

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)~~W~~We (a)William James Wright
KPMG LLP
8 Salisbury Square
London
EC4Y 8BBAllan Watson Graham
KPMG LLP
8 Salisbury Square
London
EC4Y 8BB

Joint Administrators of the above company attach a progress report for the period

(b) Insert dates

from


to

(b) 17 October 2014

(b) 23 January 2015

16/4/15

Signed



Joint Administrator

Dated

30 January 2015

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.Moklis Miah
KPMG LLP
8 Salisbury Square
London
EC4Y 8BB
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DX 33050 Cardiff

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sit-up Limited - in Administration

Joint Administrators' progress report
for the period 17 October 2014 to 23
January 2015

30 January 2015

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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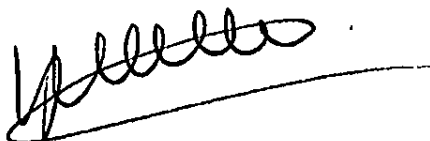
Contents

1	Executive summary	1
2	Progress to date	2
3	Dividend prospects and dividends paid	4
4	Other matters	5
5	Joint Administrators' remuneration and disbursements	5
6	Future strategy	6
Appendix 1	Statutory information	8
Appendix 2	Joint Administrators' receipts and payments account	9
Appendix 3	Schedule of expenses	11
Appendix 4	Joint Administrators' charging and disbursements policy	12
Appendix 5	Glossary	18
Appendix 6	Notice: About this report	19



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 second progress report covers the period from 17 October 2014 to 23 January 2015.
- ❑ 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 including 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 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 second 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 and first progress report 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 are provided below.

Channel slots

As previously advised, 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.

In the current period we have realised a further £60,075 bringing realisations from book debts to a total of £317,408. We do not anticipate any further realisations from this source.

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.

To date we have realised £148,325 from funds held by the merchant acquirer – this is shown as Cash at Bank in Appendix 2. We expect to realise a further £500,000 in due course.

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

We vacated both properties shortly after our appointment and have corresponded with the landlords to surrender the leases.

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, and an additional £853 from MBI Limited

This brings total refunds to date to £64,254

Other assets

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

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.

Agents' fees

We engaged Agentcite to assist with asset valuation and disposal and have paid them £44,000 for their services.

Solicitors' fees

We instructed Geldards LLP to assist us with the collection of the Company's book debts. In the period we have paid them a total of £4,262 of which £600 has been recovered from the debtors.

Storage costs

We have paid costs of £362 with respect to storage of the Company's books and records.

Other property expenses

A fee of £6,500 has been paid to Agentcite for providing security services to the property upon our appointment.

Other costs

Further costs of realisations are detailed in the attached receipts and payments account at Appendix 2 and include statutory advertising, sundry expenses 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).

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. 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.

We have distributed £525,000 to the Secured Creditor - all of which relates to floating charge realisations. During the period we have distributed a further £72,000 in respect of their charges. The Secured Creditor has now been repaid in full.

3.2 Preferential creditors

We estimate the amount of preferential claims to be £156,000.

Based on current estimates, we anticipate that preferential creditors will shortly receive a dividend of 100p in the £.



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).

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 Moklis Miah on 0207 694 6477 to obtain the requisite forms.

5 Joint Administrators' remuneration and disbursements

5.1 Joint Administrators' remuneration and disbursements

The unsecured creditors have previously 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 17 October 2014 to 23 January 2015, we have incurred time costs of £93,431. These represent 320 hours at an average rate of £292 per hour. This brings total time costs since our appointment to £642,879.

Remuneration

During the period we have drawn remuneration of £549,448 against our time costs to date.

Disbursements

During the period, we have drawn disbursements of £1,460. No further expenses have been incurred in this current period.

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 17 October 2014 to 23 January 2015. 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:

- recovering the balance from the merchant acquirer now that the window for charge back claims has expired. We anticipate a recovery of some £500,000,
- 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 finalised),
- applying to Court for permission to make a distribution to unsecured creditors,
- finalising the position with the Company's pension scheme and liaising with the Redundancy Payments Office,
- 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 were aiming to complete all outstanding matters and close this administration before its anniversary on 16 April 2015, there are several issues beyond our control which will delay closure. Namely, the pending receipt of £500,000 from the merchant acquirer, ongoing correspondence with the Company's pension provider and finalising the Employment Tribunal position.

For the avoidance of doubt, we are unable to make a distribution to the unsecured creditors until these issues have been resolved.

Rather than incur the additional costs of moving the Company into liquidation (which would adversely impact the return to unsecured creditors), we are instead seeking the approval of the unsecured creditors to extend the administration by six months. The alternative is for us to apply to Court for the extension.

We believe that this extension is in the best interest of creditors. 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 have obtained 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.

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 23 July 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 £1,446,202 Estimated Prescribed Part is £292,240 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 17/10/2014 To 23/01/2015 (£)	From 17/04/2014 To 23/01/2015 (£)
ASSET REALISATIONS			
	Channels	NIL	645,000 00
8,314 00	Furniture & equipment	NIL	205,000 00
232,525 00	Stock	NIL	255,000 00
239,674 00	Book debts	60,075 00	317,407 87
1,087,419 00	Cash at bank	148,325 80	784,556 98
		208,400 80	2,206,964.85
OTHER REALISATIONS			
	Bank interest, gross	1,558 72	3,226 79
70,075 00	Rent deposits and other bonds	NIL	NIL
	Sundry refunds	853 07	64,253 95
183,838 00	Prepayments	NIL	NIL
102,266 00	Outstanding despatches	NIL	NIL
	Legal costs recovered	600 00	1,200 00
		3,011 79	68,680 74
COST OF REALISATIONS			
	Subcontractors	NIL	(1,750 00)
	Administrators' fees	(549,448 25)	(549,448 25)
	Administrators' expenses	(1,460 06)	(1,460.06)
	sundry expenses	(1 73)	(2,110 47)
	Agents'/Valuers' fees	(44,000 00)	(69,425 00)
	Legal fees	(4,262 12)	(32,850 12)
	Legal Expenses	NIL	(667 75)
	Heat & light	NIL	(5,333.17)
	Storage costs	(361.95)	(122,861.95)
	Re-direction of mail	NIL	(350 00)
	Statutory advertising	(84.60)	(253 80)
	Rates	NIL	(1,794 93)
	Other property expenses	(6,500 00)	(7,169 42)
	Insurance of assets	NIL	(9,212 77)
	Wages & salaries	NIL	(7,346.24)
	PAYE & NIC	NIL	(7,269 05)
	Bank charges	(20 00)	(123 00)
	IT expense	NIL	(13,908 98)



slt-up Limited - In Administration

Joint Administrators' abstract of receipts & payments

Statement of affairs (£)	From 17/10/2014 To 23/01/2015 (£)	From 17/04/2014 To 23/01/2015 (£)
	(606,138 71)	(833,334 96)
PREFERENTIAL CREDITORS		
(108,367 00) Employees' wage arrears and holiday pay	NIL	NIL
	NIL	NIL
FLOATING CHARGE CREDITORS		
(525,000 00) Floating charge	(72,000 00)	(597,000 00)
	(72,000 00)	(597,000 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)	(466,726.12)	845,310.63
REPRESENTED BY		
Floating ch. VAT rec'able		161,059 37
Floating charge current		910,969.04
Floating ch VAT payable		(221,000.00)
Floating ch VAT control		(5,717.78)
	(466,726.12)	845,310 63



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Appendix 3 Schedule of expenses

Schedule of expenses (17/10/2014 to 23/01/2015)

Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Cost of realisations			
Administrators' fees	549,448.25	93,430.75	642,879.00
Administrators' expenses	1,460.06	0.00	1,460.06
sundry expenses	1.73	0.00	1.73
Agents'/Valuers' fees	44,000.00	0.00	44,000.00
Legal fees	4,262.12	0.00	4,262.12
Storage costs	361.95	0.00	361.95
Statutory advertising	84.60	0.00	84.60
Other property expenses	6,500.00	0.00	6,500.00
Bank charges	20.00	0.00	20.00
TOTAL	606,138.71	93,430.75	699,569.46

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

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 Moklis Miah 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

If you are unable to access this guide and would like a copy, please contact Moklis Miah on 0207 694 6477

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 17 October 2014 to 23 January 2015:



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SIP 9 - Disbursements

Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Total	NIL		NIL		NIL

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 October 2014 to 23 January 2015

The key areas of work have been

Statutory and compliance	<input type="checkbox"/> preparing statutory receipts and payments accounts, <input type="checkbox"/> ensuring compliance with all statutory obligations within the relevant timescales
Strategy documents, Checklist and reviews	<input type="checkbox"/> formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same, <input type="checkbox"/> briefing of our staff on the administration strategy and matters in relation to various work-streams, <input checked="" type="checkbox"/> regular case management and reviewing of progress, including regular team update meetings and calls, <input type="checkbox"/> reviewing and authorising junior staff correspondence and other work, <input type="checkbox"/> dealing with queries arising during the appointment, <input type="checkbox"/> reviewing matters affecting the outcome of the administration, <input checked="" type="checkbox"/> allocating and managing staff/case resourcing and budgeting exercises and reviews, <input checked="" type="checkbox"/> liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters, <input type="checkbox"/> complying with internal filing and information recording practices, including documenting strategy decisions
Reports to debenture holders	<input type="checkbox"/> providing written and oral updates to representatives of the Secured creditor regarding the progress of the administration and case strategy
Cashiering	<input type="checkbox"/> preparing and processing vouchers for the payment of post-appointment invoices, <input type="checkbox"/> creating remittances and sending payments to settle post-appointment invoices, <input type="checkbox"/> reconciling post-appointment bank accounts to internal systems, <input type="checkbox"/> ensuring compliance with appropriate risk management procedures in respect of receipts and payments
Tax	<input type="checkbox"/> gathering initial information from the Company's records in relation to the taxation position of the Company, <input type="checkbox"/> reviewing the Company's pre-appointment corporation tax and VAT position, <input type="checkbox"/> working initially on tax returns relating to the periods affected by the administration, <input type="checkbox"/> analysing VAT related transactions, <input type="checkbox"/> reviewing the Company's duty position to ensure compliance with duty requirements, <input type="checkbox"/> dealing with post appointment tax compliance
Shareholders	<input type="checkbox"/> responding to enquiries from shareholders regarding the administration, <input type="checkbox"/> providing copies of statutory reports to the shareholders
General	<input type="checkbox"/> reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9,
Asset realisations	<input checked="" type="checkbox"/> collating information from the Company's records regarding the assets, <input checked="" type="checkbox"/> liaising with finance companies in respect of assets subject to finance agreements, <input checked="" type="checkbox"/> liaising with agents regarding the sale of assets, <input checked="" type="checkbox"/> dealing with issues associated with the sale of stock, <input checked="" type="checkbox"/> reviewing outstanding debtors and management of debt collection strategy, <input checked="" type="checkbox"/> seeking legal advice in relation to book debt collections,
Property matters	<input checked="" type="checkbox"/> reviewing the Company's leasehold properties, including review of leases; <input checked="" type="checkbox"/> communicating with landlords regarding rent, property occupation and other issues,



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	<ul style="list-style-type: none"> ☑ performing land registry searches
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, ☑ 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,
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, ☑ 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"> ☑ convening and preparing for the meeting of creditors, ☑ creating and updating the list of unsecured creditors, ☑ responding to enquiries 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, ☑ 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 (17/10/2014 to 23/01/2015)							
	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Administration & planning							
Cashiering							
Fund management			0 20		0.20	56 00	280 00
General (Cashiering)		2 70	5 20		7.90	2,392 00	302 78
Reconciliations (& IPS accounting reviews)			2 00		2 00	425.00	212 50
General							
Books and records		0 20	7 00		7.20	1,516.00	210 56
Fees and WIP		1 90		0 20	2.10	794 50	378.33
Statutory and compliance							
Checklist & reviews		5 40	3 50		8.90	2,904 50	326 35
Pre-administration checks	0 50				0.50	297 50	595 00
Statutory receipts and payments accounts	1 50			0.30	1.80	930 00	516 67
Strategy documents		3 30			3.30	1,336 50	405 00
Tax							
Post appointment corporation tax		3 90	8 25		12 15	3,270 75	269 20
Post appointment VAT	0.10	3.20	7 70		11.00	2,982 50	271 14
Creditors							
Creditors and claims							
Agreement of claims			1 00		1.00	205 00	205 00
Agreement of preferential claims		3 70	38 60		42.30	12,306 50	290.93
Agreement of unsecured claims		4 10	61 20		65.30	14,484 00	221 81
General correspondence		5 40	26.70		32.10	7,986.00	248 79
Payment of dividends		2 00			2.00	810 00	405 00
Statutory reports	0 50	15 70	27 10		43.30	13,175 00	304 27
Employees							
Correspondence		3 70	15 20		18.90	5,754 50	304 47
DTI redundancy payments service		0.10	1 20		1.30	376 50	289 62
Pension funds		9 70			9.70	3,928 50	405 00
Pensions reviews		0 90			0.90	364 50	405 00
General analysis							
Creditors meeting		12.70	3 00		15.70	5,758 50	366.78



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SIP 9 - Time costs analysis (17/10/2014 to 23/01/2015)

	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Realisation of assets							
Asset Realisation							
Cash and Investments	2 00	1 10	1 40		4.50	2,027 50	450 56
Debtors			5 20		5.20	1,456 00	280 00
Leasehold property		3 80	0 40		4 20	1,651 00	393 10
Other assets		9 80			9.80	3,969 00	405 00
Stock and WIP		4 60	2.00		6.60	2,273 00	344 39
Total in period	4.60	97.90	216.85	0.50	319.85	93,430.75	292.11

Brought forward time (appointment date to SIP 9 period start date)	1,818 35	549,448 25
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	319.85	93,430 75
Carry forward time (appointment date to SIP 9 period end date)	2,138 20	642,879.00

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

Agentcite	Agentcite 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.

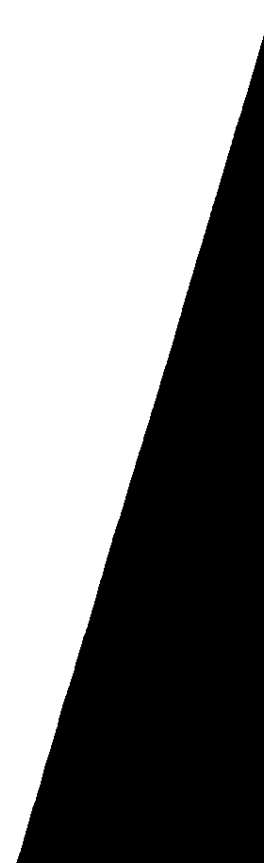
Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

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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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International Cooperative ("KPMG International").



Progress Report Checklist - Compliance Setup Limited - In Administration

Engagement Leader William James Wright
Consultation Partner Allan Watson Graham

Dated _____
Documents prepared by _____
Documents reviewed by _____

Quality control of documents issued	Work paper ref n/a	Preparer - Initials	Reviewer - Initials
1 Document (including appendices) produced through IPS and Word Wizard			
2 Final document has been fully cast, cross-cast and checked (retain initialed copy on file) Cast and cross cast all tables Ensure summary tables agree to detailed tables - Ensure numbers quoted in text tie back to any tables/Receipts and Payments Account/SIP 8/Schedule of Expenses			
3 Document checked for spelling, grammar, apostrophes etc			
4 Check that the cross referencing of contents and page numbers is correct and that page numbers and appendices cross reference throughout the document			
5 Ensure all date references state the correct year and period (including the front page)			
6 Final document fully cross-referenced to working papers			
7 Document contains all information required by best practice guidance (eg. SIPs 2, 7, 9, 13, 16) http://www.r3.org.uk/index.cfm?page=1299			
8 Review post appointment and, where applicable, pre-administration SIP9 reports to ensure that the time charged appears to be reasonable and that the correct charge out rates have been applied			
9 Check all correct appendices are included eg. Statutory information, Receipts and Payments account, SIP 9 disclosure, Schedule of Expenses, summary of proposals if final progress report			

Risk management procedures before release of the progress report

- 10 IPS audit check completed.
- 11 Estimated Outcome Statement as at the date of the Receipts and Payments account completed and signed off by manager
- 12 Estimated Outcome Statement cross-referenced back to supporting papers

Appropriate review and consultation

- 13 Consultation partner has reviewed the final version of the document and signed/approved electronically a copy to be retained on file
- 14 Engagement Leader to sign/approve electronically a copy of the final document which is to be retained on file

Risk management - quality of engagement files

- 15 Destroy/delete all draft copies of the document (both hard copies and e/electronic versions)
- 16 Ensure a final version of the signed/electronically approved document is saved on file together with all backing documentation and file notes

Proposed/agreed basis of remuneration	Disclosed on SharePoint Site	Not applicable
Percentage of value of Company's property	<input type="checkbox"/>	<input type="checkbox"/>
Fixed fee	<input type="checkbox"/>	<input type="checkbox"/>
Combination of bases	<input type="checkbox"/>	<input type="checkbox"/>

Completed by	Date
Case Administrator	
Reviewed by	Date
Case Manager	
Consultation Partner (where applicable) (guidance to follow, please consult local technical representative)	
Engagement Leader	



KPMG LLP
Restructuring
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Tel +44 (0) 20 7311 1000
Fax +44 (0) 207 694 3011
DX 38050 Blackfrars

To all known creditors

Our ref 1F

Contact Moklis Miah
0207 694 6477

30 January 2015

Dear Sir/Madam

sit-up Limited – in Administration (the ‘Company’)
Joint Administrators – Will Wright and Allan Graham

As an unsecured creditor of the Company your assistance is required in considering the matters set out below, completing the enclosed voting form and returning it to me by 12 00 noon on 16 February 2015

- That the period of this administration be extended by six months until 16 October 2015.

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.

Whilst we were aiming to complete all outstanding matters and close this administration before its anniversary on 16 April 2015, there are several issues beyond our control which will delay closure. Namely, the pending receipt of £500,000 from the merchant acquirer, ongoing correspondence with the Company's pension provider and finalising the Employment Tribunal position.

For the avoidance of doubt, we are unable to make a distribution to the unsecured creditors until these issues have been resolved.

Rather than incur the additional costs of moving the Company into liquidation (which would adversely impact the return to unsecured creditors), we are instead seeking the approval of the unsecured creditors to extend the administration by six months. The alternative is for us to apply to Court for the extension.

We believe that this extension is in the best interest of creditors. 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.



KPMG LLP
sit-up Limited – in Administration (the 'Company')
Joint Administrators – Will Wright and Allan Graham
30 January 2015

Please see Section 4 in the attached copy of the Joint Administrators' latest progress report for details regarding conducting the business of a meeting by correspondence.

Thank you for your assistance

Yours faithfully
For sit-up Limited – in Administration

Will Wright
Joint Administrator

The affairs, business and property of the Company are being managed by the Joint Administrators

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

Notice of conduct of business by correspondence

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

Notice is hereby given by (a) Will Wright, KPMG LLP, 8 Salisbury Square, London, EC4Y 8BB and Allan Graham, KPMG LLP, 8 Salisbury Square, London, EC4Y 8BB

to the creditors of (b) sit-up Limited, 8 Salisbury Square, London, EC4Y 8BB

that pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, enclosed is a resolution for your consideration. Please indicate below whether you are in favour or against the resolution

This form must be received at (d) KPMG LLP, 8 Salisbury Square, London, EC4Y 8BB, United Kingdom

by 12 00 hours on (e) 16 February 2015 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.

THAT the period of this Administration may be extended by six months until 16 October 2015

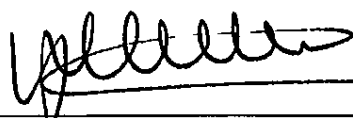
I am *in Favour / Against

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 Administrator

Dated 30 January 2015

The Insolvency Act 1986

Administrators' progress reportName of Company
sit-up LimitedCompany number
3877786In the
Leeds District RegistryCourt case number
435 of 2014(a) Insert full name(s) and
address(es) of
administrators

I/We (a) William James Wright, PO Box 695, 8 Salisbury Square, London, EC4Y 8BB and
Allan Watson Graham, PO Box 695, 8 Salisbury Square, London, EC4Y 8BB

Joint Administrators of the above company attach a progress report for the period

from

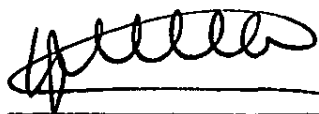
to

(b) 17 October 2014

(b) 23 January 2015

(b) Insert dates

Signed



Joint Administrator

Dated 30 January 2015

Notice of conduct of business by correspondence

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

Notice is hereby given by (a) Will Wright, KPMG LLP, 8 Salisbury Square, London, EC4Y 8BB and Allan Graham, KPMG LLP, 8 Salisbury Square, London, EC4Y 8BB

to the creditors of (b) sit-up Limited, 8 Salisbury Square, London, EC4Y 8BB

that pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, enclosed is a resolution for your consideration. Please indicate below whether you are in favour or against the resolution.

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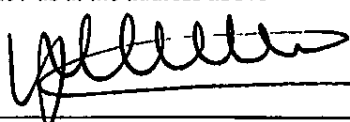
I am *in Favour / Against

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 Administrator

Dated 30 January 2015