) 17 April 2014

(b) 16 October 2014

Signed



Joint Administrator

Dated

14 November 2014

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 searchers of the public record.

Julie Wilby
KPMG LLP
8 Salisbury Square
London
EC4Y 8BB
United Kingdom
DX 38050 Blackfriars
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When you have completed and signed this form, please send it to the Registrar of Companies at -

Companies House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff



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sit-up Limited - in Administration

Joint Administrators' progress report for
the period 17 April 2014 to 16 October
2014

14 November 2014

Notice to creditors

This progress report provides an update on the administration of the Company

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment

We have also explained our future strategy for the administration and how likely it is that we will be able to pay each class of creditor

You will find other important information in this progress report such as the costs which we have incurred to date

A glossary of the abbreviations used throughout this document is attached (Appendix 5)

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.insolvency-kpmg.co.uk/case+KPMG+SE41745523.html> We hope this is helpful to you

Please also note that an important legal notice about this progress report is attached (Appendix 6)



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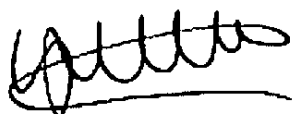
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1 Executive summary

- The Director resolved on 17 April 2014 to appoint us as Joint Administrators. The notice of appointment was lodged at Leeds District Registry on 17 April 2014 and we were duly appointed.
- This progress report covers the period from the date of our appointment to 16 October 2014.
- We circulated our statement of proposals ('proposals') to all known creditors on 6 June 2014. A meeting of creditors was held on 23 June 2014 at which our proposals were approved by the creditors without modification.
- It was not feasible for the Company to continue trading in administration. We ceased all Company operations immediately on appointment and instructed agents to assist with the sale of the Company's assets (Section 2 - Progress to date).
- The Secured Creditor has been repaid in full subject to interest and charges (Section 3 - Dividend prospects and dividends paid).
- We also expect that the preferential creditors will be repaid in full (Section 3 - Dividend prospects and dividends paid).
- There will also be a distribution to the unsecured creditors but we have yet to determine the amount of this (Section 3 - Dividend prospects and dividends paid).
- The administration is currently due to end on 16 April 2015. However, this progress report accompanies a request to the unsecured creditors to consider a six month extension to 16 October 2015 (Section 6 - Future strategy).
- Please note you should read this progress report in conjunction with our proposals which were issued to the Company's creditors and can be found at <http://www.insolvency-kpmg.co.uk/case+KPMG+SE41745523.html>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Will Wright
Joint Administrator



2 Progress to date

This section updates you on our strategy for the administration and on our progress to date. It follows the information provided in our proposals.

2.1 Strategy and progress to date

Strategy

The Company ceased to trade on 17 April 2014 and all employees were made redundant. We instructed agents to assist us with the valuation and disposal of the Company's assets.

Please see below for further details.

2.2 Asset realisations

Realisations during the period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations during the period are provided below.

Channel slots

As previously advised in our proposals, the first EPG slot was sold on 16 May 2014 for £530,000 and the second EPG slot was sold on 25 June 2014 for a consideration of £115,000. This brings total realisations for the channel slots to £645,000.

As a result of their legal structure we were not able to realise any value for the LCN slots.

Cash at bank

We received £636,231 from the Company's pre-administration bank account.

Debtors

At the date of our appointment, the Company's accounts showed debtors totalling c £333,000.

To date, we have realised a total of c £257,300 from the Company's book debts.

Merchant services

As previously reported, the Company's merchant acquirer held a balance of c £671,000 against charge back claims from customers who did not receive the goods they ordered.

We worked with the third party warehouse provider and Royal Mail to minimise the number of these claims. We have also maintained correspondence with the merchant acquirer to recover the remaining balance.

Leasehold property

As previously reported, the Company operated from two leasehold premises. The offices at 74 Stanley Gardens, Acton, London, W3 7QE and the production studios at Unit 11, Acton Park Estate, Eastman Road, London, W3 7QE. Valuation agents JLL have reviewed the Company's interest in these leases and confirmed that they have no realisable value.



As part of the sale agreement for the fixtures, fittings, equipment and part of the stock (see below), the purchaser entered into a short term licence for the premises at Unit 11 with a view to entering into a new lease. This arrangement may reduce the overall liability owed to the landlord and, consequently, reduce any unsecured claim the landlord may make against the Company.

Fixtures, fittings, furniture and studio equipment

We instructed valuation agents, Agentcite, to prepare an inventory of the Company's assets and undertake a valuation on both an in-situ and break-up basis. The realisable value for this group of assets is estimated at c £451,000 (in-situ) and c £109,000 (break-up).

Agentcite also assisted us to identify potential purchasers and collate offers received from interested parties.

On 30 May 2014, the fixtures, fittings, furniture and studio equipment were sold for £205,000 plus VAT.

Stock

Our agents valued the Company's stock at £160,000 on a break-up basis, not accounting for ROT claims.

We received a number of offers for the stock and/or the office furniture and studio equipment and worked with Agentcite to establish the best value for creditors.

On 30 May 2014, as part of a wider transaction for the fixtures, furniture and studio equipment, we agreed a sale of the stock held at Unit 11 for £20,000.

Following expressions of interest from over 20 interested parties, the stock held at the Tamworth warehouse was sold on 20 May 2014 for the sum of £235,000.

Since our appointment, we received a number of ROT claims from suppliers who provided stock to the Company. As part of the sale agreement for the stock, the purchasers are now responsible for any outstanding ROT claims.

Sundry refunds

We have received c £61,000 with respect to Royal Mail / Parcel Force bonds.

This brings total refunds to date to £63,400.

Other assets

Further realisations are detailed in the attached receipts and payments account at Appendix 2 and include among others legal costs recovered and interest accrued on funds held in the administration estate.

Investigations

We are reviewing the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors.

We have complied with the relevant statutory requirements to provide information on the conduct of the Company's directors and any shadow directors to the Department for Business, Innovation and Skills. The contents of our submission are confidential.



2.3 Costs

Payments made in this period are set out in the attached receipts and payments account (Appendix 2)

Summaries of the most significant payments made during the period are provided below

Wages and salaries

We retained the services of five employees for a short period to assist us with the orderly wind-down of the Company's affairs. The cost totalled £7,346 plus £7,269 in PAYE/NIC

Subcontractors

The sum of £1,750 was paid to a former employee of the Company to assist with the download of data from the Company's servers. This was a necessary part of the wind-down of the Company's affairs

Agents' fees

We engaged Agentcite to assist with asset valuation and disposal, and JLL to consider property matters. Canis LLP were engaged to support the EPG sale process

Canis and JLL have been paid £24,625 and £800 respectively for their services

Solicitors' fees

Gateley LLP have been appointed to advise us on legal matters arising in the administration and have been paid £14,150 during this reporting period

Additionally, SGH Martineau LLP have been paid a total of £13,938 for assisting with an independent review on the validity of our appointment and security provided by the Company to the secured creditor

Storage costs

We have paid costs of £122,500 with respect to storage of the stock and the Company's books and records

IT expense

A fee of £13,909 has been paid to Getronics Services UK Limited for the provision of IT services

Other costs

Further costs of realisations are detailed in the attached receipts and payments account at Appendix 2 and include among others insurance of assets, sundry expenses, business rates and bank charges

2.4 Schedule of expenses

We have detailed the costs incurred during the period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3)

Summaries of the most significant expenses which have been incurred in the period but have not yet been paid are provided below



Agents' fees

We have yet to settle the amount owed to Agentcite for the work they have carried out for the Company. We have made a provision of £64,000 for these costs.

3 Dividend prospects and dividends paid

3.1 Secured creditors

The amount outstanding to the Secured Creditor at the date of our appointment was £525,000. This figure does not include interest and other charges which may continue to accrue. The Secured Creditor had agreed to provide a total funding facility of £6 million. This funding is secured by a debenture dated 6 January 2014 which contains both fixed and floating charges over the Company's assets.

Our legal advisors have confirmed the validity of the fixed and floating charges.

During the period, we have distributed £525,000 to the Secured Creditor - all of which relates to floating charge realisations. The Secured Creditor has been repaid in full, subject to interest and charges.

3.2 Preferential creditors

We estimate the amount of preferential claims to be £120,000.

Based on current estimates, we anticipate that preferential creditors should receive a dividend of 100p in the £. The timing and amount of any dividend are dependent upon the realisations and associated costs of the administration.

3.3 Unsecured creditors

Based on current estimates, we anticipate that unsecured creditors should receive a dividend. We have yet to determine the amount of this, but we will do so when we have completed the realisation of assets and payment of associated costs.

4 Other matters

4.1 Creditors' Meeting

Conducting the business of a meeting by correspondence.

In order to minimise costs, we propose to conduct the business of a meeting of creditors by correspondence. Formal notice is attached to the covering letter.

The purpose of conducting the business of a meeting by correspondence is to seek approval for

- a six month extension to the period of the administration (Section 6.2 - Extension of the administration)
- our discharge from liability in respect of any actions as Joint Administrators (Section 6.3 - Discharge from liability)



Creditors' right to request a meeting

We will summon such a meeting (1) if asked to do so by creditors whose debts amount to at least 10% of the total debts of the Company, and (2) if the procedures set out below are followed

Requests for a creditors' meeting must be made within five business days of us sending the formal notice of conducting the business of a meeting by correspondence. They must include

- a list of the creditors concurring with the request, showing the amounts of their respective debts in the administration,
- written confirmation of their concurrence from each concurring creditor, and
- a statement of the purpose of the proposed meeting

In addition, the expenses of summoning and holding a meeting at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us

If you wish to request a creditors' meeting, please contact Kirsty Laurie on 020 73118381 to obtain the requisite forms

5 Joint Administrators' remuneration and disbursements

5.1 Joint Administrators' remuneration and disbursements

During the period, the unsecured creditors have provided approval that

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff according to the charge-out rates included in Appendix 4
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 4

Time costs

From the date of our appointment to 16 October 2014, we have incurred time costs of £549,448. These represent 1,818 hours at an average rate of £302 per hour.

Remuneration

During the period, we have not drawn any remuneration. We intend to draw fees of £549,448 against our time costs to date.

Disbursements

During the period, we have incurred disbursements of £1,460. None of these have yet been paid.



Additional information

We have attached (Appendix 4) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from our appointment to 16 October 2014. We have also attached our charging and disbursements policy.

Where a creditors' voluntary liquidation is the exit route for the administration and if we are appointed as Joint Liquidators, the basis of remuneration which has been approved for the administration will continue to apply in the creditors' voluntary liquidation.

6 Future strategy

6.1 Future conduct of the administration

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

- realising the remaining assets to include the collection of book debts. We anticipate that we will realise a further £60,000 from the remaining debtor over the next three months. We do not expect any other receipts from the Company's debtors,
- recovering the balance from the merchant acquirer now that the window for charge back claims has expired. We anticipate a recovery of some £643,000,
- finalising the tax affairs of the Company including completion of corporation tax and VAT returns and settlement of any liabilities,
- making a distribution to the preferential creditors (once the outcome of the employment tribunal is known),
- applying to Court for permission to make a distribution to unsecured creditors,
- finalising the position with the Company's pension scheme,
- making a distribution to the unsecured creditors,
- payment of administration expenses, including our remuneration and disbursements, and
- complying with statutory and compliance obligations.

6.2 Extension of the administration

The duration of an administration is restricted to 12 months from the date of commencement unless it is extended with the permission of creditors or the Court.

The administration is currently due to end on 16 April 2015. However, this progress report accompanies a request to the unsecured creditors to consider a six month extension to 16 October 2015.

Whilst we fully intend to complete all outstanding matters and close this administration before its anniversary on 16 April 2014, there are a couple of issues beyond our control which may necessitate



our seeking an extension – namely, an upcoming Employment Tribunal and dealing with the Company's pension schemes

To avoid the additional costs of preparing a separate report in 3-4 months time should such an extension be necessary, we are making the extension request now. If a six month extension is granted, it will not prevent us from closing the administration as soon as practicable once all matters are completed.

See Section 4 for details regarding conducting the business of a meeting by correspondence.

6.3 Discharge from liability

We are seeking approval from the unsecured creditors that we be discharged from liability in respect of any action as Joint Administrators, upon filing of our final receipts and payments account with the Registrar of Companies.

We are conducting a meeting by correspondence in order for the unsecured creditors to consider our request for discharge. Please see the attached forms for further information.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

6.4 Future reporting

We will provide a further progress report within one month of 16 April 2015 or earlier if the administration has been completed prior to that time.



Appendix 1 Statutory information

Company information

Company name	sit-up Limited
Date of incorporation	11 November 1999
Company registration number	3877786
Present registered office	8 Salisbury Square, London, EC4Y 8BB

Administration information

Administration appointment	The administration appointment granted in Leeds District Registry, 435 of 2014
Appointor	The Director
Date of appointment	17 April 2014
Joint Administrators' details	Will Wright and Allan Graham
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is £1,284,000 Estimated Prescribed Part is £259,000 The Prescribed Part has been taken into account when determining the dividend prospects for unsecured creditors (Section 3.3)
Prescribed Part distribution	The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply Accordingly, the Joint Administrators intend to apply to Court for the authority to make a distribution to the unsecured creditors
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	16 April 2015



Appendix 2 Joint Administrators' receipts and payments account

sit-up Limited - in Administration

Joint Administrators' abstract of receipts & payments

Statement of affairs (£)		From 17/04/2014 To 16/10/2014 (£)	From 17/04/2014 To 16/10/2014 (£)
ASSET REALISATIONS			
	Channels	645,000 00	645,000 00
8,314 00	Furniture & equipment	205,000 00	205,000 00
232,525 00	Stock	255,000 00	255,000 00
239,674 00	Book debts	257,332 87	257,332 87
1,087,419 00	Cash at bank	636,231 18	636,231 18
		1,998,564 05	1,998,564 05
OTHER REALISATIONS			
	Bank interest, gross	1,668 07	1,668 07
70,075 00	Rent deposits and other bonds	NIL	NIL
	Sundry refunds	63,400 88	63,400 88
183,838 00	Prepayments	NIL	NIL
102,266 00	Outstanding despatches	NIL	NIL
	Legal costs recovered	600 00	600 00
		65,668 95	65,668 95
COST OF REALISATIONS			
	Subcontractors	(1,750 00)	(1,750 00)
	sundry expenses	(2,108 74)	(2,108 74)
	Agents'/Valuers' fees	(25,425 00)	(25,425 00)
	Legal fees	(28,588 00)	(28,588 00)
	Legal Expenses	(667 75)	(667 75)
	Heat & light	(5,333 17)	(5,333 17)
	Storage costs	(122,500 00)	(122,500 00)
	Re-direction of mail	(350 00)	(350 00)
	Statutory advertising	(169 20)	(169 20)
	Rates	(1,794 93)	(1,794 93)
	Other property expenses	(669 42)	(669 42)
	Insurance of assets	(9,212 77)	(9,212 77)
	Wages & salaries	(7,346 24)	(7,346 24)
	PAYE & NIC	(7,269 05)	(7,269 05)
	Bank charges	(103 00)	(103 00)
	IT expense	(13,908 98)	(13,908 98)
		(227,196 25)	(227,196 25)



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sit-up Limited - in Administration

Joint Administrators' abstract of receipts & payments

Statement of affairs (£)		From 17/04/2014 To 16/10/2014 (£)	From 17/04/2014 To 16/10/2014 (£)
PREFERENTIAL CREDITORS			
(108,367 00)	Employees' wage arrears	NIL	NIL
		NIL	NIL
FLOATING CHARGE CREDITORS			
(525,000 00)	Floating charge	(525,000 00)	(525,000 00)
		(525,000 00)	(525,000 00)
UNSECURED CREDITORS			
(19,413,519 32)	Trade & expense	NIL	NIL
(642,410 22)	Corp tax etc/nonpref PAYE	NIL	NIL
(184,768 56)	Non-preferential VAT	NIL	NIL
		NIL	NIL
DISTRIBUTIONS			
(125,631 00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(19,075,585 10)		1,312,036 75	1,312,036 75
REPRESENTED BY			
	Floating ch VAT rec'able		39,835 98
	Floating charge current		1,493,200 77
	Floating ch VAT payable		(221,000 00)
		1,312,036 75	1,312,036 75



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Appendix 3 Schedule of expenses

Schedule of expenses (17/04/2014 to 16/10/2014)

Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Cost of realisations			
Administrators' fees	0 00	549,448 25	549,448 25
Subcontractors	1,750 00	0 00	1,750 00
sundry expenses	2,108 74	0 00	2,108 74
Agents'/Valuers' fees	25,425 00	64,000 00	89,425 00
Legal fees	28,588 00	0 00	28,588 00
Legal Expenses	667 75	0 00	667.75
Heat & light	5,333 17	0 00	5,333 17
Storage costs	122,500 00	0 00	122,500.00
Re-direction of mail	350 00	0 00	350 00
Statutory advertising	169 20	0 00	169 20
Rates	1,794 93	0 00	1,794 93
Other property expenses	669 42	0 00	669.42
Insurance of assets	9,212 77	0 00	9,212 77
Wages & salaries	7,346 24	0 00	7,346 24
PAYE & NIC	7,269 05	0 00	7,269.05
Bank charges	103 00	0 00	103 00
IT expense	13,908 98	0 00	13,908.98
TOTAL	227,196 25	613,448 25	840,644.50

Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including the unsecured creditor making the request) or with the permission of the Court

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report



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Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court

The full text of the relevant rules can be provided on request by writing to Kirsty Laurie at 8 Salisbury Square, London, EC4Y 8BB



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Appendix 4 Joint Administrators' charging and disbursements policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at

[http://www.r3.org.uk/media/documents/technical_library/Guides_to/Guide_to_Joint Administrators_Fees_Nov2011.pdf](http://www.r3.org.uk/media/documents/technical_library/Guides_to/Guide_to_Joint_Administrators_Fees_Nov2011.pdf)

If you are unable to access this guide and would like a copy, please contact Kirsty Laurie on 020 73118381

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates

Charge-out rates (£) for: Restructuring		
Grade	From 01 Oct 2013 £/hr	From 01 Oct 2014 £/hr
Partner	565	595
Director	485	535
Senior Manager	475	485
Manager	385	405
Senior Administrator	265	280
Administrator	195	205
Support	120	125



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Charge-out rates (£) for: Tax

Grade	From 01 Oct 2013 £/hr	From 01 Oct 2014 £/hr
Partner	900	900
Director	805	805
Senior Manager	705	705
Manager	480	480
Senior Administrator	350	350
Administrator	245	245
Support	280	280

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Category 1 disbursements These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 disbursements These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile
- Use of company car – 60p per mile
- Use of partner's car – 60p per mile

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following disbursements from the date of our appointment to 16 October 2014:



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SIP 9 - Disbursements

Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Meals	110 66		NIL		110 66
Mileage	NIL		205 30		205 30
Professional and legal fees	85 00		NIL		85 00
Rates	11 00		NIL		11 00
Sundry	245 00		NIL		245 00
Travel	803 10		NIL		803 10
Total	1,254 76		205 30		1,460 06

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company

Category 2 disbursements have been approved in the same manner as our remuneration

Narrative of work carried out for the period 17 April 2014 to 16 October 2014

The key areas of work have been

Statutory and compliance	<ul style="list-style-type: none"> ■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences, ■ providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment, ■ issuing regular press releases and posting information on a dedicated web page, ■ preparing statutory receipts and payments accounts, ■ arranging bonding and complying with statutory requirements, ■ ensuring compliance with all statutory obligations within the relevant timescales
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> ■ formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same, ■ briefing of our staff on the administration strategy and matters in relation to various work-streams, ■ regular case management and reviewing of progress, including regular team update meetings and calls, ■ meeting with management to review and update strategy and monitor progress, ■ reviewing and authorising junior staff correspondence and other work, ■ dealing with queries arising during the appointment, ■ reviewing matters affecting the outcome of the administration, ■ allocating and managing staff/case resourcing and budgeting exercises and reviews, ■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters, ■ complying with internal filing and information recording practices, including documenting strategy decisions
Reports to debenture holders	<ul style="list-style-type: none"> ■ providing written and oral updates to representatives of the Secured creditor regarding the progress of the administration and case strategy
Cashiering	<ul style="list-style-type: none"> ■ setting up administration bank accounts and dealing with the Company's pre-appointment accounts, ■ preparing and processing vouchers for the payment of post-appointment invoices, ■ creating remittances and sending payments to settle post-appointment invoices, ■ preparing payroll payments for retained staff, dealing with salary related queries and confirming payments with the employee's banks, ■ reviewing and processing employee expense requests, ■ reconciling post-appointment bank accounts to internal systems, ■ ensuring compliance with appropriate risk management procedures in respect of receipts



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	and payments
Tax	<ul style="list-style-type: none"> ■ gathering initial information from the Company's records in relation to the taxation position of the Company, ■ submitting relevant initial notifications to HM Revenue and Customs, ■ reviewing the Company's pre-appointment corporation tax and VAT position, ■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations, ■ working initially on tax returns relating to the periods affected by the administration, ■ analysing VAT related transactions, ■ reviewing the Company's duty position to ensure compliance with duty requirements, ■ dealing with post appointment tax compliance
Shareholders	<ul style="list-style-type: none"> ■ providing notification of our appointment, ■ responding to enquiries from shareholders regarding the administration, ■ providing copies of statutory reports to the shareholders
General	<ul style="list-style-type: none"> ■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9, ■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage,
Asset realisations	<ul style="list-style-type: none"> ■ collating information from the Company's records regarding the assets, ■ liaising with finance companies in respect of assets subject to finance agreements, ■ liaising with agents regarding the sale of assets, ■ dealing with issues associated with the sale of stock, ■ reviewing outstanding debtors and management of debt collection strategy, ■ liaising with Company credit control staff and communicating with debtors, ■ seeking legal advice in relation to book debt collections, ■ liaising with the agents regarding debtor recoveries, ■
Property matters	<ul style="list-style-type: none"> ■ reviewing the Company's leasehold properties, including review of leases, ■ communicating with landlords regarding rent, property occupation and other issues, ■ performing land registry searches
Sale of business	<ul style="list-style-type: none"> ■ planning the strategy for the sale of the business and assets, including instruction and liaison with professional advisers, ■ seeking legal advice regarding sale of business, including regarding non-disclosure agreements, ■ collating relevant information and drafting information memorandum in relation to the sale of the Company's business and assets and advertising the business for sale, ■ dealing with queries from interested parties and managing the information flow to potential purchasers, including setting up a data room, ■ managing site visits with interested parties, fielding due diligence queries and maintaining a record of interested parties, ■ carrying out sale negotiations with interested parties
Health and safety	<ul style="list-style-type: none"> ■ liaising with internal health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with, ■ liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance
Open cover insurance	<ul style="list-style-type: none"> ■ arranging ongoing insurance cover for the Company's business and assets, ■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place, ■ assessing the level of insurance premiums
Employees	<ul style="list-style-type: none"> ■ dealing with queries from employees regarding various matters relating to the administration and their employment, ■ dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments, ■ holding employee briefing meetings to update employees on progress in the administration and our strategy, ■ administering the Company's payroll, including associated taxation and other deductions, and preparing PAYE and NIC returns, ■ communicating and corresponding with HM Revenue and Customs, ■ dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office, ■ managing claims from employees, ■ ensuring security of assets held by employees
Pensions	<ul style="list-style-type: none"> ■ collating information and reviewing the Company's pension schemes, ■ calculating employee pension contributions and review of pre-appointment unpaid contributions, ■ ensuring compliance with our duties to issue statutory notices,



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	<ul style="list-style-type: none"> ■ liaising with the trustees of the defined benefit pension scheme, the Pensions Regulator and the Pensions Protection Fund concerning the changes caused to the pension scheme as a result of our appointment, ■ ensuring death-in-service cover for employees remains in place, ■ communicating with employees representatives concerning the effect of the administration on pensions and dealing with employee queries
Creditors and claims	<ul style="list-style-type: none"> ■ drafting and circulating our proposals, ■ convening and preparing for the meeting of creditors, ■ creating and updating the list of unsecured creditors, ■ responding to enquires from creditors regarding the administration and submission of their claims, ■ reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records, ■ dealing with suppliers with retention of title claims, including reviewing supporting documentation and arranging and carrying out stock inspection visits, ■ agreeing secured creditor claim, ■ arranging distributions to the secured creditor, ■
Investigations/ directors	<ul style="list-style-type: none"> ■ reviewing Company and directorship searches and advising the directors of the effect of the administration, ■ liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies, ■ arranging for the redirection of the Company's mail, ■ reviewing the questionnaires submitted by the Directors of the Company, ■ reviewing pre-appointment transactions, ■ drafting the statutory report and submitting to the relevant authority



Time costs

SIP 9 - Time costs analysis (17/04/2014 to 16/10/2014)							
	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Trading							
Employees							
Correspondence		0 70			0 70	269 50	385 00
Administration & planning							
Bankrupt/Director/Member							
Notification of appointment				8 10	8 10	972 00	120 00
Cashiering							
General (Cashiering)		5 00	12 70		17 70	4,748 50	268 28
Reconciliations (& IPS accounting reviews)			2 60		2 60	552 50	212 50
General							
Books and records		26 40	84 20	3 00	113 60	31,917 00	280 96
Fees and WIP		1 10	0 20		1 30	476 50	366 54
Statutory and compliance							
Appointment and related formalities		43 40	22 30	56 00	121 70	29,849 50	245 27
Bonding and bordereau			0 10	0 60	0 70	98 50	140 71
Checklist & reviews	4 50	2 50	4 20		11 20	4,426 00	395 18
Statutory receipts and payments accounts				3 80	3 80	456 00	120 00
Strategy documents		28 80	3 90		32 70	12,407 50	379 43
Tax							
Initial reviews - CT and VAT	1 50	0 60	0 30		2 40	1,687 00	702 92
Post appointment corporation tax		16 90	47 50		64 40	15,796 00	245 28
Post appointment VAT	3 10	2 80	6 25	0 80	12 95	5,638 25	435 39
Creditors							
Creditors and claims							
Agreement of unsecured claims		1 80		128 30	130 10	16,125 00	123 94
General correspondence	1 20	62 10	66 30	1 60	131 20	38,933 50	296 75
Legal claims	0 20				0 20	113 00	565 00
Notification of appointment				1 20	1 20	144 00	120 00
Payment of dividends		2 90			2 90	1,130 50	389 83
ROT Claims		28 50	200 70	34 00	263 20	68,913 00	261 83



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SIP 9 - Time costs analysis (17/04/2014 to 16/10/2014)

	Hours				Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total	
Secured creditors		7 80			7 80	3,408 00
Statutory reports	4 20	53 20	133 50		190 90	49,440 50
Employees						
Correspondence	1 20	23 20	146 60		171 00	48,390 00
DTI redundancy payments service		1 00	23 80		24 80	6,696 50
Pension funds		1 10			1 10	423 50
Pensions reviews		1 70	2 90		4 60	1,269 00
Investigation						
Directors						
Correspondence with directors		1 20			1 20	462 00
D form drafting and submission		9 60	24 35		33 95	8,598 25
Directors' questionnaire / checklist		0 60			0 60	231 00
Statement of affairs		6 40			6 40	2,464 00
Investigations						
Correspondence re investigations		10 70			10 70	5,082 50
Mail redirection			0 30	1 00	1 30	199 50
Review of pre-appt transactions		6 50			6 50	2,907 50
Realisation of assets						
Asset Realisation						
Cash and investments		2 80		2 00	4 80	1,328 00
Debtors		19 25	30 00		49 25	15,707 75
Leasehold property		34 45	0 30	7 20	41 95	15,268 25
Office equipment, fixtures & fittings		3 50		11 00	14 50	2,667 50
Open cover insurance		5 60			5 60	2,246 00
Other assets	7 50	62 85	1 20		71 55	33,410 25
Plant and machinery		29 40			29 40	13,965 00
Sale of business	33 90	116 20			150 10	71,360 50
Stock and WIP		62 50		4 70	67 20	29,171 50
Purchases and trading costs			0 50		0 50	97 50
Total in period	57 30	683 05	814 70	263 30	1,818 35	549,448 25
						302 17



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SIP 9 - Time costs analysis (17/04/2014 to 16/10/2014)

	Hours				Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support Total		
Brought forward time (appointment date to SIP 9 period start date)				0 00	0 00	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)				1,818 35	549,448 25	
Carry forward time (appointment date to SIP 9 period end date)				1,818 35	549,448 25	

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.



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Appendix 5 Glossary

Agentcrite	Agentcrite LLP
Company	sit-up Limited - in Administration
Director	Jonathan Camp
Gateleys	Gateley LLP
JLL	Jones Lang Lasalle LLP
Joint Administrators/we/our/us	Will Wright and Allan Graham
KPMG	KPMG LLP
Martineau	SGH Martineau LLP
ROT	Retention of title
Secured Creditor	The Good Life Limited
Stanley Gardens	Leasehold premises – 74 Stanley Gardens, Acton, London, W3 7QE
Unit 11	Leasehold premises – Unit 11, Acton Park Estate, Eastman Road, London, W3 7QE

Any references in this progress report to sections, paragraphs or rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules 1986 respectively



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Appendix 6 Notice. About this report

This report has been prepared by Will Wright and Allan Graham, the Joint Administrators of sit-up Limited – in Administration (the 'Company'), solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Rules 1986 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

William James Wright and Allan Watson Graham are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.



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