
THE CELEBRATED GROUP
LIMITED
(formerly Elegant Leisure Limited)
FINANCIAL STATEMENTS

◆ 26 March 1995 ◆

Company Number 2297958



THE CELEBRATED GROUP LIMITED
(formerly Elegant Leisure Limited)

COMPANY INFORMATION

Directors	P G K Tucker	-	Chairman and Managing Director
	D J Marks	-	Operations Director
	Mrs P R Moody	-	Finance Director
	N J Mitchell	-	Non-Executive Director
	R W Littledale	-	Non-Executive Director

Secretary	A Scott-Tucker
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Registered Office	14/15 Craven Street London WC2N 5AD
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Registered number	2297958
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Auditors	Robson Rhodes Chartered Accountants Bryanston Court Selden Hill Hemel Hempstead Herts HP2 4TN
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THE CELEBRATED GROUP LIMITED
(formerly Elegant Leisure Limited)

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 26 March 1995.

Principal activities

The principal activities of the group are unchanged from last year and consist of the operation of hotels and restaurants.

Financial results

For the year to 26 March 1995 turnover for the group's continuing operations increased by 133 per cent to £3.95 million. Profit on ordinary activities before taxation increased from £148,138 to £353,039. No dividend was declared for the year.

Group Structure and Management

In April 1994, the company changed its name from Elegant Leisure Limited to The Celebrated Group Limited and the management structure was changed in order to focus on the development of its restaurant activities.

In January 1995 David Marks joined the group and was appointed Operations Director on the main Board. David has 20 years of experience of the hotel and catering industries with major groups both in the UK and overseas, including Holiday Inn, Sheraton and most recently, Hilton Hotels Corp. USA. He also has recent valuable experience in developing restaurant chains and for four years was Managing Director of the Turkish franchise for Pizza Hut restaurants.

In May 1995, Pat Moody joined the group and was appointed Finance Director in July 1995. She is a Chartered Accountant and has a number of years' experience of finance and accounting in the restaurant industry. Most recently, Pat was Chief Accountant of BrightReasons Restaurants Limited (a privately owned chain of restaurants including Bella Pasta, Pizza Piazza and Pizzaland).

The Board continued to strengthen its senior management team during the year with a number of new appointments and internal promotions. These appointments will ensure the group has management strength in depth to enable the continuation of its development plans.

Operations and developments

During the year, the group continued its expansion programme by opening its second Scusi's! pasta/pizza restaurant in Henley-on-Thames and developed a third restaurant in Abingdon which was opened after the end of the financial year.

J W Johnson's cafe/bar in Manchester continued to expand and develop its business as one of Manchester's leading eating and drinking venues.

The group's hotel interests performed well in difficult trading conditions. Business was particularly encouraging during the last quarter of the financial year.

THE CELEBRATED GROUP LIMITED
(formerly Elegant Leisure Limited)

REPORT OF THE DIRECTORS
(Continued)

In August 1994 the group added Starvin' Marvin's American Diner to its restaurant portfolio. The Celebrated Group also negotiated the world-wide exclusive distribution rights for American Diners outside North America. Diners have been successful in the United States and have enormous growth potential in the UK and Europe. The addition of Starvin' Marvin's gives the group its third core brand.

Financing

During the year, the group raised approximately £0.5m of additional capital through the issue of preference shares and ordinary shares to 3i plc and management. The proceeds of the issue were used for the purchase of all outstanding minority interests in the group and for expansion of the restaurant activities.

Prospects

The directors intend that the group continues with the development of its three core restaurant brands.

The Scusi's! chain of pasta/pizza restaurants will be further expanded in London and towns throughout the South-West and South of England.

The site for a second Starvin' Marvin's has been secured and the Diner is expected to open at Haydock in the North-West of England in the Autumn. The directors are considering a multi-unit franchise agreement for the development of Starvin' Marvin's with a number of parties and, in addition, will review other opportunities for the development of the brand.

It is the directors' intention to capitalise on the J W Johnson's concept which has been so successful in Manchester and a number of sites for a second restaurant/bar are currently under consideration.

In addition to using the group's cash flow from existing operations, the directors are considering a number of options for raising additional new equity in order to take advantage of the exciting opportunities for expansion and development of the group. The directors are in discussion with the company's financial advisers with a view to raising funds in the Autumn in conjunction with an introduction of the Company's shares to the Alternative Investment Market of the London Stock Exchange.

The success of the group to date and its prospects depend on the dedication and hard work of all those who have made a major contribution to the group during the year. As a result of the firm foundations which have been laid for the group's further development, the directors look forward to the future with confidence.

Fixed assets

The movements in tangible fixed assets are set out in Note 9 to the financial statements. The increase in the year was partially due to the acquisition of Starvin' Marvin's Limited.

THE CELEBRATED GROUP LIMITED
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REPORT OF THE DIRECTORS
(Continued)

Directors

The present directors are set out on page 1. They all served throughout the year with the exception of M A Borrelli who resigned on 1 July 1994, P J Wear who was appointed on 1 July 1994 and resigned on 30 January 1995, R W Littledale who was appointed on 7 July 1994 and D J Marks who was appointed on 10 January 1995. Mrs P R Moody was also appointed a director on 24 July 1995.

Their interests in the share capital of the company at 26 March are:

	Ordinary 25p 1995	Ordinary £1 1994	Preferred Ordinary 25p 1994	New Preference Shares £1 1994
P G K Tucker	3,832,100	505,000	1,100,000	58,025
N J Mitchell	282,200	50,000	-	10,550
D J Marks	100,000	-	-	-

At 26 March 1995, D J Marks has 200,000 ordinary share options outstanding which were issued in consequence of his appointment as a director.

The directors have no interest in the Preference Shares or "A" Ordinary Shares of the company.

Directors' responsibilities for financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE CELEBRATED GROUP LIMITED
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REPORT OF THE DIRECTORS
(Continued)

Auditors

The auditors, Robson Rhodes, were appointed in the year to fill a casual vacancy. They are willing to continue in office and a resolution to re-appoint them will be proposed at the forthcoming annual general meeting.

The report of the directors was approved by the Board on 9 August 1995 and signed on its behalf by:

A. Scott-Tucker

Anthony Scott-Tucker
Secretary

THE CELEBRATED GROUP LIMITED
(formerly Elegant Leisure Limited)

AUDITORS' REPORT TO THE SHAREHOLDERS OF
THE CELEBRATED GROUP LIMITED (FORMERLY ELEGANT LEISURE LIMITED)

We have audited the financial statements on pages 7 to 27 which have been prepared on the basis of the accounting policies set out on pages 11 and 12.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 26 March 1995 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Robson Rhodes

Robson Rhodes
Chartered Accountants and Registered Auditor

Hemel Hempstead
9 August 1995

THE CELEBRATED GROUP LIMITED
(formerly Elegant Leisure Limited)

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 26 March 1995

	Note	1995 £	1994 £
Turnover			
Acquisitions		372,785	-
Continuing operations		3,580,520	1,698,906
	2	3,953,305	1,698,906
Cost of sales		(2,197,410)	(843,070)
Gross profit		1,755,895	855,836
Administration expenses		(1,245,965)	(574,051)
Analysis of operating profit			
Acquisitions		6,643	-
Continuing operations		503,287	281,785
Operating profit	3	509,930	281,785
Interest receivable		3,709	4,557
Interest payable	4	(160,600)	(138,204)
Profit on ordinary activities before taxation		353,039	148,138
Taxation	7	(71,463)	(6,340)
Profit on ordinary activities after taxation		281,576	141,798
Minority Interests - equity		(6,347)	(1,015)
Profit for the financial year	20	275,229	140,783
Appropriation for non-equity preference shares of £1 each		(26,891)	-
Retained profit for the financial year		248,338	140,783

The company has no recognised gains or losses other than the profit for the two years ended 26 March 1995.

THE CELEBRATED GROUP LIMITED
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CONSOLIDATED BALANCE SHEET
at 26 March 1995

	Note	1995 £	1994 £
Fixed assets			
Intangible assets	8	-	-
Tangible assets	9	4,524,133	3,755,060
Investments	12	78,100	78,100
		<hr/>	<hr/>
		4,602,233	3,833,160
Current assets			
Stocks	13	54,925	46,085
Debtors	14	276,169	105,485
Cash at bank and in hand		282,974	191,241
		<hr/>	<hr/>
		614,068	342,811
Creditors: Amounts falling due within one year	15	(987,532)	(557,540)
		<hr/>	<hr/>
Net current liabilities		(373,464)	(214,729)
		<hr/>	<hr/>
Total assets less current liabilities		4,228,769	3,618,431
Creditors: Amounts falling due after more than one year	16	(1,717,526)	(1,671,907)
Provisions for liabilities and charges	18	(17,000)	-
		<hr/>	<hr/>
Net assets		2,494,243	1,946,524
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	19	2,064,465	1,524,465
Share premium account	20	4,963	49,585
Revaluation Reserve	20	691,677	691,677
Other reserve - non-equity	20	26,891	-
Profit and Loss Account	20	(293,753)	(340,293)
		<hr/>	<hr/>
Shareholders' funds (including non-equity)	21	2,494,243	1,925,434
Minority interests - equity		-	21,090
		<hr/>	<hr/>
		2,494,243	1,946,524
		<hr/>	<hr/>

THE CELEBRATED GROUP LIMITED
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BALANCE SHEET
at 26 March 1995

	Note	1995 £	1994 £
Fixed assets			
Investments in subsidiary companies	10	288,846	100,279
Other investments	12	78,100	78,100
		<u>366,946</u>	<u>178,379</u>
Current assets			
Debtors	14	1,957,425	1,607,170
Cash at bank and in hand		149,631	138,575
		<u>2,107,056</u>	<u>1,745,745</u>
Creditors: Amounts falling due within one year	15	(372,041)	(347,982)
Net current assets		<u>1,735,015</u>	<u>1,397,763</u>
Total assets less current liabilities		<u>2,101,961</u>	<u>1,576,142</u>
Capital and reserves			
Called up share capital	19	2,064,465	1,524,465
Share premium account	20	4,963	49,585
Other reserve - non-equity	20	26,891	-
Profit and Loss Account	20	5,642	2,092
Shareholders' funds (including non-equity)	21	<u>2,101,961</u>	<u>1,576,142</u>

The financial statements were approved by the Board on 9 August 1995 and signed on its behalf by:



Peter Geoffrey Kenneth Tucker
Director

THE CELEBRATED GROUP LIMITED
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CONSOLIDATED CASH FLOW STATEMENT
for the year ended 26 March 1995

	Note	1995 £	1994 £
Net Cash Inflow from Operating Activities	23	351,366	600,784
Returns on investments and servicing of finance			
Interest received		3,709	4,557
Interest paid		(124,984)	(136,916)
Interest element of finance lease payments		(5,165)	(1,852)
Net Cash Outflow from returns on investments and servicing of finance		(126,440)	(134,211)
Taxation paid		(6,475)	-
Investing activities			
Payments for tangible fixed assets		(594,688)	(498,268)
Purchase of intangible fixed assets		-	(30,000)
Receipts from sale of tangible fixed assets		19,195	7,400
Acquisition of subsidiaries		(126,651)	-
Net Cash Outflow from investing activities		(702,144)	(520,868)
Net Cash Outflow before financing		(483,693)	(54,295)
Financing	24		
Minority Interests		-	20,075
Net cashflow from loans		106,597	300,000
Repayment of a bank loan		-	(57,500)
Repayment of loan stock		-	(38,000)
Capital element of finance lease payments		(19,441)	(7,046)
Issue of shares		540,000	
Expenses of share issues		(44,622)	-
Net Cash Inflow from financing		582,534	217,529
Increase in cash and cash equivalents	25	98,841	163,234

THE CELEBRATED GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
26 March 1995

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention, as modified by the revaluation of certain land and buildings.

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company has not been separately presented in the financial statements.

Basis of consolidation

The group accounts consolidate the accounts of the company and all its subsidiaries at 26 March using acquisition accounting.

The results of subsidiaries acquired or disposed of during a financial year are included from or to the effective date of acquisition or disposal. Goodwill, representing the difference between the cost and the fair value of the net assets acquired, is written off to reserves.

Turnover

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied to third parties.

Tangible fixed assets and depreciation

Depreciation is provided on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land and buildings as it is the policy of the group to maintain the properties in a good state of repair and to such a standard as to ensure that they retain their value. The directors consider these amounts annually. Therefore, any depreciation would be immaterial and is accordingly not provided. The principal annual rates used for other assets are:

Leasehold property	over the term of the lease
Furniture, equipment and diner unit	10% - 15%
Motor vehicles	25%
Computer equipment	33%

Pre opening costs

Costs associated with the refurbishment and opening of new branches are written off over 12 months.

Leased assets

Assets held under finance leases are included in the balance sheet and depreciated in accordance with the group's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

THE CELEBRATED GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
26 March 1995

1. ACCOUNTING POLICIES (Continued)

Leased assets (Continued)

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision for deferred taxation is made only to the extent that it is probable that the liability will become payable in the foreseeable future.

2. TURNOVER

All turnover was from operations within the United Kingdom.

3. OPERATING PROFIT

In 1994/95, acquisitions contributed £226,347 to cost of sales, £146,438 to gross profit and £139,795 to administration expenses.

Operating profit is arrived at after charging the following

	1995 £	1994 £
Depreciation of tangible fixed assets	93,652	51,999
Operating lease rentals:		
Land and buildings	106,880	27,235
Plant and machinery	1,138	1,630
Auditors' remuneration	14,100	9,000

4. INTEREST PAYABLE

	1995 £	1994 £
Comprises interest on:		
Finance leases	5,165	1,852
Bank loans and overdrafts wholly repayable within 5 years	5,095	4,451
Other loans repayable in more than five years	150,340	131,901
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	160,600	138,204
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THE CELEBRATED GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
26 March 1995

5. EMPLOYEES

Average weekly number of employees, including directors:

	1995	1994
	No.	No.
Administration and management	25	18
Hotel and catering	150	94
	<hr/>	<hr/>
	175	112
	<hr/>	<hr/>

	1995	1994
	£	£
Staff costs, including directors		
Wages and salaries	1,123,932	485,360
Social security costs	101,252	42,276
Other pension costs	8,178	2,877
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	1,233,362	530,513
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6. DIRECTORS

Group emoluments of the company's directors:

	1995	1994
	£	£
Remuneration as executives	78,375	48,185
Pension Scheme Contributions	8,178	2,877
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	86,553	51,062
	<hr/>	<hr/>

The emoluments, exclusive of pension contributions, of the Chairman, who was also the highest paid director were £48,694 (1994: £36,000). The emoluments of the other directors, also exclusive of pension contributions, were in the following ranges:

	1995	1994
	No.	No.
£0 - £5,000	3	1
£5,001 to £10,000	-	1
£10,001 - £15,000	1	-
£15,001 to £20,000	1	-

One of the directors, R W Littledale, received £10,613 as consultancy fees during the year ended 26 March 1995.

THE CELEBRATED GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
26 March 1995

6. DIRECTORS (Continued)

Compensation for loss of office paid by the company amounted to £17,000 (1994: £nil).

Interests in transactions

PGK Tucker is also a director and shareholder of Pageantry Designs Limited, which carried out work on some of the Group's premises during the year. Payments to this company by the Group during the year amounted to £35,616 (1994: £714).

7. TAXATION

	1995	1994
	£	£
The taxation charge based on the profit before tax comprises:		
UK Corporation tax at 19% (1994: 25%)	55,250	6,340
Deferred taxation	15,000	-
Irrecoverable advance corporation tax	1,438	-
Prior years adjustments:		
Corporation tax	(2,225)	-
Deferred taxation	2,000	-
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	71,463	6,340
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8. INTANGIBLE ASSETS

The item previously shown in intangible assets has been reclassified as a lease premium and has been transferred to the short leasehold category of land and buildings within the tangible fixed assets in note 9.

THE CELEBRATED GROUP LIMITED
(formerly Elegant Leisure Limited)

NOTES TO THE FINANCIAL STATEMENTS
26 March 1995

9. TANGIBLE FIXED ASSETS

Group	Motor Vehicles £	Land and Buildings £	Furniture and Equipment £	Total £
Cost or valuation				
As at 28 March 1994	26,215	3,469,281	399,754	3,895,250
Acquisition of subsidiary	-	215,082	29,991	245,073
Additions	83,308	360,015	213,931	657,254
Disposals	(26,215)	-	-	(26,215)
As at 26 March 1995	83,308	4,044,378	643,676	4,771,362
Depreciation				
As at 28 March 1994	10,263	7,246	122,681	140,190
Acquisition of subsidiary	-	15,949	7,701	23,650
Charged in the year	9,282	26,402	57,968	93,652
Disposals	(10,263)	-	-	(10,263)
As at 26 March 1995	9,282	49,597	188,350	247,229
Net book value				
As at 26 March 1995	74,026	3,994,781	455,326	4,524,133
As at 27 March 1994	15,952	3,462,035	277,073	3,755,060

The net book value of tangible fixed assets includes £56,553 (1994: £15,495) in respect of assets held under finance leases. Depreciation charged in the year on those assets amounted to £3,455 (1994: £5,165).

Land and buildings comprises:

	Freehold Properties £	Short Leasehold £	Total £
Cost	2,848,277	454,827	3,303,104
Valuation	691,677	-	691,677
At 26 March 1995	3,539,954	454,827	3,994,781
At 27 March 1994	3,004,645	457,390	3,462,035

THE CELEBRATED GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
26 March 1995

10. INVESTMENT IN SUBSIDIARY COMPANIES

Company	Shares £
Cost	
At 28 March 1994	100,279
Additions (Note 11)	188,567
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At 26 March 1995	288,846
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Group			
Principal trading subsidiaries	Interest in ordinary shares and voting rights	Country of incorporation or registration	Principal activity
Elegant Hotels Limited	100%	England & Wales	Hotel
Celebrated Hotels Limited	100%	England & Wales	Hotel management
Celebrated Restaurants Limited	100%	England & Wales	Restaurants
The Rolling Rock Cafe Limited	100%	England & Wales	Restaurants
Starvin' Marvin's Limited	100%	England & Wales	Restaurants
West Coast Diners Limited	100%	England & Wales	Dormant
B-Line Diners (UK) Limited	100%	England & Wales	Dormant
Diner Group Holdings Limited	100%	England & Wales	Dormant

Additionally, the Group owns 100% of the cumulative preference shares in Starvin' Marvin's Limited.

The company does not directly hold 20% of the ordinary shares and 41% of the cumulative preference shares in Starvin' Marvin's Limited, 20% of the ordinary shares in B-Line Diners (UK) Limited and 100% of the ordinary shares in Diner Group Holdings Limited.

All the above subsidiaries operate in their country of incorporation or registration and are included in the consolidation.

THE CELEBRATED GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
26 March 1995

11. ACQUISITION OF SUBSIDIARY COMPANIES

On 5 August 1994 the group acquired a majority interest in Starvin' Marvin's Limited, B-Line Diners (UK) Limited and West Coast Diners Limited. On 13 October 1994 the group acquired the remaining issued share capital of those companies.

	Starvin' Marvin's Limited £	B-Line Diners (UK) Limited £	West Coast Diners Limited £	Total £
Tangible fixed assets	221,423	-	-	221,423
Investments	-	19,906	50,200	70,106
Debtors	20,000	-	-	20,000
Cash at bank and in hand	9,372	2,494	-	11,866
Loans	(30,000)	-	(53,333)	(83,333)
Creditors	(243,560)	(27,863)	(6,920)	(278,343)
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Net separable (liabilities)/assets	(22,765)	(5,463)	(10,053)	(38,281)
	<hr/>	<hr/>	<hr/>	<hr/>
Net liabilities acquired				(38,281)
Goodwill				201,798
Provision for reorganisation costs				(25,000)
				<hr/>
Cash consideration				138,517
Acquisition of minority interest in other subsidiaries				50,050
				<hr/>
Total consideration				188,567
				<hr/>
Effect of acquisition on cash flow				
The net outflow of cash and cash equivalents arising from this acquisition was:				
				£
Cash consideration				138,517
Cash at bank and in hand of acquired subsidiary				(11,866)
				<hr/>
Net outflow of cash and cash equivalents				126,651

Since the acquisition, Starvin' Marvin's Limited contributed £2,615 to the group's operating cash flow, paid £13,403 in respect of net returns on investments and servicing of finance, paid £Nil in respect of taxation and paid £1,684 in respect of its investing activities.

THE CELEBRATED GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
26 March 1995

11. ACQUISITION OF SUBSIDIARY COMPANIES (Continued)

Results of Starvin' Marvin's Limited before and after acquisition (before taxation)

	Profit/ (loss) £
12 months to 29 May 1994	(28,654)
2 months to 5 August 1994	(28,383)
8 months to 26 March 1995	6,643

West Coast Diners Limited, Diner Group Holdings Limited and B-Line Diners (UK) Limited were dormant and were acquired as part of the Starvin' Marvin's Limited Group.

12. OTHER INVESTMENTS

	Trade Investments £
Group and company	
Cost	
At 27 March 1994 and at 26 March 1995	78,100

During the year to 31 March 1991 the company entered into a joint venture with Pilkington Plc to develop an 84 bedroom hotel in St Helens. The company acquired 10% of the equity share capital then in issue of the new company (St Helens Hotels Limited - registered in England and Wales) for £50,000, with the benefit of various options exercisable within varying periods to acquire further interests in the share capital of that company. In addition, the company has attributed £28,100 further costs to the project. One of the company's subsidiaries has been awarded a 10 year management contract to operate the new hotel. The directors are of the opinion that the value of this investment is significantly more than the figure recorded in the accounts.

13. STOCKS

	1995 £	Group 1994 £
Goods for Resale	54,925	46,085

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NOTES TO THE FINANCIAL STATEMENTS
26 March 1995

14. DEBTORS

	Group		Company	
	1995	1994	1995	1994
	£	£	£	£
Trade Debtors	57,136	21,361	-	-
Amounts owed by subsidiary companies	-	-	1,947,625	1,607,170
Corporation tax	586	-	-	-
Other debtors	198,025	57,878	9,800	-
Prepayments and accrued income	20,422	26,246	-	-
	<u>276,169</u>	<u>105,485</u>	<u>1,957,425</u>	<u>1,607,170</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1995	1994	1995	1994
	£	£	£	£
Bank loans and overdrafts	81,555	88,663	-	-
Other loans	65,486	-	-	-
Obligations under finance leases	42,825	4,208	-	-
	<u>189,866</u>	<u>92,871</u>	<u>-</u>	<u>-</u>
Debt due within one year (note 17)	189,866	92,871	-	-
Trade creditors	338,866	182,777	6,706	6,845
Amounts owed to subsidiary companies	-	-	311,720	233,682
Corporation tax	54,914	6,340	1,800	1,580
Other taxation and social security	80,150	39,372	-	-
Other creditors	70,882	79,233	815	275
Accruals and deferred income	252,854	52,347	51,000	1,000
Directors' current account	-	104,600	-	104,600
	<u>987,532</u>	<u>557,540</u>	<u>372,041</u>	<u>347,982</u>

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16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1995	Group 1994
	£	£
Bank loans	1,400,000	1,400,000
Other loans	303,611	262,500
Obligations under finance leases	13,915	9,407
	<hr/>	<hr/>
Debt due after more than one year (note 17)	1,717,526	1,671,907
	<hr/>	<hr/>

17. DEBT

	1995	Group 1994
	£	£
The total debt is repayable as follows:		
Within one year	189,866	92,871
Between one and two years	85,572	89,208
Between two and five years	549,454	545,199
After more than five years	1,082,500	1,037,500
	<hr/>	<hr/>
	1,907,392	1,764,778
	<hr/>	<hr/>

The loans are secured by way of a fixed and floating charge over the property and other assets of a subsidiary company.

The loans due after more than five years are repayable in instalments, with the final instalment due between the years 2001 and 2004. Interest is being incurred on these loans at rates between 5% and 9% per annum.

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18. PROVISIONS FOR LIABILITIES AND CHARGES

Group	Amounts provided		Amounts not provided	
	1995	1994	1995	1994
Deferred taxation	£	£	£	£
Comprises:				
Accelerated capital allowances	14,500	-	24,800	19,550
Other timing differences	2,500	-	(11,300)	(9,750)
Losses	-	-	(208,000)	(250,700)
	<u>17,000</u>	<u>-</u>	<u>(194,500)</u>	<u>(240,900)</u>

Company	Amounts provided		Amounts not provided	
	1995	1994	1995	1994
Deferred taxation	£	£	£	£
Comprises:				
Accelerated capital allowances	-	-	-	-
Other timing differences	-	-	(3,300)	-
Losses	-	-	(200)	(3,500)
	<u>-</u>	<u>-</u>	<u>(3,500)</u>	<u>(3,500)</u>

19. CALLED UP SHARE CAPITAL

	1995		Authorised	
	No.	£	1995	1994
			No.	£
Preference shares of £1 each	380,064	380,064	250,000	250,000
"A" Ordinary shares of £1 each	-	-	376,924	376,924
Ordinary shares of £1 each	-	-	8,749,976	8,749,976
New Preference shares of £1 each	-	-	358,080	358,080
Preferred Ordinary shares of 25p each	-	-	1,200,000	300,000
"A" Ordinary shares of 25p each	1,815,784	453,946	-	-
Ordinary shares of 25p each	7,000,000	1,750,000	-	-
	<u>9,195,848</u>	<u>2,584,010</u>	<u>10,934,980</u>	<u>10,034,980</u>

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19. CALLED UP SHARE CAPITAL (Continued)

	1995 No.	1995 £	Allotted and fully paid 1994 No.	1994 £
Preference shares of £1 each	380,064	380,064	250,000	250,000
"A" Ordinary shares of £1 each	-	-	148,485	148,485
Ordinary shares of £1 each	-	-	655,000	655,000
New Preference shares of £1 each	-	-	170,980	170,980
Preferred Ordinary shares of 25p each	-	-	1,200,000	300,000
"A" Ordinary shares of 25p each	1,815,784	453,946	-	-
Ordinary shares of 25p each	4,921,820	1,230,455	-	-
	<u>7,117,668</u>	<u>2,064,465</u>	<u>2,424,465</u>	<u>1,524,465</u>

The preference shares are redeemable at £1 per share at the rate of 38,006 per half year commencing on 30 September 1996 and ending on 31 March 2001.

On 1 July 1994 the following took place to restructure and refinance the company's share capital:

- (1) conversion of the authorised share capital of:
376,924 'A' Ordinary £1 shares to 1,507,696 'A' Ordinary 25p shares;
8,749,976 Ordinary £1 shares to 34,999,904 Ordinary 25p shares; and
358,080 New Preference £1 shares to 1,432,320 New Preference 25p shares.
- (2) 342,100 New Preference 25p shares were redesignated as 25p 'A' Ordinary shares.
- (3) 1,090,220 New Preference 25p shares were redesignated as 25p Ordinary shares.
- (4) 1,200,000 Preferred Ordinary 25p shares were redesignated as 25p Ordinary shares.
- (5) the authorised share capital of the company was increased by £130,064 by the creation and issue of 130,064 £1 Preference Shares at par for cash.
- (6) 34,012 'A' Ordinary 25p shares not in issue were cancelled.
- (7) 30,290,124 Ordinary 25p shares not in issue were cancelled.
- (8) 879,744 'A' Ordinary 25p shares were issued at par for cash.
- (9) 760,000 Ordinary 25p shares were issued at par for cash or in exchange for shares of subsidiary companies.

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19. CALLED UP SHARE CAPITAL (Continued)

Share Options

On 1 July 1994 the following options were granted to subscribe for shares in the company:

- (i) P G K Tucker was granted an option for up to 200,000 25p Ordinary shares at par. This option was cancelled on 28 January 1995.
- (ii) A senior employee was granted an option for up to 60,000 25p Ordinary shares at par. This option may be exercised up to 31 December 1995.

On 24 January 1995 options were granted to six senior employees for up to 30,000 25p Ordinary shares each at an option price of 40p per share. These options may be exercised any time to 31 December 2000 except for one employee where his option cannot be exercised for 12 months from grant date.

On 28 January 1995, D J Marks was granted an option for 200,000 25p ordinary shares at 35p per share if exercised within 12 months or 40p per share if exercised thereafter. The share option may be exercised anytime from 5 January 1996 until 5 January 1999.

None of these options were exercised during the year.

20. RESERVES

Group	Other reserve £	Revaluation reserve £	Share Premium account £	Profit and loss account £
At 28 March 1994	-	691,677	49,585	(340,293)
Profit for the financial year	-	-	-	248,338
Appropriation for non-equity preference shares of £1 each	26,891	-	-	-
Expenses on issue of shares	-	-	(44,622)	-
Goodwill written off on acquisition of subsidiaries	-	-	-	(201,798)
At 26 March 1995	26,891	691,677	4,963	(293,753)

Cumulative goodwill written off against group reserves is £201,798 (1994: £nil).

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20. RESERVES (Continued)

Company	Other reserves £	Share Premium Account £	Profit and loss account £
At 28 March 1994	-	49,585	2,092
Profit for the financial year	-	-	30,441
Appropriation for non-equity preference shares of £1 each	26,891	-	-
Expenses on issue of shares	-	(44,622)	-
	<u>26,891</u>	<u>4,963</u>	<u>32,533</u>
At 26 March 1995	<u>26,891</u>	<u>4,963</u>	<u>32,533</u>

21. SHAREHOLDERS' FUNDS

	Group		Company	
	1995 £	1994 £	1995 £	1994 £
Non-equity				
Preference shares of £1 each	396,207	250,000	396,207	250,000
'A' Ordinary shares of 25p each	435,772	-	435,772	-
'A' Ordinary shares of £1 each	-	148,485	-	148,485
New preference shares of £1 each	-	170,980	-	170,980
Preferred ordinary shares of 25p each	-	300,000	-	300,000
	<u>831,979</u>	<u>869,465</u>	<u>831,979</u>	<u>869,465</u>
Equity	<u>1,662,264</u>	<u>1,055,969</u>	<u>1,269,982</u>	<u>706,677</u>
	<u>2,494,243</u>	<u>1,925,434</u>	<u>2,101,961</u>	<u>1,576,142</u>

Non-equity

Non-equity interests of £831,979 (1994: £869,465) comprise:
380,064 (1994: 250,000) Preference shares of £1 each plus 'other reserve' in accordance with FRS4, the new accounting standard on capital instrument, less £10,748 issue costs;
1,815,784 (1994: Nil) "A" ordinary shares of 25p each less £18,174 issue costs;
nil (1994: 148,485) "A" ordinary shares of £1 each;
nil (1994: 170,980) New Preference shares of £1 each, and
nil (1994: 1,200,000) Preferred ordinary shares of 25p each.

Dividends are payable half yearly at 11 pence per share per annum on the preference shares accruing with effect from 1 April 1995. This amount is net of tax credit and the first payment will be due on 30 September 1995.

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21. SHAREHOLDERS' FUNDS (Continued)

The preference shares are redeemable at £1 per share at the rate of 38,006 shares per half year commencing on 30 September 1996 and ending on 31 March 2001.

On a winding up the preference shares carry priority over the other classes of share to the extent of their par value plus any arrears of dividends (which are cumulative). Preference shares carry no votes.

The "A" ordinary shares are entitled to a fixed dividend of 11 pence per share per annum, net of tax credit, and a cumulative participating dividend after taking into account the fixed dividend. This is equal to a dividend of 10% of the consolidated profit before tax, dividends, reserve transfers, goodwill amortisation amongst other matters. An add-back is then made of certain directors' emoluments in excess of an index-linked base sum of £180,000 per annum. The fixed dividend accrues from 1 April 1995 and the first payment will be on 30 September 1995.

On a winding up the "A" ordinary shares carry priority over the ordinary shares but rank *pari passu*, save where such shares were issued at a premium over par value, in respect of the distribution of surplus assets. The "A" ordinary shares carry the same voting rights as the ordinary shares.

Equity

No dividends may be paid in respect of the ordinary shares in any financial year unless and until the dividends in respect of the preference and "A" ordinary shares have been paid, and those preference shares due to be redeemed have been redeemed in full, and provided that there remain profits available for distribution of not less than £175,000 and that the total of all dividends and excess directors remuneration paid in respect of any financial year do not exceed one half of the net profit after taxation of the group.

22. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Group		Company	
	1995	1994	1995	1994
	£	£	£	£
Total recognised gains/(losses)	248,338	140,783	3,550	(1,152)
Appropriation for non-equity preference shares of £1 each	26,891	-	26,891	-
Goodwill written off on acquisition of subsidiaries	(201,798)	-	-	-
Proceeds of share issue	540,000	-	540,000	-
Expenses on issue of shares	(44,622)	-	(44,622)	-
Increase /(decrease) in shareholders' funds	568,809	140,783	525,819	(1,152)
Opening shareholders' funds	1,925,434	1,784,651	1,576,142	1,577,294
Closing shareholders' funds	2,494,243	1,925,434	2,101,961	1,576,142

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23. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1995	1994
	£	£
Operating Profit	509,930	281,785
Depreciation charged	93,652	51,999
(Profit)/loss on sale of fixed assets	(3,243)	6,850
(Increase) in Stocks	(8,840)	(20,845)
(Increase) in Debtors	(180,098)	(27,871)
(Decrease)/increase in Creditors	(60,035)	308,866
	<hr/>	<hr/>
Net Cash inflow from operating activities	351,366	600,784
	<hr/>	<hr/>

24. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share Capital including Premium £	Loans £	Finance Lease Obligations £
At 29 March 1993	1,574,050	1,500,000	20,661
Net cash flow from financing	-	162,500	(7,046)
	<hr/>	<hr/>	<hr/>
At 27 March 1994	1,574,050	1,662,500	13,615
Inception of finance leases	-	-	62,566
Net cash flow from financing	495,378	106,597	(19,441)
	<hr/>	<hr/>	<hr/>
At 26 March 1995	2,069,428	1,769,097	56,740
	<hr/>	<hr/>	<hr/>

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**25. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS
DURING THE YEAR**

	Cash at bank and in hand £	Bank overdrafts £	Total £
At 29 March 1993	104,244	(114,900)	(10,656)
Net cash inflow	86,997	26,237	113,234
	<hr/>	<hr/>	<hr/>
At 27 March 1994	191,241	(88,663)	102,578
Net cash inflow	91,733	7,108	98,841
	<hr/>	<hr/>	<hr/>
At 26 March 1995	282,974	(81,555)	201,419
	<hr/>	<hr/>	<hr/>

26. GUARANTEES

The Company together with its subsidiary Celebrated Hotels Limited has given the bankers of a fellow subsidiary, Elegant Hotels Limited, an unlimited guarantee of the bank loan and overdraft of that company. This guarantee is secured by debenture over the assets of the two companies.

At 26 March 1995 the bank loans and overdraft of Elegant Hotels Limited were £1,436,399 (1994: £1,459,675).