Rule 2 47

Form 2 24B(CH)

The Insolvency Act 1986

Administrators' progress report

Name of Company	Company number
sit-up Limited	3877786

In the Leeds District Registry [full name of court]	Court case number 435 of 2014

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

I/We (a)

William James Wright
KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Allan Watson Graham
KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

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

(b) Insert dates

from	to
(b) 24 January 2015	(b) 23 July 2015

Signed

Joint Administrator

Dated 20 August 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 if there is a query on the form The contact information that you give will be visible to searchers of the public record

Kirsty Laurie
KPMG LLP
15 Canada Square
London E14 5GL
United Kingdom

Tel 020 73118381

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**

WEDNESDAY
A4EKY7RC
A15 26/08/2015 #466
COMPANIES HOUSE

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sit-up Limited - in Administration

Joint Administrators' progress report for the period 24 January 2015 to 23 July 2015

25 August 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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1 Executive summary

- This progress report covers the period from 24 January 2015 to 23 July 2015
- We have recently obtained the £500,000 deposit (plus interest) held by the Company's merchant acquirer Therefore, we have now realised all of the Company's assets with the exception of some high-street store vouchers with a face value of £2,500 (Section 2 - Progress to date)
- The Secured Creditor has been repaid in full including charges (Section 3 - Dividend prospects and dividends paid)
- The preferential creditors have been repaid in full during the period (Section 3 - Dividend prospects and dividends paid)
- There will be a distribution to the unsecured creditors in the region of 2-3p in the £ within two months of 20 August 2015 (Section 3 - Dividend prospects and dividends paid)
- During the period, the unsecured creditors granted a six-month extension to the period of the administration
- The administration is currently due to end on 16 October 2015
- Please note you should read this progress report in conjunction with our previous progress reports and proposals issued to the Company's creditors which 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

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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 previous progress report

2.1 Strategy and progress to date

Strategy

As we have previously reported, 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

Merchant services

As stated in our previous reports, 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

Having worked with various external parties to minimise these claims, we engaged in lengthy correspondence with the merchant acquirer to recover the remaining balance

During the period we received £500,626 (including bank interest on the funds held) which brings our total recovery to £648,954 We do not expect any further realisations from this source

Property rights/patents

The Company held title to a number of domain names, trademarks and brand names which were excluded from the initial sales of the Company's business and assets During the current period, an interested party came forward and, after some negotiation, we accepted an offer of £2,500 for these assets

Other assets

As detailed in the attached receipts and payments account, the only other realisation in the period was bank interest of £3,079

Investigations

We have continued to review 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

No such actions have been identified and we do not consider it appropriate to carry out further investigation work

2.3 Costs

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

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

Statutory advertising

We are required to publish a notice in the London Gazette to announce that we are intending to declare a dividend to the unsecured creditors within two months of a given date The cost of placing this advertisement was £85

Other costs

The only other costs paid in the period were bank charges of £258

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

Administrators' remuneration

We have drawn remuneration of £150,000 against our accrued time costs This amount was paid after the period cut-off for this report and therefore does not appear in the attached receipts and payments account Please see section 4 for further details

Legal fees

Similarly, we have paid Gateleys LLP the sum of £46,074 in respect of their assistance with various matters during the course of the administration including the sales of the Company's business and assets and our application to Court for approval to make a distribution to the unsecured creditors

3 Dividend prospects and dividends paid

3.1 Secured creditors

As previously reported, the Secured Creditor had agreed to provide the Company with a total funding facility of £6 million This facility was secured by a debenture dated 6 January 2014 which contained both fixed and floating charges over the Company's assets Our legal advisors have confirmed the validity of this security

At the date of our appointment the Company owed its Secured Creditor £525,000 We have distributed a total of £597,000 to the Secured Creditor under its floating charge as repayment in full of their debt and associated charges

3.2 Preferential creditors

The preferential claims have been agreed at £157,461

A first and final dividend to preferential creditors of 100p in the £ was declared on 9 January 2015 and paid during the period

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3.3 Unsecured creditors

Based on current estimates, we anticipate that unsecured creditors should receive a dividend of circa 2-3p in the £ within two months of 20 August 2015

4 Joint Administrators' remuneration and disbursements

Time costs

From 24 January 2015 to 23 July 2015, we have incurred time costs of £94,073 These represent 296 hours at an average rate of £317 per hour This brings total time costs since our appointment to £737,130

Remuneration

We have drawn further remuneration of £150,000 against our time costs to date, bringing our total remuneration to £699,448 Please note that our most recent fees were paid after the cut-off for the current reporting period and will therefore appear on our next receipts and payments account

Disbursements

During the period, we have incurred disbursements of £11

These were paid after the cut-off for this reporting period and so will appear in our next receipts and payments account

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 24 January 2015 to 23 July 2015 We have also attached our charging and disbursements policy

5 Future strategy

5.1 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

- submitting the Company's final corporation tax return and obtaining clearance from HMRC to close the administration,
- concluding the ongoing correspondence with HMRC to obtain significant post-appointment VAT refunds,
- finalising the Company's post-appointment VAT position in preparation for closure of the administration,

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- concluding the disposal of the high-street store voucher with a face value of £2,500 Our agent's, Agentcite, have advised that the likely realisable value will be £1,000,

- making a distribution to the unsecured creditors,

- compliance with statutory and compliance obligations

5.2 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 unsecured creditors granted a six-month extension to the period of the administration

The administration is currently due to end on 16 October 2015

5.3 Discharge from liability

We have obtained approval from the unsecured creditors that we be discharged from liability in respect of any actions as Joint Administrators, upon the 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

5.4 Future reporting

We intend to provide our final progress report by 16 October 2015

However, if an extension request is necessary we will provide a further progress report to accompany the request

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Appendix 1 Statutory information

Company information	
Company name	sit-up Limited
Date of incorporation	11 November 1999
Company registration number	3877786
Present registered office	15 Canada Square, Canary Wharf, London, E14 5GL

Administration information	
Administration appointment	The administration appointment granted in Leeds District Registry, 435 of 2014
Appointor	Directors
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 £1,565,000 Estimated Prescribed Part is £316,000 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 have obtained permission to distribute the Prescribed Part
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 October 2015

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Appendix 2 Joint Administrators' receipts and payments account

sit-up Limited - in Administration

Joint Administrators' abstract of receipts & payments

Statement of affairs (£)		From 24/01/2015 To 23/07/2015 (£)	From 17/04/2014 To 23/07/2015 (£)
	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	NIL	317,407 87
	Property rights/Patents	2,500 00	2,500 00
1,087,419 00	Cash at bank	NIL	636,231 18
	Barclaycard bond	500,628 27	648,954 07
		503,128 27	2,710,093 12
	OTHER REALISATIONS		
	Bank interest, gross	3,078 92	6,305 71
70,075 00	Rent deposits and other bonds	NIL	NIL
	Sundry refunds	NIL	64,253 95
183,838 00	Prepayments	NIL	NIL
102,266 00	Outstanding despatches	NIL	NIL
	Legal costs recovered	NIL	1,200 00
		3,078 92	71,759 66
	COST OF REALISATIONS		
	Subcontractors	NIL	(1,750 00)
	Administrators' fees	NIL	(549,448 25)
	Administrators' expenses	NIL	(1,460 06)
	sundry expenses	NIL	(2,110 47)
	Agents'/Valuers' fees	NIL	(69,425 00)
	Legal fees	NIL	(32,850 12)
	Legal Expenses	NIL	(667 75)
	Heat & light	NIL	(5,333 17)
	Storage costs	NIL	(122,861 95)
	Re-direction of mail	NIL	(350 00)
	Statutory advertising	(84 60)	(338 40)
	Rates	NIL	(1,794 93)
	Other property expenses	NIL	(7,169 42)
	Insurance of assets	NIL	(9,212 77)
	Wages & salaries	NIL	(7,346 24)

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sit-up Limited - in Administration

Joint Administrators' abstract of receipts & payments

Statement of affairs (£)		From 24/01/2015 To 23/07/2015 (£)	From 17/04/2014 To 23/07/2015 (£)
	PAYE & NIC	NIL	(7,269 05)
	Bank charges	(257 50)	(380 50)
	IT expense	NIL	(13,908 98)
		(342 10)	(833,677 06)
	PREFERENTIAL CREDITORS		
(108,367 00)	Employees' wage arrears and holiday pay	(157,461 15)	(157,461 15)
		(157,461 15)	(157,461 15)
	FLOATING CHARGE CREDITORS		
(525,000 00)	Floating charge	NIL	(597,000 00)
		NIL	(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)		**348,403 94**	**1,193,714 57**
	REPRESENTED BY		
	Floating ch VAT rec'able		161,076 29
	NIB Floating current w/e 22/7/15		1,073,163 57
	Floating ch VAT payable		(221,500 00)
	Floating ch VAT control		180,974 71
			1,193,714 57

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Appendix 3 Schedule of expenses

Schedule of expenses (24/01/2015 to 23/07/2015)			
Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	**Total (£)**
Cost of realisations			
Administrators' remuneration	0 00	94,073 00	**94,073 00**
Legal fees	0 00	46,074 10	**46,074 10**
Statutory advertising	84 60	0 00	**84 60**
Bank charges	257 50	0 00	**257 50**
TOTAL	**342.10**	140,147 10	**140,489 20**

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 Kirsty Laurie at 15 Canada Square, Canary Wharf, London, E14 5GL

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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/publications/professional/Guide_to_Administrators_Fees_Nov 2011 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 2014 £/hr
Partner	595
Director	535
Senior Manager	485
Manager	405
Senior Administrator	280
Administrator	205
Support	125

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Charge-out rates (£) for: TAX	
Grade	From 01 Oct 2014 £/hr
Partner	565
Director	485
Senior Manager	475
Manager	365
Senior Administrator	265
Administrator	185
Support	115

Table of charge-out rates

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 (excluding VAT) during the period 24 January 2015 to 23 July 2015

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SIP 9 - Disbursements					
	Category 1		Category 2		
Disbursements	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	**Totals (£)**
Rates	11 00		NIL		**11 00**
Total	**11 00**		**NIL**		**11 00**

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

Narrative of work carried out for the period 24 January 2015 to 23 July 2015

The key areas of work have been

Statutory and compliance	■ preparing statutory receipts and payments accounts, ■ obtaining approval from unsecured creditors of a six-month extension of the administration, ■ ensuring compliance with all statutory obligations within the relevant timescales
Strategy documents, Checklist and reviews	■ regular case management and reviewing of progress, including regular team update meetings and calls, ■ 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
Cashiering	■ preparing and processing vouchers for the payment of post-appointment invoices, ■ creating remittances and sending payments to settle post-appointment invoices, ■ reconciling post-appointment bank accounts to internal systems, ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments
Tax	■ 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
General	■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9, ■ drawing remuneration in accordance with the basis which has been approved by the unsecured creditors,
Asset realisations	■ collating information from the Company's records regarding the assets, ■ liaising with agents regarding the sale of assets, ■ reviewing outstanding debtors and management of debt collection strategy, ■ seeking legal advice in relation to book debt collections,
Property matters	■ reviewing the Company's leasehold properties, including review of leases, ■ communicating with landlords regarding rent, property occupation and other issues, ■ performing land registry searches
Open cover insurance	■ 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
Pensions	■ 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

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	scheme as a result of our appointment, ■ communicating with employees representatives concerning the effect of the administration on pensions and dealing with employee queries
Creditors and claims	■ 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 preferential and unsecured claims, ■ arranging distributions to the preferential and unsecured creditors, ■ drafting our progress report

Time costs

SIP 9 - Time costs analysis (24/01/2015 to 23/07/2015)

	Hours						
	Partner / Director	Manager	Administrator	Support	**Total**	Time Cost (£)	Average Hourly Rate (£)
Administration & planning							
Cashiering							
General (Cashiering)	0 10	6 00	12 20		**18 30**	5,845 50	319 43
Reconciliations (& IPS accounting reviews)		0 10	2 80		**2 90**	674 50	232 59
General							
Fees and WIP		3 60		0 10	**3 70**	1,470 50	397 43
Statutory and compliance							
Appointment and related formalities		0 90			**0 90**	364 50	405 00
Checklist & reviews	2 00	14 30	2 00		**18 30**	7,541 50	412 10
Strategy documents		3 30			**3 30**	1,336 50	405 00
Tax							
Post appointment corporation tax	0 10	6 20	21 35		**27 65**	6,947 25	251 26
Post appointment PAYE		0 30			**0 30**	121 50	405 00
Post appointment VAT	0 10	6 80	3 90		**10 80**	3,788 00	350 74
Creditors							
Creditors and claims							
Agreement of preferential claims		3 00	11 30		**14 30**	4,379 00	306 22
Agreement of unsecured claims		18 10	95 20		**113.30**	33,986 50	299 97
General correspondence	2 50	3 20	7 90		**13 60**	4,935 50	362 90
Legal claims	0 10			0 10	**0 20**	72 00	360 00
Payment of dividends		2 40			**2 40**	972 00	405 00
Pre-appointment VAT / PAYE		0 60			**0 60**	243 00	405 00

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SIP 9 - Time costs analysis (24/01/2015 to 23/07/2015)							
	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	**Total**		
/ CT							
Statutory reports	0 50	9 30	0 20		**10 00**	4,120 00	412 00
Employees							
Correspondence		4 90	11 30		**16 20**	5,148 50	317 81
DTI redundancy payments service			1 40		**1 40**	392 00	280 00
Pension funds		0 50			**0 50**	202 50	405 00
General correspondence		4 20	19 40	0 75	**24 35**	7,226 75	296 79
Realisation of assets							
Asset Realisation							
Cash and investments	0 10	1 40	0 50		**2 00**	766 50	383 25
Debtors			0 20		**0 20**	56 00	280 00
Leasehold property		0 50			**0 50**	202 50	405 00
Other assets		5 20	0 90		**6 10**	2,358 00	386 56
Stock and WIP			4 50		**4 50**	922 50	205 00
Total in period	**5 50**	**94 80**	**195 05**	**0 95**	**296 30**	**94,073 00**	**317 49**

Brought forward time (appointment date to SIP 9 period start date)	2,138 50	643,057 50
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	296 30	94,073 00
Carry forward time (appointment date to SIP 9 period end date)	2,434 80	737,130 50

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Appendix 5 Glossary

Agentcite	Agentcite LLP
Company	sit-up Limited - in Administration
Gateleys	Gateley LLP
Joint Administrators/we/our/us	Will Wright and Allan Graham
KPMG	KPMG LLP
Secured creditor	The Good Life Limited

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

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