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Nabarro Wells & Co. Ltd, which is regulated by The Securities and Futures Authority Limited, is acting as financial adviser to The Celebrated Group plc in relation to the transactions and arrangements proposed in this document and will not be responsible to any other person for providing the protections afforded to customers of Nabarro Wells & Co. Ltd or for advising any other person on the transactions and arrangements proposed in this document.

Application will be made for the Shares to be admitted to trading on the Alternative Investment Market of the London Stock Exchange ("AIM"). It is emphasised that no application is being made for admission of these securities to the Official List. AIM is a market designed primarily for emerging or smaller companies. The rules of this market are less demanding than those of the Official List. The London Stock Exchange has not itself examined this document.

A copy of this document, prepared pursuant to the Public Offers of Securities Regulations 1995 ("the Regulations"), has been delivered to the Registrar of Companies in London for registration, in accordance with regulation 4(2) of the Regulations.

Nabarro Wells & Co. Ltd has been appointed nominated adviser to the Company. Under the AIM rules the nominated adviser owes certain responsibilities to the London Stock Exchange which are less onerous than those required for the Official List. In accordance with these rules, Nabarro Wells & Co. Ltd will confirm to the London Stock Exchange that it has satisfied itself that the Directors and Proposed Director of the Company have received independent advice and guidance as to the nature of their responsibilities and obligations under the rules and that, to the best of its knowledge and belief, all relevant requirements of the AIM rules (save for compliance with Regulation 9 of the Regulations in respect of which the nominated adviser is not required to satisfy itself) have been complied with. Nabarro Wells & Co. Ltd has also satisfied itself that the contents of this document have been appropriately verified. In giving its confirmation to the London Stock Exchange, Nabarro Wells & Co. Ltd has not made its own enquiries except as to matters which have come to its attention and on which it considered it necessary to satisfy itself. No liability is accepted by Nabarro Wells & Co. Ltd for the accuracy of any information or opinions contained in this document or for the omission of any material information, for which the Company and its Directors and Proposed Director are responsible.

## THE CELEBRATED GROUP PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered No. 2297958)

**Placing of up to 12,500,000 Shares at 18p  
to raise £2.25 million before expenses**

**and**

**Admission to the Alternative Investment Market  
arranged by Nabarro Wells & Co. Ltd**

### SHARE CAPITAL IMMEDIATELY FOLLOWING THE PLACING

(assuming full subscription)

Authorised			Issued and fully paid	
£	No		£	No
£5,000,000	50,000,000	ordinary shares of 10p	£2,934,401	29,344,010

The Placing Shares will rank *pari passu* in all respects with the existing issued Shares in the Company.

THE WHOLE TEXT OF THIS DOCUMENT SHOULD BE READ. AN INVESTMENT IN AN UNQUOTED COMPANY IS SPECULATIVE AND INVOLVES A DEGREE OF RISK. YOUR ATTENTION IS DRAWN TO THE SECTION ENTITLED "RISK FACTORS" ON PAGE 14 OF THIS DOCUMENT.



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COMPANIES HOUSE 24/11/95

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## DEFINITIONS

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The following definitions apply throughout this document, unless the context requires otherwise:

"Act"	the Companies Act 1985 (as amended)
"Admission"	admission of the issued share capital of the Company to AIM
"AIM"	the Alternative Investment Market established by Chapter 16 of the Rules of the London Stock Exchange
"Board" or "Directors"	the directors and Proposed Director of the Company
"Company" or "Celebrated"	The Celebrated Group plc
"Group" or "Celebrated Group"	Celebrated and its subsidiary undertakings
"3i"	3i plc and 3i Group plc
"3i Agreement"	The conditional agreement between the Company and 3i dated 23rd November 1995 relating to the conversion of all the 1,815,784 issued 'A' ordinary shares of 25p each in the share capital of the Company into ordinary shares of 25p each and the redemption of the 380,064 preference shares of £1 each in the share capital of the Company, as described in Part VI of this document
"Illustrative Financial Projections"	the illustrative financial projections set out in Part III of this document
"London Stock Exchange"	The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited
"Nabarro Wells"	Nabarro Wells & Co. Ltd
"Placing"	the arrangements whereby Nabarro Wells will use reasonable endeavours to seek to procure subscribers for the Placing Shares
"Placing Agreement"	the conditional agreement between Nabarro Wells, Celebrated and certain of the Directors relating to the Placing, as described in Part VI of this document
"Placing Shares"	the 12,500,000 Shares which are the subject of the Placing
"Proposed Director"	John George Bellak
"Shares"	the ordinary shares of 10p each in the share capital of the Company

N.B. The accounting reference date for the Company is 31st March. The Company has adopted a 52 or 53 week year for accounting purposes instead of the calendar year. The years of account referred to in this document will all terminate towards the end of March but will differ from each other by up to a week. For convenience most accounting year references in this document specify March and the relevant year, but should be read as if they included the specific year end date.

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## DIRECTORS AND ADVISERS

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<b>Directors</b>	John George Bellak	Proposed Non-Executive Chairman
	Peter Geoffrey Kenneth Tucker	Chief Executive
	David Jeremy Marks	Operations Director
	Patricia Rita Moody	Finance Director
	Nicholas James Mitchell	Non-Executive
	Robert Wheatley Littledale	Non-Executive
	all of 12 Kingfisher Court, Farnham Road, Slough SL2 1JF	
<b>Secretary and Registered Office</b>	Anthony Scott-Tucker, 12 Kingfisher Court, Farnham Road, Slough, Berkshire SL2 1JF	
<b>Nominated AIM Adviser</b>	Nabarro Wells & Co. Ltd, 162 Queen Victoria Street, London EC4V 4BS	
<b>Nominated AIM Broker</b>	Fiske & Co. Ltd, Salisbury House, London Wall, London EC2M 5QS	
<b>Auditors and Reporting Accountants</b>	Robson Rhodes, Chartered Accountants, Bryanston Court, Selden Hill, Hemel Hempstead, Hertfordshire HP2 4TN	
<b>Solicitors to the Company</b>	Kidd Rapinet, 14 & 15 Craven Street, London WC2N 5AD	
<b>Solicitors to the Nominated Adviser</b>	Hobson Audley, 7 Pilgrim Street, London EC4V 6DR	
<b>Principal bankers</b>	Barclays Bank plc, St Helens Branch, 19 Church Street, St Helens, Merseyside WA10 1BG	
	AIB Bank, Bankcentre Britain, Belmont Road, Uxbridge, Middlesex UB8 1SA	
<b>Registrars</b>	Independent Registrars Group Limited, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ	

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## KEY INFORMATION

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The following key information has been derived from, and should be read in conjunction with, the full text of this document:

Celebrated commenced trading in 1988 and now owns and/or operates two hotels under the name of Celebrated Hotels and five restaurants trading under the names of Scusi's, Starvin' Marvin's and J.W. Johnson's. It is proposing to raise £2.25 million before costs of the Placing to expand the restaurant business by opening five new Starvin' Marvin's, two new Scusi's and three new J.W. Johnson's in the period to March 1997.

Scusi's, the Group's first branded restaurant, is a quality middle market pasta/pizza concept located in provincial towns in the South of England. J.W. Johnson's is a large all-day themed bar restaurant concept suitable for major city centre sites of which the first is located in central Manchester. The Manchester site has a large bar serving cocktails and popular drinks attracting younger customers. Starvin' Marvin's is an American diner restaurant brand imported on an exclusive basis from Atlanta, USA. The stainless steel clad diners are manufactured and imported from the USA complete in every respect. They can be installed on roadside sites, leisure retail parks or other similar locations.

The Company's historic trading results, extracted from the Accountants' Report in Part II of this document, and illustrative projected profits, further details of which are given in Part III of this document, are as follows:

	Audited year to March £'000s			Projections year to March £'000s	
	1993	1994	1995	1996	1997
Turnover	1,047	1,699	3,953	5,805	11,791
Profit/(loss) before tax	(82)	125	320	459	1,266

The projections above are illustrative only and do not constitute a forecast. They should be read in conjunction with the assumptions set out in Part III of this document.

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## PLACING STATISTICS

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(assuming full subscription)

Placing price per Placing Share	18p
Estimated net proceeds of the Placing	£2.05 million
Number of Placing Shares	12,500,000
Shares in issue following the Placing	29,344,010
Market capitalisation at the Placing price	£5.3 million

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## PART I DESCRIPTION OF THE COMPANY AND ITS BUSINESS ACTIVITIES

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### HISTORY AND BUSINESS

The Company commenced trading in 1988 as Elegant Leisure Limited under its chief executive, Geoffrey Tucker, to develop and operate mid-range hotels. Since that date the Company's business has been extended to restaurants. From its head office in Slough, Berkshire, the Group operates two hotels in the North West of England and has three distinctive restaurant brands in the North West and the Home Counties.

The Celebrated Group's first investment was the Llyndir Hall Hotel, an eight bedroom hotel based just outside Chester, which was acquired in 1988 and which was expanded to 38 bedrooms between 1990 and 1991. In 1991, the Group participated with Pilkington plc in the development of the 4-star Chalon Court Hotel in St Helens which opened in 1992; Celebrated is a 10 per cent. equity investor in Chalon Court Hotel and a subsidiary has a 10 year management contract for the hotel. Over the last two years the Celebrated Group has developed three distinctive restaurant brands, namely the Scusi's pasta chain, J.W. Johnson's, a large bar-restaurant, and Starvin' Marvin's American diner.

In 1989, 3i backed the Company by subscribing £500,000 in equal amounts for 'A' ordinary shares of £1 and preference shares of £1. In 1994, 3i subscribed a further £350,000 in a mixture of 'A' ordinary shares of 25p and preference shares of £1 so that they then owned 26.95 per cent. of the equity and £380,064 of preference shares. At the same time Geoffrey Tucker and Nick Mitchell subscribed £135,000 for 540,000 new ordinary shares of 25p each. Under the 3i Agreement, the preference shares will be repaid in cash and the 'A' ordinary shares will be converted into 25p ordinary shares on a one for one basis. On 15th April 1994, the Company changed its name to The Celebrated Group Limited and re-registered as a public limited company on 9th October 1995.

### Restaurants

#### *Scusi's*

The Scusi's restaurants serve Italian food based mainly on pasta. The brand was developed for the Group during 1993 under the direction of Geoffrey Tucker with the objective of establishing a chain in provincial towns in the South of England and London. Located in attractive buildings in prominent positions, Scusi's are targeted to attract both the business and family market and typically seat 75 to 100 people.

The first Scusi's was opened in November 1993 in a listed building in Old Beaconsfield. Expectations for both turnover and operating profits were achieved within six months, and further units opened in Henley-on-Thames in November 1994 and Abingdon in May 1995.

#### *J.W. Johnson's*

J.W. Johnson's is an all day themed bar-restaurant located in Deansgate, one of the principal shopping streets in Manchester. The design incorporates a large bar area at the front of the site, with a restaurant area to the rear, seating 120, with an international menu. In the opinion of the Directors, the J.W. Johnson's brand is suitable for development in other major cities.

The business and the remaining 15 year lease of the premises were acquired from receivers in December 1993, following which the business was turned around by Celebrated and sales were increased from an average of £23,000 per week following the acquisition to the current average of £38,000 per week. This was achieved by the introduction of strong management, who implemented tight controls, together with improved marketing.

#### *Starvin' Marvin's*

Starvin' Marvin's is an American diner brand restaurant. The first was opened in Salford in May 1993 and the business was acquired by Celebrated in August 1994. The diner is open from early in the morning until late at night and offers American-style deli food either as snacks or full meals. The restaurants are manufactured, in the traditional diner style, out of stainless steel cladding and are pre-fabricated in the United States. They can be set up on any flat site where plumbing and power is available. Celebrated is a

distributor for these units and the Directors hope to establish the Starvin' Marvin's brand, both as owner operators and through franchising.

Celebrated has recently secured a second site which is adjacent to a petrol station at Haydock in the North West of England. Construction at the site has commenced and it is expected that the diner will open in January of next year. Further sites are under active consideration.

## **Hotels**

### *Llyndir Hall*

The Llyndir Hall Hotel is a 3-star country house hotel with 38 bedrooms in about three acres of land, based in a rural setting just outside Chester but with easy access to major roads and the motorway network. The hotel has leisure facilities and extensive conference and banqueting facilities and its restaurant attracts many non-residents from the local area.

Llyndir Hall was acquired by the Celebrated Group in 1988 as a restaurant with 8 bedrooms. During 1990 and 1991, the hotel was expanded by the addition of 30 bedrooms and the property was further developed in 1991 to include a training centre.

This freehold property has been independently valued by Weatherall Green & Smith at its open market value for the existing use as a fully operational hotel at £2,850,000, as compared with the book value as at March 1995 of £3,290,000. Notwithstanding this difference the Directors believe there has been no permanent diminution in value of these assets. A copy of the valuation report is reproduced in Part V of this document.

### *Chalon Court Hotel*

The Chalon Court Hotel is an 84 bedroom 4-star hotel which was built by St Helens Hotels Limited, a subsidiary of Pilkington plc, as part of the regeneration of St Helens. The hotel is located at the end of the new link road connecting St Helens with the M62 motorway. Chalon Court is fully air conditioned and has indoor leisure and conference facilities and a popular night-club, targeted at a young professional clientele. The hotel was opened in 1992 and received its first award in 1993 when it was voted "Lancashire Life Hotel of the Year".

Celebrated participated in the development through a 10 per cent. equity interest in St Helens Hotels Limited; the balance is held by a wholly owned subsidiary of Pilkington plc.

Celebrated was responsible for setting up the hotel during the development phase and a subsidiary of the Company has a 10 year management contract, which expires in October 2002, to operate the hotel. The Pilkington group undertook to support the hotel for the first three years under a contract to take up a certain minimum occupancy. Pilkington has exceeded this minimum occupancy since April 1993. Average occupancy of the hotel for the year to March 1995 was 62 per cent. Under the hotel management agreement, a subsidiary of Celebrated receives fees based on a percentage of turnover and operating profit which to date has provided the Group with a steadily increasing source of income.

## **TRADING RECORD**

The following summary is extracted from the Accountants' Report in Part II of this document:

	year ended March		
	1993	1994	1995
	£'000	£'000	£'000
Turnover	1,047	1,699	3,953
Operating profit	117	259	477
Profit/(Loss) before taxation	(82)	125	320

Over the 12 months ended March 1995 both turnover and profit have grown appreciably, largely as a result of the development of the Group's restaurant activities, particularly a full year's profit contribution from J.W. Johnson's and the phasing in of one Scusi's during the financial year.

	Contribution to Group Profit year ended March		
	1993 £'000	1994 £'000	1995 £'000
<b>Restaurants</b>			
Scusi's	—	(21)	62
J.W. Johnson's	—	20	144
Starvin' Marvin's	—	—	7
	<u>—</u>	<u>(1)</u>	<u>213</u>
<b>Hotels</b>			
Llyndir Hall	149	244	259
Chalon Court	68	92	188
	<u>217</u>	<u>336</u>	<u>447</u>
Total Contribution	217	335	660
Central Costs	(100)	(76)	(183)
	<u>117</u>	<u>259</u>	<u>477</u>
Operating Profit	(199)	(134)	(157)
Net Interest			
	<u>(82)</u>	<u>125</u>	<u>320</u>

The increase in central costs in the year to March 1995 reflects the additions to the management team to support the Group's expansion.

#### CURRENT TRADING

Based on the unaudited management accounts for the six months of the current trading year, the Group's turnover was £2.5 million, operating profit was £0.7 million and pre-tax profit amounted to £0.21 million. J.W. Johnson's performed particularly well during the period while turnover for the Scusi's restaurants was marginally below expectation during the summer months although operating profits were largely unaffected due to control of costs.

Over the last few months a number of new initiatives have been implemented which are aimed at improving restaurant sales and, as a result, those restaurants that have been in operation for more than a year are now showing growth in sales in comparison with their performance for the previous year. As the economy improves the Group's hotels are beginning to benefit from a hardening of room rates without a deterioration in occupancy levels.

As the size of the Group has expanded significantly, the Group has been able to reduce its cost of purchases through centralised procurement of food and beverages which is beginning to have a positive impact on gross margins.

Over the last six months steps have been taken to strengthen Celebrated's management team in order to handle the Group's anticipated growth through the planned opening of new restaurants. In addition, the Group is currently incurring the costs of staff training programmes the benefits of which are expected to reflect in the operating performance and financial results over the long term.



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## DEVELOPMENT STRATEGY AND PROSPECTS

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### GROUP STRATEGY AND FUTURE PROSPECTS

The Directors intend that the Group continues with the development of its three core restaurant brands. Recent developments have placed emphasis on restaurant expansion, as this area has offered the best returns and growth prospects.

The growing public taste for pasta together with the quality of the food and service has made Scusi's popular with customers and the Directors believe that further development of the Scusi's brand has the potential to provide the Celebrated Group with an excellent rate of return on capital invested. The Directors intend to open further restaurants in large provincial towns and cities in the South of England and in London.

J.W. Johnson's has been a particularly successful investment for the Celebrated Group and the Directors intend to develop the concept and brand name by opening other J.W. Johnson's on prime sites in major cities in the UK such as London, Birmingham and Leeds.

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 January 1996. Recently, the Company has agreed outline terms with a third party to purchase and operate a diner in the UK. It is intended to license this third party to use the Starvin' Marvin's brand name and operating systems. In addition, the Group has entered into an agency agreement with a third party who will be Celebrated's representative for the sale of diners on a non-exclusive basis throughout the European Union except Germany. The Company has also appointed a distributor on an exclusive basis to sell diners throughout Germany. 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.

The Group has recently obtained planning permission to expand the Llyndir Hall and Chalon Court hotels. However, the Directors have decided not to invest significant further funds from the proceeds of the Placing in the expansion of the hotels for the time being, as they believe such proceeds can be more profitably used in the expansion of the branded restaurants. The Directors believe that the hotels should, however, continue to provide a steady stream of operating profit in line with previous years.

### CAPITAL EXPENDITURE PROGRAMME

The Illustrative Financial Projections set out below assume that the following expansion plans are met in terms of the number of new units:

	year ending March 1996
Three new Starvin' Marvin's	£0.9 million
One new Scusi's	£0.25 million
One new J.W. Johnson's	£0.5 million
	year ending March 1997
Two new Starvin' Marvin's	£0.6 million
One new Scusi's	£0.25 million
Two new J.W. Johnson's	£1.0 million

At current prices and for leasehold premises, each Scusi's is estimated to cost £250,000 to set up, £300,000 for a Starvin' Marvin's and £500,000 for one J.W. Johnson's. Capital expenditures will be funded out of the net proceeds of the Placing and additional borrowings which have been agreed in principle between the Group and its bankers.

### ILLUSTRATIVE FINANCIAL PROJECTIONS

The following is a summary of the Illustrative Financial Projections set out in Part III of this document. It is emphasised that the projections do not constitute a profit forecast.

	year ending March	
	£'000	
	1996	1997
Turnover	5,805	11,791
Profit before taxation	459	1,266

## **DIVIDEND POLICY**

The Board intends to pursue a progressive dividend policy and with effect from the year to March 1997, to the extent possible, to distribute approximately one third of distributable profits in respect of each financial year of the Company. It is further intended to pay an interim and final dividend in or around February and September of each year in the proportions of around one third and two thirds respectively.

In the absence of unforeseen circumstances, the first dividend to be paid following the Placing will be a final dividend in respect of the financial year ending March 1996 which will be paid in September 1996.

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## DIRECTORS, MANAGEMENT AND EMPLOYEES

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### DIRECTORS

John Bellak, MA. (Econ. Cantab), aged 65, is the proposed non-executive Chairman of Celebrated. Mr Bellak has over 40 years' experience in UK industry. From 1968 to 1983 he was with the Royal Doulton group, initially as sales director, and ultimately as managing director of Royal Doulton Tableware Ltd, chairman of Lawleys Ltd and of Royal Crown Derby as well as of a number of overseas subsidiaries. In 1983 he joined, as chairman, Severn Trent Water and was Chairman of Severn Trent Plc from 1990 to 1994. Currently, Mr Bellak is chairman of Abtrust High Income Trust plc and of Consolidated Coal PLC and a director of Ascot Holdings Plc.

Geoffrey Tucker MHCIMA, aged 45, is the Chairman and Chief Executive and a founder of Celebrated. He has been involved with restaurants and hotels for all his working life both in the UK and overseas. Mr Tucker graduated from the Hotel School, Ealing, West London and trained with J. Lyons and Forte in his earlier years. In the 1980s, with the backing of a Canadian entrepreneur, he developed Celebrated Country Hotels, a successful group of five hotels in the Midlands and South of England. Following the sale of the hotels to Norfolk Capital Hotels plc, Mr Tucker held senior positions as Chief Executive of the leisure division of Polly Peck International plc between 1988 and 1989 and subsequently joined Ex-Lands plc as Operations Director. From 1990 he concentrated on the development of the Company on a full time basis.

David Marks Dip M.MCIM, aged 40, joined the Group in January 1995 as Operations Director. Mr Marks has 20 years experience of the hotel and catering industries with major groups both in the UK and overseas including Holiday Inn, Sheraton and most recently Hilton Hotel Corp. USA in Istanbul, Turkey. He also has valuable experience in developing restaurant chains and for four years was Managing Director of the Turkish franchisee for Pizza Hut restaurants.

Pat Moody FCA, aged 39, joined the Group in May 1995 and was appointed Finance Director. Mrs Moody is a Chartered Accountant and has a number of years' experience of finance and accounting in the restaurant industry. Most recently, Mrs Moody was Chief Accountant of BrightReasons Restaurants Limited, the privately owned chain of restaurants including Bella Pasta, Pizza Piazza and Pizzaland.

Bob Littledale FCA, aged 49, was appointed a non-executive Director of Celebrated in July 1994. He is a Chartered Accountant and currently acts as a financial consultant and non-executive director to a number of companies. Prior to establishing his consultancy business, Mr Littledale had a number of years experience in the aviation industry.

Nick Mitchell FCA, aged 38, is one of the founding shareholders of the Company and has been a non-executive Director since 1988. Currently, Mr Mitchell is a practising Chartered Accountant in Cheltenham. From 1988 to 1989 he was Deputy Finance Director for Saatchi and Saatchi Advertising Limited prior to which he was Group Chief Accountant for Collett Dickens & Pearce Limited.

### MANAGEMENT AND STAFF

In addition to the executive Directors, the key management within the Group include the following persons:

Tim Bacon, aged 31, Divisional Director – Restaurant Operations joined the Celebrated Group in October 1993 as a director of Rolling Rock Cafe Limited and General Manager of J.W. Johnson's, with an extensive background in the bar and restaurant field. Between 1989 and 1993 he worked as an independent consultant for companies such as Hilton, Forte, Whitbread, Bass, Greenalls as well as a number of independent operators. During this period Mr Bacon set up a number of bars and restaurants in the UK and applied extensive training techniques to staff. His earlier managerial experience was as a manager for TGI Friday in Covent Garden between 1987 and 1989.

Susan Murdock, aged 34, Divisional Director – Restaurant Development joined the Celebrated Group in October 1993 when she opened the first Scusi's restaurant in Beaconsfield. Previously, she worked for the BrightReasons Group of restaurants where she had been Restaurant Manager – Projects for Pizzaland. Prior to that Mrs Murdock worked in the pasta and pizza restaurant field for 9 years in management positions including multi-unit management.

Jeremy Roberts, aged 32, B.Sc. (Hons) MHCIMA, Divisional Director – Hotel Operations. Mr Roberts joined the Celebrated Group in 1992 as General Manager at Chalon Court and was responsible for the opening in the same year. Mr Roberts has extensive experience in the hotel industry having trained with Forte and worked in a number of senior positions before his appointment at Chalon Court.

David Hinds, aged 36, Divisional Director – Sales and Marketing. Mr Hinds joined the Celebrated Group in December 1993 as a director of Rolling Rock Cafe Limited, prior to which he spent four years establishing his own business supplying theme concepts to leisure companies such as First Leisure, Whitbread and Greenalls. His previous experience was mainly in consumer marketing within the motor industry.

June Norman, aged 36, Group Financial Controller. Miss Norman has 18 years experience in the hospitality industry, commencing in operations and subsequently progressing to her specialist field of management accounting. Prior to joining the Celebrated Group she worked for Forte and Crest in a number of hotel units. Since joining Celebrated she has participated in the setting up of accounting systems and management controls for the Group.

The Celebrated Group currently employs approximately 175 staff as follows:

Restaurants	118
Hotels	46
Head office administration and management	11

The Celebrated Group has a policy of endeavouring to achieve continuous improvement in its operations and of encouraging employees to achieve a high level of performance within their jobs. Goals and objectives are established enabling individual performance to be assessed and remuneration to be linked to achievement. The Group operates bonus schemes for senior employees linked to targeted gross operating profits.

The Directors consider that it is in the best interests of the Company to motivate key senior employees to participate in the growth of the Group. Certain Directors and senior managers have already been granted share options and it is now proposed to establish an executive share option scheme. Details of options already granted and proposed to be granted are set out in paragraphs 4 and 7 of Part VI of this document.

The Directors are committed to the training and development of all the Celebrated Group's staff and are in the process of establishing an "Investors in People" programme.

## **CORPORATE GOVERNANCE**

The Directors intend that the Company will comply with the Codes of Best Practice introduced by the Cadbury and Greenbury Reports, so far as is appropriate having regard to the size of the Celebrated Group. The Company has adopted the Model Code for AIM companies. It is intended that the non-executive Directors will be independent of the Company's management and free from any business or other relationship which could materially interfere with the exercise of their judgement.

The Board has established an audit and a remuneration committee each comprised of two or more non-executive Directors. The audit committee will meet a minimum of twice each year and will be responsible for ensuring that the financial performance of the Celebrated Group is properly monitored and reported on and for meeting the Company's auditors and reviewing any reports from the auditors regarding the accounts and the internal control procedures. The remuneration committee will review the remuneration of the executive Directors and other senior management in light of their performance and that of the Group. The remuneration committee will also set the basis of any future service agreements and be responsible generally for the administration of the proposed executive share option scheme including in particular the performance criteria to which options granted under the share option scheme will be subject.

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## THE PLACING

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### DETAILS OF THE PLACING

Under the Placing Agreement, Nabarro Wells has agreed to use its reasonable endeavours to procure subscribers for 11,615,000 Placing Shares and has conditionally placed all of these shares at 18p per Placing Share with institutional and other investors. The Placing is conditional, *inter alia*, on Admission and on the Placing Agreement becoming or being declared unconditional by not later than 8.30 a.m. on 5th December 1995 or such later date (not later than 19th December 1995) as the Company and Nabarro Wells may agree and not being terminated.

John Bellak, Geoffrey Tucker, David Marks, Pat Moody and Nick Mitchell, who are Directors of the Company, have irrevocably agreed to subscribe for a total of 885,000 Placing Shares as follows:

	Placing Shares
John Bellak	100,000
Geoffrey Tucker	400,000
David Marks	275,000
Pat Moody	55,000
Nick Mitchell	55,000

Application will be made for the Shares to be admitted to AIM and it is anticipated that trading will commence on 5th December 1995. Subscription monies must be received by Fiske & Co. Ltd. in cleared funds no later than 29th November 1995 and definitive certificates are expected to be despatched on 5th December 1995. It is emphasised that no application is being made for admission of the Shares to the Official List. In the event that the minimum subscription under the Placing is not obtained by 19th December 1995 then Fiske & Co. Ltd. will return the subscription monies without interest to the persons entitled thereto forthwith. Further details of the Placing are set out in paragraph 11 of Part VI of this document.

### USE OF PROCEEDS

The proceeds of the Placing, assuming full subscription, will amount to £2.25 million and, after professional and other expenses of the Placing and Admission estimated at £205,000, the net proceeds will amount to approximately £2.05 million. Of this amount, £380,064 will be applied to meet the cost of redeeming all the outstanding preference shares under the terms of the 3i Agreement. The balance of approximately £1.66 million will be used to fund the capital expenditure programme and for general working capital purposes.

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## RISK FACTORS

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In the opinion of the Directors, the following risks should be taken into account before making an investment in Celebrated:

- The Illustrative Financial Projections are based on rates of return achieved on the Group's existing sites. There is no assurance that these rates will be achieved on the sites purchased with the proceeds of the Placing. Accordingly, there is no assurance that the Illustrative Financial Projections will be reflected in the actual operating results of the Celebrated Group;
- The development of the Group depends upon suitable sites being available for purchase or lease at the appropriate time together with any required bank funding. Any resultant delay might result in the Group not achieving the illustrative projected profitability;
- The Group's success is to a large extent dependent on a small team of executives and particularly on Geoffrey Tucker. Accordingly, Celebrated has arranged Key Man Insurance for Geoffrey Tucker and David Marks in the amount of £500,000 each;
- An investment could be adversely affected by changes in economic, political or regulatory factors, rates of corporation tax and VAT as well as other unforeseen matters;
- Application has been made to the London Stock Exchange for the Shares to be admitted to AIM. It is emphasised that no application has been made for admission of the Company's Shares to the Official List. AIM was introduced by the London Stock Exchange on 19th June 1995 as a new market for small, young and growing companies and there is not yet sufficient evidence to assess the marketability of shares quoted on AIM and the value of such shares may go down as well as up; and
- The investment described in this document may not be suitable for all recipients of this document. Prospective investors are advised to consult an independent adviser authorised under the Financial Services Act 1986, who specialises in investments of this kind, before making any decision. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his personal circumstances and the financial resources available to him.

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## PART II ACCOUNTANTS' REPORT

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# ROBSON RHODES

Chartered Accountants

**RSM**  
international

The Directors  
The Celebrated Group plc  
12 Kingfisher Court  
Farnham Road  
Slough  
SL2 1JF

Bryanston Court  
Selden Hill  
Hemel Hempstead  
Hertfordshire HP2 4TN

The Directors  
Nabarro Wells & Co Limited  
162 Queen Victoria Street  
London EC4V 4BS

24th November 1995

### Members of the Board

The Celebrated Group Limited ("the Company") was incorporated on 20 September 1988 under the name Tophaven Limited. On 15 November 1988 the name of the Company was changed to Elegant Leisure Limited. On 15 April 1994 the name of the Company was changed to The Celebrated Group Limited. On 9 October 1995 the Company was re-registered as a public limited company under its present name. We refer to the Company and its subsidiaries as the "Group".

We have examined the audited financial statements of the Company for the year ended 28 March 1993, the year ended 27 March 1994 and the year ended 26 March 1995 ("the Relevant Periods"). Our work has been carried out in accordance with the auditing guideline: "Prospectuses and the reporting accountant".

The financial information set out below is based on audited financial statements of the Group for the Relevant Periods after making such adjustments as we consider necessary. No financial statements have been prepared for the Company in respect of any period subsequent to 26 March 1995.

We have been the auditors of the Company and its subsidiaries for the year ended 26 March 1995. Messrs Eacott Worrall of Grenville Court, Britwell Road, Burnham, Buckinghamshire SL1 8DF were auditors for the year ended 27 March 1994. Messrs Clarks of Chippenham Court, Chippenham Lane, Slough, Berkshire SL1 5AS were auditors for the year ended 28 March 1993.

In our opinion the financial information set out below gives, for the purposes of the document for which this report forms a part, a true and fair view of the results and cashflows of the Company for the Relevant Periods and of the state of affairs at the end of each of the Relevant Periods.

### 1. ACCOUNTING POLICIES

The financial information contained in this report has been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and is in accordance with applicable accounting standards except as disclosed below.

The following principal accounting policies have been consistently applied throughout the Relevant Periods.

#### *(a) Basis of accounting*

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.

*(b) Basis of consolidation*

The group accounts consolidate the accounts of the Company and all its subsidiaries 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.

*(c) Turnover*

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

*(d) 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. Statement of Standard Accounting Practice No.12 and the Companies Act 1985 require that provision be made for depreciation on fixed assets having a useful finite life. 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%

*(e) Pre-opening costs*

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

*(f) 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.

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

*(g) Stocks*

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

*(h) 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. CONSOLIDATED PROFIT AND LOSS ACCOUNTS

		Years ended		
		28 March 1993	27 March 1994	26 March 1995
	Note	£'000	£'000	£'000
<b>Turnover</b>				
Acquisitions		—	573	373
Continuing operations		1,047	1,126	3,580
		<hr/>	<hr/>	<hr/>
Cost of sales	(a)	1,047 (545)	1,699 (843)	3,953 (2,197)
		<hr/>	<hr/>	<hr/>
<b>Gross profit</b>		502	856	1,756
Administration expenses		(385)	(597)	(1,279)
		<hr/>	<hr/>	<hr/>
<b>Analysis of operating profit</b>				
Acquisitions		—	81	7
Continuing operations		117	178	470
		<hr/>	<hr/>	<hr/>
<b>Operating profit</b>		117	259	477
Interest receivable		—	4	4
Interest payable	(d)	(199)	(138)	(161)
		<hr/>	<hr/>	<hr/>
<b>Profit/(loss) on ordinary activities before taxation</b>	(b)	(82)	125	320
Taxation	(e)	—	(6)	(72)
		<hr/>	<hr/>	<hr/>
<b>Profit/(loss) on ordinary activities after taxation</b>		(82)	119	248
Minority interests – equity		—	(1)	(6)
		<hr/>	<hr/>	<hr/>
<b>Profit/(loss) for the financial year</b>		(82)	118	242
Appropriation for non – equity preference shares of £1 each		—	—	(27)
		<hr/>	<hr/>	<hr/>
<b>Retained profit/(loss) for the financial year</b>		(82)	118	215
		<hr/>	<hr/>	<hr/>

All recognised gains and losses are included in the profit and loss account.

### 3. CONSOLIDATED BALANCE SHEETS

		As at 28 March 1993 £'000	As at 27 March 1994 £'000	As at 26 March 1995 £'000
	Note			
<b>Fixed assets</b>				
Tangible assets	(f)	3,272	3,732	4,468
Investments	(g)	78	78	78
		<u>3,350</u>	<u>3,810</u>	<u>4,546</u>
<b>Current assets</b>				
Stocks	(h)	26	46	55
Debtors	(i)	78	106	276
Cash at bank and in hand		104	191	283
		<u>208</u>	<u>343</u>	<u>614</u>
<b>Creditors: Amounts falling due within one year</b>	(j)	(298)	(557)	(987)
<b>Net current liabilities</b>		<u>(90)</u>	<u>(214)</u>	<u>(373)</u>
<b>Total assets less current liabilities</b>		3,260	3,596	4,173
<b>Creditors: Amounts falling due after more than one year</b>	(k)	(1,475)	(1,672)	(1,718)
<b>Provisions for liabilities and charges</b>	(m)	—	—	(17)
<b>Net assets</b>		<u>1,785</u>	<u>1,924</u>	<u>2,438</u>
<b>Capital and reserves</b>				
Called up share capital	(n)	1,524	1,524	2,064
Share premium account	(o)	50	50	5
Revaluation Reserve	(p)	692	692	692
Other reserve – non equity	(q)	—	—	27
Profit and loss account	(r)	(481)	(363)	(350)
<b>Shareholders' funds (including non equity)</b>	(g)	1,785	1,903	2,438
<b>Minority interests – equity</b>		—	21	—
		<u>1,785</u>	<u>1,924</u>	<u>2,438</u>

#### 4. CONSOLIDATED CASHFLOW STATEMENTS

	As at 28 March 1993 £'000	As at 27 March 1994 £'000	As at 26 March 1995 £'000
<b>Net cash inflow from operating activities</b>	Note (u) 77	601	351
<b>Returns on investments and servicing of finance</b>			
Interest received	—	4	4
Interest paid	(199)	(137)	(125)
Interest element of finance lease payments	—	(1)	(5)
<b>Net cash outflow from returns on investments and servicing of finance</b>	(199)	(134)	(126)
<b>Taxation paid</b>	—	—	(7)
<b>Investing activities</b>			
Payments for tangible fixed assets	(26)	(528)	(595)
Receipts from sale of tangible fixed assets	—	7	19
Acquisition of subsidiaries	—	—	(126)
<b>Net cash outflow from investing activities</b>	(26)	(521)	(702)
<b>Net cash outflow before financing</b>	(148)	(54)	(484)
<b>Financing</b>			
Minority interests	—	20	—
Net cashflow from loans	—	300	107
Repayment of a bank loan	(130)	(108)	—
Repayment of loan stock	(7)	(38)	—
Capital element of finance lease payments	—	(7)	(19)
Issue of shares	300	—	540
Expenses of share issues	—	—	(45)
<b>Net cash inflow from financing</b>	(v) 163	167	583
<b>Increase in cash and cash equivalents</b>	(w) 15	113	99

## 5. NOTES TO THE FINANCIAL INFORMATION

### (a) Turnover and result

Turnover and the result before taxation are wholly attributable to the principal activity of the Group and arise solely in the United Kingdom.

### (b) Profit/(loss) on ordinary activities before taxation

This is arrived at after charging.

	Years Ended		
	28 March 1993 £'000	27 March 1994 £'000	26 March 1995 £'000
Depreciation of tangible fixed assets	39	75	127
<b>Operating lease rentals</b>			
Land and buildings	—	27	107
Plant and machinery	4	2	1
Auditors' remuneration	8	9	14

During the year ended 28 March 1993 the company incurred substantial costs relating to the refinancing of its overdraft and loan facilities. These costs amounted to £24,000.

During the year ended 27 March 1994 acquisitions contributed £314,000 to cost of sales, £259,000 to gross profit and £178,000 to administration expenses.

During the year ended 26 March 1995 acquisitions contributed £226,000 to cost of sales, £147,000 to gross profit and £140,000 to administration expenses.

### (c) Employees and Directors

The average weekly number of employees including directors during the Relevant Periods was as follows:

	Years Ended		
	28 March 1993 No	27 March 1994 No	26 March 1995 No
Administration and management	12	18	25
Hotel and catering	39	94	150
	<u>51</u>	<u>112</u>	<u>175</u>

Staff costs, including directors were as follows:

	Years Ended		
	28 March 1993 £'000	27 March 1994 £'000	26 March 1995 £'000
Wages and salaries	347	485	1,124
Social security costs	18	42	101
Other pension costs	—	3	8
	<u>365</u>	<u>530</u>	<u>1,233</u>

## Directors

	Years Ended		
	28 March 1993	27 March 1994	26 March 1995
	£'000	£'000	£'000
Remuneration for management services	39	48	78
Pension Scheme Contributions	—	3	8
	<u>39</u>	<u>51</u>	<u>86</u>

	Years Ended		
	28 March 1993	27 March 1994	26 March 1995
	£'000	£'000	£'000
Emoluments, exclusive of pension contributions of the Chairman who was also the highest paid director	39	36	49

The emoluments of the other directors, exclusive of pension contributions, were in the following ranges:

	Years Ended		
	28 March 1993	27 March 1994	26 March 1995
	£'000	£'000	£'000
£0 – £5,000	—	1	3
£5,001 to £10,000	—	1	—
£10,001 to £15,000	—	—	1
£15,001 to £20,000	—	—	1

One of the directors, received £10,613 as consultancy fees during the year ended 26 March 1995. One other director received consultancy fees of £3,248 during the year ended 28 March 1993.

Compensation for loss of office paid by the company during the year ended 26 March 1995 amounted to £17,000. (1994 and 1995: £Nil).

P G K Tucker is also a director and shareholder of Pageantry Designs & Interiors 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 ended 26 March 1995 amounted to £35,616, during the year ended 27 March 1994 amounted to £714 and during the year ended 28 March 1993 amounted to £1,700.

### (d) Interest payable

	Years Ended		
	28 March 1993	27 March 1994	26 March 1995
	£'000	£'000	£'000
Finance leases	—	2	5
Bank loans and overdrafts wholly repayable within 5 years	9	4	5
Other loans repayable in more than five years	190	132	151
	<u>199</u>	<u>138</u>	<u>161</u>

(e) *Taxation*

	Years Ended		
	28 March 1993 £'000	27 March 1994 £'000	26 March 1995 £'000
<b>The taxation charge based on the profit before tax comprises:</b>			
UK Corporation tax at 25%	—	6	55
Deferred taxation	—	—	15
Irrecoverable advance Corporation tax	—	—	2
<b>Prior years adjustments</b>			
Corporation tax	—	—	(2)
Deferred taxation	—	—	2
	<u>—</u>	<u>6</u>	<u>72</u>

No charge for Corporation tax arose in the year ended 28 March 1993 due to the trading losses incurred in that year.

As at 26 March 1995 the Group has losses available for offset against future taxable profits of the same trades of approximately £580,000 subject to the agreement of the Inland Revenue.

(f) *Tangible fixed assets*

	Land and buildings £'000	Motor vehicles £'000	Furniture and equipment £'000	Total £'000
<b>Cost or Valuation</b>				
At 1 April 1992	3,005	5	328	3,338
Additions	—	18	8	26
At 29 March 1993	<u>3,005</u>	<u>23</u>	<u>336</u>	<u>3,364</u>
Additions	464	21	64	549
Disposals	—	(18)	—	(18)
At 28 March 1994	<u>3,469</u>	<u>26</u>	<u>400</u>	<u>3,895</u>
Additions	360	83	214	657
Acquisition of subsidiary	215	—	30	245
Disposals	—	(26)	—	(26)
At 26 March 1995	<u>4,044</u>	<u>83</u>	<u>644</u>	<u>4,771</u>
<b>Depreciation</b>				
At 1 April 1992	—	2	51	53
Charge for year	—	5	34	39
At 29 March 1993	<u>—</u>	<u>7</u>	<u>85</u>	<u>92</u>
Charge for year	30	7	38	75
Disposals	—	(4)	—	(4)
At 28 March 1994	<u>30</u>	<u>10</u>	<u>123</u>	<u>163</u>
Charge for year	60	9	58	127
Acquisition of subsidiary	16	—	7	23
Disposals	—	(10)	—	(10)
At 26 March 1995	<u>106</u>	<u>9</u>	<u>188</u>	<u>303</u>
<b>Net book value</b>				
At 26 March 1995	<u>3,938</u>	<u>74</u>	<u>456</u>	<u>4,468</u>
At 27 March 1994	<u>3,439</u>	<u>16</u>	<u>277</u>	<u>3,732</u>
At 28 March 1993	<u>3,005</u>	<u>16</u>	<u>251</u>	<u>3,272</u>

The net book value of tangible fixed assets includes an amount of £56,553 (1994 – £15,945; 1993: £Nil) in respect of assets held under finance leases. The related depreciation charge for the year ended 26 March 1995 was £3,455 (1994 – £5,165; 1993 – £Nil).

*Land and Buildings comprise*

	Freehold Properties £'000	Short leasehold £'000	Total £'000
<b>Cost or Valuation</b>			
At 1 April 1992 and at 29 March 1993	3,005	—	3,005
Additions	—	464	464
At 28 March 1994	3,005	464	3,469
Additions	320	40	360
Acquisition of subsidiary	215	—	215
At 26 March 1995	3,540	504	4,044
<b>Depreciation</b>			
At 1 April 1992 and 29 March 1993	—	—	—
Charge for the year	—	30	30
At 28 March 1994	—	30	30
Charge for the year	—	60	60
Acquisition of subsidiary	—	16	16
At 26 March 1995	—	106	106
<b>Net book value</b>			
At 26 March 1995	3,540	398	3,938
At 27 March 1994	3,005	434	3,439
At 28 March 1993	3,005	—	3,005

As at 26 March 1995, freehold properties comprised:

Valuation in 1991	£'000
Addition at cost	2,935
	605
	3,540

*(g) Investments*

	As at 28 March 1993 £'000	As at 27 March 1994 £'000	As at 26 March 1995 £'000
Other investments	78	78	78

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.

(h) *Stocks*

	As at 28 March 1993 £'000	As at 27 March 1994 £'000	As at 26 March 1995 £'000
Goods for resale	26	46	55

(i) *Debtors*

	As at 28 March 1993 £'000	As at 27 March 1994 £'000	As at 26 March 1995 £'000
Trade debtors	59	22	57
Corporation tax	—	—	1
Other debtors	7	58	198
Prepayments and accrued income	12	26	20
	78	106	276

(j) *Creditors: Amounts falling due within one year*

	As at 28 March 1993 £'000	As at 27 March 1994 £'000	As at 26 March 1995 £'000
Bank loans and overdrafts	140	89	82
Other loans	38	—	65
Obligations under finance leases	—	4	43
Debt due within one year (note 1)	178	93	190
Trade creditors	63	183	339
Corporation tax	—	6	55
Other taxation and social security	—	39	80
Other creditors	57	79	71
Accruals and deferred income	—	52	252
Directors' current account	—	105	—
	298	557	987

(k) *Creditors: Amounts falling due after more than one year*

	As at 28 March 1993 £'000	As at 27 March 1994 £'000	As at 26 March 1995 £'000
Bank loans	1,475	1,400	1,400
Other loans	—	263	304
Obligations under finance leases	—	9	14
	1,475	1,672	1,718



(l) Debt

	As at 28 March 1993 £'000	As at 27 March 1994 £'000	As at 26 March 1995 £'000
The total debt is repayable as follows:			
Within one year	178	93	190
Between one and two years	—	89	86
Between two and five years	500	545	549
After more than five years	975	1,038	1,083
	<u>1,653</u>	<u>1,765</u>	<u>1,908</u>

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

The Group's bankers hold fixed and floating charges over the Group's freehold land and property and furniture and equipment respectively.

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

(m) Provisions for liabilities and charges

	As at 28 March 1993 £'000	As at 27 March 1994 £'000	As at 26 March 1995 £'000
<b>Deferred taxation</b>			
<b>Amounts provided</b>			
Accelerated capital allowances	—	—	15
Other timing differences	—	—	2
Losses	—	—	—
	<u>—</u>	<u>—</u>	<u>17</u>
<b>Amounts not provided</b>			
Accelerated capital allowances	—	20	25
Other timing differences	—	(10)	(11)
Losses	—	(251)	(208)
	<u>—</u>	<u>(241)</u>	<u>(194)</u>

(n) Called up share capital

	As at 28 March 1993 and 27 March 1994 No'000	As at 28 March 1993 and 27 March 1994 £'000	Authorised As at 26 March 1995 No'000	As at 26 March 1995 £'000
Preference shares of £1 each	250	250	380	380
"A" Ordinary shares of £1 each	377	377	—	—
Ordinary shares of £1 each	8,750	8,750	—	—
New Preference shares of £1 each	358	358	—	—
Preferred Ordinary shares of 25p each	1,200	300	—	—
"A" Ordinary shares of 25p each	—	—	1,816	454
Ordinary shares of 25p each	—	—	7,000	1,750
	<u>10,935</u>	<u>10,035</u>	<u>9,196</u>	<u>2,584</u>

	Allotted and fully paid			
	As at 28 March 1993 and 27 March 1994 No '000	As at 28 March 1993 and 27 March 1994 £'000	As at 26 March 1995 No '000	As at 26 March 1995 £'000
Preference shares of £1 each	250	250	380	380
"A" Ordinary shares of £1 each	148	148	—	—
Ordinary shares of £1 each	655	655	—	—
New Preference shares of £1 each	171	171	—	—
Preferred Ordinary shares of 25p each	1,200	300	—	—
"A" Ordinary shares of 25p each	—	—	1,816	454
Ordinary shares of 25p each	—	—	4,922	1,230
	<u>2,424</u>	<u>1,524</u>	<u>7,118</u>	<u>2,064</u>

#### Year ended 28 March 1993

On 1 February 1993, 528,439 unissued Ordinary shares were converted into 228,439 "A" Ordinary shares of £1 and 1,200,000 Preferred Ordinary shares of 25p each. On the same date Mr P G K Tucker subscribed £300,000 for the Preferred Ordinary shares. On the same date dividends outstanding of £34,980 were converted into an additional 34,980 New Preference shares of £1 each.

#### Year ended 26 March 1995

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 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.

#### Share Options – Year ended 28 March 1995

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

- (1) 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.

- (2) 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 up to 31 December 2000.

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 ended 27 March 1995.

(o) *Share premium account*

	As at 28 March 1993 £'000	As at 27 March 1994 £'000	As at 26 March 1995 £'000
At beginning of period	50	50	50
Expenses on issue of shares	—	—	(45)
At end of period	<u>50</u>	<u>50</u>	<u>5</u>

(p) *Revaluation reserve*

	As at 28 March 1993 £'000	As at 27 March 1994 £'000	As at 26 March 1995 £'000
At the beginning and end of the period	<u>692</u>	<u>692</u>	<u>692</u>

(q) *Other reserve*

The other reserve arises from the appropriation for non-equity preference shares of £26,891 during the year ended 26 March 1995.

(r) *Profit and Loss account*

	As at 28 March 1993 £'000	As at 27 March 1994 £'000	As at 26 March 1995 £'000
At the beginning of period	(399)	(481)	(363)
Profit/(loss) for the financial year	(82)	118	215
Goodwill written off on acquisition of subsidiaries	—	—	(202)
At end of period	<u>(481)</u>	<u>(363)</u>	<u>(350)</u>

Goodwill written off against reserves of £202,000 during the year ended 26 March 1995 arose on the acquisition of Starvin' Marvin's Limited and the following non – trading companies which were part of Starvin' Marvin's Limited Group;

- West Coast Diners Limited;
- Diner Group Holdings Limited; and
- B-Line Diners (UK) Limited.

(s) Shareholders' funds

	As at 28 March 1993 £'000	As at 27 March 1994 £'000	As at 26 March 1995 £'000
<b>Non-equity</b>			
Preference shares of £1 each	250	250	396
"A" Ordinary shares of 25p each year	—	—	436
"A" Ordinary shares of £1 each	148	148	—
New Preference shares of £1 each	171	171	—
Preferred Ordinary shares of 25p each	300	300	—
	<hr/> 869	<hr/> 869	<hr/> 832
<b>Equity</b>	916	1,034	1,606
	<hr/> 1,785	<hr/> 1,903	<hr/> 2,438

**As at 26 March 1995 non – equity**

Non-equity interests of £831,979 (1994 and 1993: £869,465) comprises:

- 380,064 (1994 and 1993: 250,000) Preference shares of £1 each plus "other reserve" in accordance with FRS4, the new accounting standard on capital instruments, less £10,748 issue costs;
- 1,815,784 (1994 and 1993: Nil) "A" Ordinary shares of 25p each less £18,174 issue costs;
- nil (1994 and 1993: 148,485) "A" Ordinary shares of £1 each;
- nil (1994 and 1993: 170,980) New Preference shares of £1 each; and
- nil (1994 and 1993: 1,200,000) Preferred Ordinary shares of 25p each.

Dividends are payable half yearly at 11p 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 is due on 30 September 1995.

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 11p 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.

Finance costs for non-equity shares are recognised under FRS4 in the year ended 26 March 1995. In the previous two years, non-equity shares were in issue but no finance costs have been shown in those profit and loss accounts. This is because the Company did not have the distributable profits to pay dividends nor redeem those shares in accordance with their original terms. The rights of the non-equity shares have since been restructured.

**As at 26 March 1995 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.

*(t) Reconciliation of movement in shareholders' funds*

	As at 28 March 1993 £'000	As at 27 March 1994 £'000	As at 26 March 1995 £'000
Total recognised gains/(losses)	(82)	118	215
Appropriation for non-equity Preference shares of £1 each	—	—	27
Goodwill written off on acquisition of subsidiaries	—	—	(202)
Proceeds of share issue	335	—	540
Expenses on issue of shares	—	—	(45)
Increase/(decrease) in shareholders' funds	253	118	535
Opening shareholders' funds	1,532	1,785	1,903
Closing shareholders' funds	1,785	1,903	2,438

*(u) Reconciliation of operating profit to net cash inflow from operating activities*

	As at 28 March 1993 £'000	As at 27 March 1994 £'000	As at 26 March 1995 £'000
Operating profit	117	259	477
Depreciation charged	39	75	127
(Profit)/loss on sale of fixed assets	—	6	(3)
(Increase) in Stocks	—	(20)	(9)
(Increase) in Debtors	21	(28)	(181)
(Decrease)/increase in creditors	(100)	309	(60)
Net cash inflow from operating activities	77	601	351

*(v) Analysis of changes in financing during the year*

	Share Capital including Premium £'000	Loans £'000	Finance Lease Obligations £'000
At 1 April 1991	1,239	1,525	—
Net cash flow from finance	—	105	—
At 31 March 1992	1,239	1,630	—
Net cash flow from financing	300	(130)	—
Capitalisation of dividends	35	—	—
At 28 March 1993	1,574	1,500	—
Inception of finance leases	—	—	20
Net cash flow from financing	—	162	(7)
At 27 March 1994	1,574	1,662	13
Inception of finance leases	—	—	63
Net cash flow from financing	495	107	(19)
At 26 March 1995	2,069	1,769	57

*(w) Analysis of changes in cash and cash equivalents during the year*

	Cash at bank and in hand £'000	Bank overdrafts £'000	Total £'000
At 31 March 1991	113	(139)	(26)
Net cashflow	(58)	58	—
At 31 March 1992	55	(81)	(26)
Net cash inflow	49	(34)	15
At 28 March 1993	104	(115)	(11)
Net cash inflow	87	26	113
At 27 March 1994	191	(89)	102
Net cash inflow	92	7	99
At 26 March 1995	283	(82)	201

*(x) Contingent liabilities*

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).

**Audited Financial Statements**

The financial information contained in this report does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985, as amended ("the Act"). Statutory accounts of the Company for the Relevant Periods have been delivered to the Registrar of Companies, together with the auditors' reports under Section 235 of the Act in respect of such statutory accounts. The auditors' reports in respect of the Relevant Periods were unqualified and did not contain a statement under sub-sections 237(2) or (3) of the Act.

Yours faithfully

**ROBSON RHODES**

Chartered Accountants

### PART III ILLUSTRATIVE FINANCIAL PROJECTIONS

The Directors emphasise that the following are Illustrative Financial Projections only and do not constitute profit forecasts.

The Directors have prepared projections of the number of restaurants to be opened, turnover, margins, overheads and interest payable of the Group for the 2 years to March 1997. The Illustrative Financial Projections, which have been made after due and careful enquiry by the Directors, are as follows:

	year ending March	
	1996	1997
	£'000	£'000
<b>TURNOVER</b>	5,805	11,791
Profit before interest and taxation	630	1,507
Interest (net of interest receivable)	(171)	(241)
Profit before taxation	459*	1,266

\* The projected profit before taxation for the year to March 1996 is after deducting £60,000 being part of the costs of the Placing and Admission.

The principal assumptions made by the Directors in preparing the Illustrative Financial Projections are as follows:

#### 1. Sales

(a) Turnover of each hotel and restaurant unit per annum is projected as follows:

	year ending March	
	1996	1997
	£'000	£'000
Existing Sites		
Llyndir Hall Hotel	1,157	1,167
Chalon Court Hotel	226	230
Scusi's		
existing sites	1,254	1,325
new sites	42	901
Starvin' Marvin's		
existing sites	557	570
new sites	394	2,444
J.W. Johnson's		
existing sites	1,962	1,940
new sites	213	3,214
<b>TOTAL TURNOVER</b>	<b>5,805</b>	<b>11,791</b>

#### 2. New Restaurants

The average refurbishment and opening costs for each new restaurant have been assumed to be as follows:

	£'000
Scusi's	250
Starvin' Marvin's	300
J.W. Johnson's	500

#### 3. Bank Interest

Interest on the majority of the bank debt is calculated at a rate of 9 per cent. per annum. The interest on the balance of the bank debt is calculated at 10 per cent. per annum.

#### 4. *Business Environment*

It has been assumed that there will be no significant change to the nature of the business, the regulatory environment or economic climate, nor will the business be adversely affected by any other material factors and there will be no major inflation in costs which cannot be recovered by corresponding increases in selling prices.

#### 5. *Central Costs*

Central costs have been assumed to increase during the period to incorporate personnel and facilities which will be capable of managing the purchase and operations of all new and existing restaurants and hotels owned and managed by the Group.

#### 6. *New Equity Investment*

The Illustrative Financial Projections assume completion of the Placing.

The following is a copy of a letter from Robson Rhodes relating to the Illustrative Financial Projections set out in this Part III.

## ROBSON RHODES

Chartered Accountants

**RSM**  
international

The Directors  
The Celebrated Group plc  
12 Kingfisher Court  
Farnham Road  
Slough  
Berkshire SL2 1JF

and

The Directors  
Nabarro Wells & Co. Ltd  
162 Queen Victoria Street  
London EC4V 4BS

Bryanston Court  
Selden Hill  
Hemel Hempstead  
Hertfordshire HP2 4TN

24th November 1995

Members of the Board

We have reviewed the accounting policies and calculations used in the preparation of the illustrative financial projections of The Celebrated Group plc ("Celebrated") and its subsidiaries ("the Group") for the two years ending 31st March 1997, for which the Directors of Celebrated are solely responsible, referred to on page 31 of the prospectus dated 24th November 1995.

The illustrative financial projections, which have been prepared under the historical cost convention, should not be regarded as forecasts. They have been prepared, based on the assumptions set out on pages 31 and 32 of the prospectus, to illustrate the possible results of the Group if the assumptions are correct. Events and circumstances frequently do not occur as originally expected. The actual results may therefore differ materially from those projected. Attention is drawn, in particular, to the section headed "Risk Factors" set out in Part I of the prospectus which describes the principal risks associated with the venture to which these illustrative financial projections relate. For these reasons, we do not express any opinion either on the validity of the assumptions or on the possibility of the projected results being achieved.

In our opinion the illustrative financial projections, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors of Celebrated and have been presented on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully

**ROBSON RHODES**  
Chartered Accountants



## PART IV PRO FORMA STATEMENT OF NET ASSETS AND INDEBTEDNESS STATEMENT

### PRO FORMA STATEMENT OF NET ASSETS

The pro forma statement of net assets of the Group reflecting the capital reorganisation and the Placing is unaudited, is for illustrative purposes only, and because of its nature cannot give a complete picture of the financial position of the Group:

	The Group £'000 (note 1)	Adjust- ments £'000 (note 2)	Pro forma £'000
<b>Fixed Assets</b>			
Tangible assets	4,468	—	4,468
Investments	78	—	78
	<u>4,546</u>	<u>—</u>	<u>4,546</u>
<b>Current Assets</b>			
Stock	55	—	55
Debtors	276	—	276
Cash at bank and in hand	283	1,665	1,948
	<u>614</u>	<u>1,665</u>	<u>2,279</u>
<b>Creditors: Amounts due within one year</b>	(987)	—	(987)
<b>Net Current Assets/Liabilities</b>	<u>(373)</u>	<u>1,665</u>	<u>1,292</u>
<b>Total Assets Less Current Liabilities</b>	4,173	1,665	5,838
<b>Creditors: Amounts due after one year</b>	(1,718)	—	(1,718)
<b>Provision for Liabilities and Charges</b>	(17)	—	(17)
	<u><u>2,438</u></u>	<u><u>1,665</u></u>	<u><u>4,103</u></u>

### Notes

1. The information in respect of the Group as at 26th March 1995 has been extracted from the Accountants' Report in Part II of this document.
2. The adjustments reflect:
  - (a) the maximum net proceeds of the Placing will be £2.05 million, after expenses of approximately £205,000.
  - (b) the effect of the capital reorganisation which involves the conversion of 1,815,784 (£453,946) 'A' ordinary shares into 4,539,460 Shares and the redemption of 380,064 £1 Preference shares at par.
3. No adjustments have been made to reflect the trading results of the Group in the current year.

### INDEBTEDNESS STATEMENT

At the close of business on 1st November 1995 the Group had outstanding secured bank loans and overdrafts of £1,742,545, secured other loans of £246,574 and finance lease obligations of £73,594. The Group also had cash in the bank of £93,683.

Save as aforesaid and apart from intra-group liabilities and obligations, neither the Company nor any of its subsidiaries had outstanding at the close of business on that date any other outstanding loan capital issued (including term loans) or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances (other than normal trade bills), or acceptance credits, hire purchase commitments, finance lease obligations, mortgages, charges, guarantees or other contingent liabilities.

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## PART V INDEPENDENT VALUATION OF LLYNDIR HALL HOTEL

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**Weatherall**  
Green & Smith

The Directors  
The Celebrated Group plc  
12 Kingfisher Court  
Farnham Road  
Slough  
Berkshire SL2 1JF

22 Chancery Lane  
London WC2A 1LT

The Directors  
Nabarro Wells & Co. Ltd.  
162 Queen Victoria Street  
London EC4V 4BS

24th November 1995

Dear Sirs

### **Llyndir Hall Hotel, Rossett, Clwyd**

In accordance with your instructions, we have inspected the above freehold property, in order to advise you as to our opinion of its open market value for the existing use as a fully operational hotel, for company purposes in connection with the admission to the Alternative Investment Market. The date of valuation is as at the date of this report.

### **The Property**

The property, a former Victorian residence, comprises a three star hotel providing 38 bedrooms, each with en suite bathroom. The public accommodation includes a restaurant, lounge bar, drawing room, conference/meeting rooms and a leisure club with indoor heated swimming pool and separate bar. In addition, there is a separate detached management/business centre which provides purpose built conference and meeting space. The hotel stands in grounds of approximately 3 acres (1.21 hectares).

Planning permission was granted on 15 May 1995 to provide an extension with 11 additional bedrooms, a fitness centre and lounge, together with provision for additional car parking.

The hotel was originally a Victorian residence, which was converted to a hotel and was extended, by the current owners, in 1990/1. The original house is brick built, predominantly on two storeys over cellar, beneath a pitched and hipped slate covered roof. The modern extension is constructed on two storeys built of brick beneath a pitched slate covered roof.

The hotel is situated on the north west outskirts of the village of Rossett, about seven miles to the south of Chester and five miles to the north of Wrexham.

The property is held freehold.

### **Basis of Valuation**

This certificate and valuation has been prepared in accordance with the current edition of the Statements of Asset Valuation Practice and Guidance Notes issued by the Royal Institution of Chartered Surveyors (The Red Book). The valuers responsible for this instruction are asset valuers as defined in the Red Book.

The property has been valued at the open market value for the existing use. Open market value means the best price at which the sale of an interest in property might reasonably be expected to have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;

- (b) that, prior to the date of the valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation; and
- (d) that no account is taken of any additional bid by a purchaser with a special interest.

The addition of the words "for existing use" to open market value makes it necessary to assume that the property will continue to be used for the same or similar purposes as at present, subject to redevelopment as and when appropriate. It is assumed that any development will be for the purposes of the business subject to obtaining all necessary consents.

The property falls into the category of property which normally changes hands in the open market as a fully operational business unit. Our valuation, therefore, includes all plant, machinery, fixtures, fittings, furniture and moveable items as these are usually included in a sale. Our valuation also assumes that a purchaser would take over existing staff, but not necessarily the senior management, and the benefit of current and future bookings. Our valuation excludes wet and dry stock, which we assume a purchaser will acquire separately at valuation.

We have been provided with copies of the recent trading accounts by The Celebrated Group plc. We assume this information to be accurate. We have also made enquiries of Mr Geoffrey Tucker of The Celebrated Group plc and the hotel's manager regarding the future anticipated level of trading. Our valuation has regard to the future trading potential that is likely to be expected by new management taking over the existing business at the valuation date. In the event of a future change in the trading potential or actual level of trade from that indicated by such information and assumptions the open market value for the existing use could also vary.

The business being conducted at the property is subject to licence and certificate and our valuation has been prepared on the assumption that these licences and certificates will be renewed and can be transferred.

The property was inspected on 23 June 1995.

Your attention is drawn to the document attached at Appendix 1 entitled "Valuation Procedure and Assumptions" which describes work which we have and have not undertaken for the purposes of this instruction. This document forms part of the basis of valuation.

Neither the whole nor any part of this report or any reference thereto may be included in any document, circular or statement without our prior approval of the form and context in which it will appear.

#### **Valuation**

We are of the opinion that the current open market value of the above described freehold property, on the basis set out, is the sum of:

**£2,850,000**

**(Two million eight hundred and fifty thousand pounds)**

Trading at Llyndir Hall, and generally in the hotel sector, has been improving over recent months and market expectation is that this trend will continue. In arriving at our valuation we have reflected current trading levels but we are of the opinion that if the trading levels currently forecast for the year to 31 March 1996 are achieved then the open market value of Llyndir Hall could increase, to a figure greater than the current open market value as set out above.

This report and valuation is provided for the stated purposes and is for the use only of the parties to whom the report is addressed and no responsibility is accepted to any other party.

Yours faithfully

Weatherall Green & Smith

## **APPENDIX 1**

### **Valuation Procedure & Assumptions**

Surveys and enquiries upon which all of our valuations are based are carried out by general practice surveyors making appropriate investigations having regard to the purpose of the valuation. **Our work is on the basis set out below, unless specifically varied by our report:**

#### **1 Condition and pollution hazards**

Unless specifically instructed to carry out a structural survey, test of service installations, site investigation or environmental survey, our valuations assume:

- (i) That no materials have been used in the construction of the buildings which are deleterious, hazardous or likely to give rise to structural defects.
- (ii) That all relevant statutory requirements have been complied with.
- (iii) That the site is physically capable of development or redevelopment, when appropriate, and that no special or unusual costs will be incurred in providing foundations and infrastructure.
- (iv) That the property is not adversely affected by any form of pollution.

We do however reflect the general condition of the premises evident from our inspection and any defects of which we are made aware as summarised in our report.

#### **2 Tenure and tenancies**

We rely upon information supplied as to the property, tenure, tenancies, permitted uses and related matters. We assume such information to be accurate, up-to-date and complete. We assume that your solicitors are able to confirm the accuracy of these details as set out in our report, and that the interest being valued is in all respects good and marketable. We would welcome the opportunity to consider your solicitor's report on title and to advise whether or not this affects our valuation.

We do not examine the title documents and, therefore, assume that apart from any matters mentioned in our report, the interest is not subject to any onerous restrictions, to the payment of any unusual outgoings or to any charges, easements or rights of way. We assume that any outstanding requirements of repairing covenants will be met.

#### **3 Planning and highway enquiries**

We make only oral enquiries of the local planning and highway authorities and the information obtained is assumed to be correct. No formal searches are instigated. Except where stated to the contrary, we are informed that there are no local authority planning or highway proposals that might involve the use of compulsory purchase powers or otherwise directly affect the property.

#### **4 Development properties**

For properties in course of development, we reflect the stage reached in construction and the costs already incurred and those remaining to be spent at the date of valuation. We have regard to the contractual liabilities of the parties involved in the development and any cost estimates which have been prepared by the professional advisers to the project.

For recently completed developments we take no account of any retentions, nor do we make allowance for any outstanding development costs, fees, or other expenditure for which there may be a liability.

#### **5 Valuation date**

Property values may change substantially over a relatively short period. If you wish to dispose of this property or part thereof, or to accept a charge over it as security for a loan after the valuation date, we strongly advise a further consultation with us.

#### **6 Costs of realisation**

No allowance is made in our valuations for the costs of realisation, any liability for tax which might arise in the event of disposal or for any mortgage or similar financial encumbrance over the property. Our valuations exclude VAT.

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## PART VI ADDITIONAL INFORMATION

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### 1. Responsibility

- (i) This document includes particulars given in compliance with the Public Offers of Securities Regulations 1995 and the AIM Rules governing admission of securities to trading on AIM for the purpose of giving information with regard to the Celebrated Group and the Placing. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. All of the Directors and the Company accept responsibility for this document accordingly.
- (ii) Robson Rhodes, the Company's registered auditors whose address is set out on page 4 of this document, accept responsibility for their report reproduced in Part II and their letter reproduced in Part III of this document.
- (iii) Weatherall Green & Smith of 22 Chancery Lane, London WC2A 1LT, accept responsibility for their valuation report reproduced in Part V of this document.

### 2. Incorporation and Registration

- (i) The Company was incorporated and registered in England and Wales on 20th September 1988 under the Companies Act 1985 as a private company limited by shares with the name Tophaven Limited and with registered number 2297958. On 15th November 1988 the name of the Company was changed to Elegant Leisure Limited. On 15th April 1994 the name of the Company was changed to The Celebrated Group Limited.
- (ii) On 9th October 1995, the Company was re-registered as a public limited company and changed its name to The Celebrated Group plc.

### 3. Share Capital

- (i) Immediately prior to the resolutions referred to in paragraphs (ii) and (iv) below taking effect, the authorised share capital of the Company was divided into 7,000,000 ordinary shares of 25p each, 1,815,784 'A' ordinary shares of 25p each and 380,064 preference shares of £1 each, of which 4,921,820 ordinary shares of 25p each, 1,815,784 'A' ordinary shares of 25p each and 380,064 preference shares of £1 each were in issue.
- (ii) At extraordinary general meetings of the Company held on 4th October 1995 and 22nd November 1995 and conditionally on Admission resolutions were passed:
  - (a) increasing the authorised share capital of the Company to £5,380,064 by the creation of 11,184,216 new ordinary shares of 25p each ranking pari passu in all respects with the existing 7,000,000 ordinary shares of 25p each;
  - (b) authorising the Directors generally and unconditionally pursuant to Section 80 of the Act to exercise all powers of the Company to allot relevant securities (as defined for the purposes of that Section) up to an aggregate nominal amount of £2,200,000 (including the £1,250,000 to be allotted in the Placing, assuming full subscription); such authority to expire at the conclusion of the next Annual General Meeting of the Company save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority had not expired; all previous authorisations under Section 80 of the Act ceasing to have any effect;
  - (c) cancelling from the authorised capital the 380,064 preference shares of £1 each which were then in issue, with effect from their redemption (as described in (iii) below);
  - (d) empowering the Directors to allot equity securities (as defined for the purposes of Section 95 of the Act) for cash pursuant to the authority conferred by the resolution described in (b) above as if sub-section 89(1) of the Act did not apply to any such allotment provided that this power is limited:
    - (1) to the allotment of equity securities in connection with a rights issue, open offer or otherwise in favour of ordinary shareholders in proportion (as nearly as possible) to the

number of Shares held by them and the Directors may deal as they see fit with fractional entitlements or with legal or practical problems arising in any overseas territory or with the requirements of any regulatory body or stock exchange; and

- (2) to the allotment (otherwise than pursuant to (1) above) of equity securities up to a total nominal amount of £1,300,000 (including the £1,250,000 to be allotted in the Placing, assuming full subscription);

and this power shall expire at the conclusion of the next Annual General Meeting of the Company save that the Company may make an offer or enter into an agreement before the expiry of that date which would or might require equity securities to be allotted after that date and the Directors may allot equity securities in pursuance of such an offer as if the power had not expired.

- (iii) Pursuant to the terms of the 3i Agreement and conditional on Admission, all of the preference shares will be redeemed and the 'A' ordinary shares will automatically convert into fully paid ordinary shares of 25p each and will rank *pari passu* in all respects with the existing ordinary shares of 25p each.
- (iv) At an extraordinary general meeting of the Company held on 10th November 1995 and conditionally on Admission, the resolutions summarised in paragraph 3(ii) above taking effect and conversion of the 'A' ordinary shares having taken place resolutions were passed:
  - (a) consolidating the 20,000,000 ordinary shares of 25p each in the authorised capital of the Company into 10,000,000 ordinary shares of 50p each; and
  - (b) sub-dividing the resulting 10,000,000 ordinary shares of 50p each into 50,000,000 ordinary shares of 10p each.
- (v) Immediately following Admission, the authorised share capital of the Company will therefore be £5,000,000 divided into 50,000,000 Shares, 29,344,010 of which (assuming full subscription) will be issued fully paid or credited as fully paid.
- (vi) Save as disclosed herein, within the twelve months preceding the date of this document no share or loan capital of the Company has been allotted or issued (whether fully or partly paid up or whether for cash or otherwise) and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of such capital.
- (vii) Save as disclosed in paragraphs 4 and 7 below, no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

#### 4. Share Option Scheme

- (i) The Company has established, conditionally on Admission, The Celebrated Group Share Option Scheme (1995) ("the Scheme"). Set out below is a summary of the principal terms of the Scheme:
  - (a) Eligibility

All full-time executive Directors and employees of the Group who are required to devote substantially the whole of their time to the business of the Group (and are respectively required to work at least 25 or 20 hours per week), and who are not within two years of their contractual retirement age, may be eligible to participate in the Scheme.
  - (b) Grant of options

The number of Shares issued on the exercise of options is limited to 10 per cent. of the Shares from time to time in issue. Options to acquire Shares may be granted within 84 days following adoption of the Scheme and thereafter within 42 days following the announcement by the Company of its interim and annual results. An option will be personal to the option holder and (save as specifically provided by the Scheme) may not be transferred, assigned or charged by him.
  - (c) Individual participation

No option may be granted to an individual if it would cause the aggregate market value at the date of grant of such option of Shares subscribed or to be subscribed, on the exercise of options granted over a ten year period under the Scheme and all other share option schemes adopted by the Company, to exceed the greater of £100,000 or four times his annual earnings.

(d) Subscription Price

The price per Share payable upon the exercise of the options will not be less than the higher of:

- (1) the average of the middle-market quotations for a Share as derived from the Daily Official List of the London Stock Exchange on the three dealing days immediately before the day on which such option is granted; and
- (2) the nominal value of a Share.

(e) Exercise of options

An option will normally be exercisable between three and ten years following its grant. The exercise of options will be subject at the discretion of the remuneration committee to some or all of the following performance criteria and to that extent will not be permitted unless:

- (1) the profit on ordinary activities of the Company before taxation during the period the option remains unexercised has increased by 10 per cent. per annum or twice the increase in the Retail Prices Index during the same period; and
- (2) the earnings per Share over the same period has increased by 10 per cent. per annum.

Options will normally lapse within 12 months of cessation of employment. Exercise is also permitted in the event of a take-over, winding-up or amalgamation of the Company.

(f) Rights attaching to Shares

All Shares allotted under the Scheme will rank *pari passu* with all other Shares of the Company for the time being in issue and application will be made to the London Stock Exchange for such Shares to be admitted to trading on AIM.

(g) Variation of Capital

In the event of any variation of share capital, the Directors may make such adjustments as they consider appropriate to the total number of Shares subject to options, the price payable on exercise of options and the method of satisfying the performance criteria.

(h) Alterations to the Scheme

The Directors may at any time amend the Scheme in any respect, provided that the prior approval of the holders of more than 75 per cent. of the Shares under option consent to it, if it is to the disadvantage of the participants, and, in certain circumstances, the approval of the Company in general meeting must also be obtained.

(i) The Scheme will be administered under the direction of the Remuneration Committee.

(j) No options have yet been granted under the Scheme.

- (ii) The Directors propose that after Admission and subject to the approval of the Remuneration Committee, the following options be granted to Directors under the Scheme at an exercise price of 18p per Share:

Option holder	Shares subject to option
P. G. K. Tucker	600,000
D. J Marks	187,500
P. R. Moody	162,500

In addition, on the same basis, options over a further 500,000 Shares are proposed to be granted to senior executives.

## 5. Memorandum and Articles of Association

- (i) The principal objects of the Company are to carry on business as proprietors and managers of, *inter alia*, hotels and restaurants and are set out in full in Clause 4 of the Memorandum of Association of the Company, as adopted on Admission, which is available for inspection in accordance with paragraph 15 below.

- (ii) The Articles of Association of the Company as adopted on Admission, which are available for inspection in accordance with paragraph 15 below, contain provisions, *inter alia*, to the effect described below. For the purposes of this paragraph, the "Acts" means the Act and The Companies Act 1989.

(a) Voting Rights

At general meetings of the Company, on a show of hands, every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share held by him. On a poll votes may be given either personally or by proxy.

(b) Alteration of Capital

- (i) The Company may from time to time by ordinary resolution:

- (a) increase its capital as the resolution shall prescribe;
- (b) consolidate and divide all or any of its shares into shares of larger amount;
- (c) sub-divide all or any of its shares into shares of smaller amount and attach varying rights to the shares resulting from such sub-division; and
- (d) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

- (ii) The Company may by special resolution reduce its share capital, any capital redemption reserve fund and any share premium account subject to the provisions of the Acts.

(c) Variation of Rights

All or any of the special rights for the time being attached to any class of shares for the time being issued may be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders (but not otherwise). At every such separate general meeting the necessary quorum shall be not less than two persons holding or representing by proxy not less than one third in nominal amount of the issued shares of the class or, at any adjourned meeting of such holders, one holder who is present in person or by proxy, whatever the amount of his holding, shall be deemed to constitute a meeting.

(d) Purchase of Own Shares

Subject to the provisions of the Acts and to the sanction by an extraordinary resolution passed at a separate class meeting of the holders of any convertible shares, the Company may purchase any of its own shares of any class (including redeemable shares) at any price.

(e) Transfer of Shares

Any member may transfer all or any of his shares. Save where any rules or regulations made under the Acts permit otherwise, the instrument of transfer of a share shall be in any usual form or in any other form which the Board may approve and shall be executed by or on behalf of the transferor and (in the case of a share which is not fully paid) by the transferee. The Board may in its absolute discretion and without giving any reason decline to register any transfer of shares which are not fully paid or on which the Company has a lien.

(f) Dividends and other distributions

The Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends if it appears that they are justified by the financial position of the Company.

All dividends shall be apportioned and paid pro rata to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid.



Any dividend unclaimed after a period of twelve years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

The Board may, if authorised by an ordinary resolution of the Company, offer members the right to elect to receive shares credited as fully paid in whole or in part, instead of cash, in respect of the dividend specified by the ordinary resolution.

The Company may cease to send any cheque or dividend warrant through the post if such instruments have been returned undelivered or remain uncashed. The Company shall recommence sending cheques or dividend warrants if the member claims the dividend or cashes a dividend warrant or cheque.

In a winding-up, the liquidator may, with the sanction of an extraordinary resolution and subject to the Insolvency Act 1986, divide among the members in specie the whole or any part of the assets of the Company and/or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator determines.

(g) Restrictions on Shares

If a member or any person appearing to be interested in shares in the Company has been duly served with a notice under Section 212 of the Act and is in default in supplying to the Company the information thereby required within a prescribed period after the service of such notice the Board may serve on such member or on any such person a notice ("a Default Notice") in respect of the shares in relation to which the default occurred ("default shares") directing that a member shall not be entitled to vote at any general meeting or class meeting of the Company. Where default shares represent at least 0.25 per cent of the class of shares concerned the Default Notice may in addition direct that any dividend (including shares issued in lieu of a dividend) which would otherwise be payable on such shares shall be retained by the Company and no transfer of any of the shares held by the member shall be registered unless it is a transfer on sale to a bona fide unconnected third party, or by the acceptance of a take-over offer or through a sale through a recognised investment exchange as defined in the Financial Services Act 1986. The prescribed period referred to above means 14 days from the date of service of the notice under Section 212 where the default shares represent at least 0.25 per cent of the class of shares concerned and 28 days in all other cases.

(h) Directors

- (i) At every annual general meeting of the Company as near as possible (but not exceeding) one third of the Directors for the time being shall retire by rotation and be eligible for re-election. The Directors to retire will be those who have been longest in office or, in the case of those who became or who are re-elected Directors on the same day, shall, unless they otherwise agree, be determined by lot.
- (ii) Save as provided in paragraph (iii) below, a Director shall not vote (nor be counted in the quorum) on any resolution of the Directors in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest. The Company may by ordinary resolution suspend or relax such provisions to any extent or ratify any transaction not duly authorised by reason of a contravention of such provisions.
- (iii) The prohibition in paragraph (ii) above shall not apply to a Director in relation to any of the following matters, namely: (i) the giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him for the benefit of the Company or any of its subsidiaries; (ii) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which he has assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by giving of security; (iii) the underwriting or sub-underwriting of any shares, debentures or other securities of the Company or any of its subsidiaries by him; (iv) any proposal concerning any other company in which he is interested directly or indirectly (not being a company in which he is beneficially interested in one per cent or more of the equity share capital or voting rights); (v) any proposal concerning a retirement benefits scheme or employees' share scheme under which he may benefit and which has

been approved by or is conditional upon approval by the Board of Inland Revenue for taxation purposes; (vi) any resolution relating to a contract or arrangement for the benefit of employees of the Company or any of its subsidiaries and which does not provide in respect of any Director as such any privilege or advantage not accorded to the employees to whom the contract or arrangement relates; and (vii) any proposal concerning the purchase and/or maintenance of any Directors' liability insurance policy under which he may benefit.

- (iv) The ordinary remuneration of the Directors who do not hold executive office for their services (excluding amounts payable under any other provision of the Articles) shall not exceed in aggregate £50,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine. Subject thereto, each such Director shall be paid a fee (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the Board. The Directors shall be entitled to all such reasonable expenses as they may properly incur in attending meetings of the Board or in the discharge of their duties as Directors. Any Director who by request of the Board performs special services may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine. The Directors may pay pensions and other benefits to, *inter alia*, present and past employees and Directors and may set up and maintain schemes for the purpose.
  - (v) The provisions of Section 293 of the Act relating to the mandatory retirement of Directors at age 70 do not apply to the Company.
  - (vi) Unless otherwise determined by ordinary resolution of the Company, the number of Directors shall not be less than two. There is no maximum number of Directors. A Director shall not be required to hold any shares of the Company by way of qualification.
- (i) **Borrowing Powers**

The Directors may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure (so far as regards subsidiaries as by such exercise they can secure) that the aggregate principal amount (including any premium payable on final payment) for the time being outstanding of all monies borrowed by the Company and its subsidiaries and for the time being owing to third parties shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to three times the Share Capital and Consolidated Reserves (as defined in the Articles of Association).

## **6. Taxation considerations for investors**

The following information is based on law and practice currently in force or applied in the UK and is subject to change in the relevant legislation, its application and its practice. It is intended only as a general guide and is not intended to, nor should it be considered to, constitute legal or tax advice. The information relates only to the position of persons who are the absolute beneficial owners of shares and may not apply to certain classes of persons such as dealers. In considering their tax position, potential investors should consult their professional advisers.

- (i) The Inland Revenue has confirmed that securities dealt in on the AIM will not fall to be treated as quoted or listed for tax purposes. They may, therefore, qualify for various tax reliefs available in respect of securities in unquoted or unlisted companies. Two of these reliefs are summarised below.

Capital gains tax reinvestment roll-over relief:

Under Sections 164A to 164N of the Taxation of Chargeable Gains Act 1992, investment by an individual and certain trustees in shares in a qualifying trading company qualifies for roll-over relief for capital gains tax. This applies to the disposal of any asset on or after 30th November, 1993 to the

extent that the chargeable gain realised upon such disposal is reinvested in qualifying ordinary shares during the period beginning twelve months before the disposal and ending three years after it. Thus an investor who has incurred a chargeable gain in another investment may be able to defer any liability if he or she invests in qualifying shares until such time as he or she disposes of the qualifying shares, at which point the liability will crystallise and tax may then be payable.

At the time of preparation of this prospectus, it is believed that the Company satisfies those provisions of the Taxation of Chargeable Gains Act which determine whether a company and its activities will be of a qualifying nature for the purposes of reinvestment relief. These conditions include prohibition on the Company (or its subsidiaries) carrying on certain non qualifying trades or activities. Investors should be aware that in the event that the Company breaches any of numerous conditions within three years of their investment having been made, any reinvestment relief granted will be withdrawn. The Company cannot undertake to conduct its activities in a way designed to preserve any reinvestment relief claimed by investors. However, a subsequent quotation or listing of the Company will not, under current UK tax law, cause the deferred chargeable gain to crystallise.

#### Income tax relief on losses:

Under Sections 573 and 575 of the Income and Corporation Taxes Act 1988, relief is available, *inter alia*, where individuals and certain investment companies subscribing for shares in a qualifying trading company incur an allowable loss (for capital gains tax purposes or for the purposes of corporation tax on chargeable gains) on the disposal of the shares in any tax year. Instead of seeking to offset the loss against his or her capital gains tax liability, he or she may make a claim (within two years of that tax year) for income tax relief on an amount of his or her income equal to the loss or in computing corporation tax in the case of a company. Thus an individual with no capital gains tax liability in this fiscal year may instead reduce his or her liability to income tax by an amount equal to the loss incurred times the marginal rate applicable.

Although the availability of such reliefs cannot be assured, the Company will use reasonable endeavours to supply any information required by the Inland Revenue to enable the Inland Revenue to determine whether the reliefs are available.

#### (ii) United Kingdom taxation of dividends

The following summary assumes that the Company will not elect to pay dividends as foreign income dividends, the tax treatment of which is different from that outlined below. The Company has no present intention of paying foreign income dividends.

Under current United Kingdom taxation legislation, no tax will be withheld at source from dividend payments by the Company. However, when paying a dividend to shareholders, the Company will normally have to account to the Inland Revenue for an amount of advance corporation tax ("ACT"). For the financial year ending on 31st March 1996, the rate of ACT is 25 per cent of the dividend paid, which corresponds to 20 per cent of the grossed-up dividend (i.e. the sum of the dividend and the ACT payable in respect of it).

For individual shareholders resident in the United Kingdom for tax purposes, an amount equal to 20 per cent of the grossed-up dividend is available as a lower rate tax credit which individual shareholders who are so resident may set off against their total income tax liability on the amount of grossed up dividends received. Only higher rate tax payers will be required to pay any further income tax on dividends received.

Corporate shareholders resident in the United Kingdom for tax purposes will not be liable to United Kingdom corporation tax on any dividend received from the Company and will be able to treat any dividend so received and the related tax credits as franked investment income.

Whether the holders of shares in the Company who are resident in countries other than the United Kingdom are entitled to repayment from the Inland Revenue or the Company of a proportion of the tax credit in respect of dividends on such shares depends in general upon the provisions of any double tax treaty which exists between such countries and the United Kingdom. Persons who are not resident in the United Kingdom should consult their own tax advisers on the possible application of such provisions and what relief or credit may be claimed in the jurisdiction in which they are resident.

(iii) Stamp duty and stamp duty reserve tax

The transfer or sale of Placing Shares both before and after the issue of definitive certificates will be liable to *ad valorem* stamp duty or (if an unconditional agreement to transfer such shares is not completed by a duly stamped transfer within two months of the date of that unconditional agreement) stamp duty reserve tax, generally, in each case, at the rate of 50p per every £100 (or part of £100) of the consideration paid.

Liability to pay any stamp duty or stamp duty reserve tax is that of the transferee or purchaser.

(iv) Capital gains tax on disposal

In the event that a person who is either UK resident or ordinarily resident in the UK realises chargeable gains by disposing of Shares, it is expected that normal capital gains tax rules will apply. This will be the case whether the Shares remain on AIM or are admitted to another stock market.

7. Directors' and other interests

- (i) The interests of the Directors and their immediate families (including persons connected with the Directors within the meaning of Section 346 of the Companies Act 1985 ("the Act")) in the share capital of the Company as recorded on the register maintained under the provisions of section 325 of the Act are, and will be immediately following the Placing, as follows:

Director	Shares held before the Placing	Shares held immediately following the Placing	Existing Options
J. G. Bellak	-	100,000	-
P. G. K. Tucker	9,630,250	10,030,250	-
N. J. Mitchell	705,500	760,500	-
D. J. Marks	250,000	525,000	500,000
P. R. Moody	-	55,000	187,500
R. W. Littledale	-	-	-

- (a) The options to subscribe for Shares granted to David Marks were granted by Deed dated 28th January 1995 and may be exercised between 5th January 1996 and 4th January 1999. These options are exercisable at 14p per Share until 4th January 1997 and 16p per Share thereafter. The options to subscribe for Shares granted to Pat Moody were granted by Deed dated 1st September 1995 and may be exercised at any time before 31st December 2000. These options are exercisable at 16p per Share.

- (b) A further 600,000 Shares are the subject of options in favour of management exercisable up to 31st December 2000, as to 150,000 Shares at 10p per Share and as to the balance at 16p per Share.

- (c) Reference elsewhere in this document to a number of Shares in issue does not take account of the possible exercise, as and when permitted, of any of the options referred to above.

- (ii) Assuming that the conversion and redemption referred to in paragraph 3(iii) above has occurred, the following persons will hold more than 3 per cent. of the issued share capital of the Company immediately following the Placing assuming full subscription:

	No of Shares	Per cent. of issued share capital
P. G. K. Tucker	10,030,250	34.2
3i Group plc	3,054,610	10.4
3i plc	1,484,850	5.1
R. A. Mercer	1,223,800	4.2

- (iii) Save as described above, the Directors are not aware of any person who, immediately following the Placing, will be interested directly or indirectly (within the meaning of Part VI of the Act) in 3 per cent or more of the issued share capital of the Company or could, directly or indirectly, jointly or severally, exercise control over the Company.
- (iv) Save as disclosed herein, none of the Directors has any direct or indirect interest in any assets which have been acquired or disposed of by or leased to the Company or its subsidiaries, or which it is proposed to be so acquired, disposed of or leased.
- (v) There are no outstanding loans granted by the Company to any Director nor has any guarantee been provided by the Company for the benefit of any Director.
- (vi) Save as disclosed herein, none of the Directors has any direct or indirect interest in any contract or arrangement subsisting at the date hereof which is significant to the business of the Company.
- (vii) Each of the Directors of the Company who own Shares has covenanted with the Company and Nabarro Wells not to dispose of any Shares held by him for a period of one year from the date of Admission except in certain limited circumstances.
- (viii) The Directors hold, or have held, the following directorships over the previous five years:-

John Bellak

Former:

Biffa Holdings Limited  
 British Water International Limited  
 ProShare Limited  
 Queen Anne's Gate Asset Management Limited  
 Reclamation and Disposal Limited  
 Severn Trent (U.S.) Incorporated  
 Severn Trent Corporate Services Limited  
 Severn Trent Enterprises Limited  
 Severn Trent Industries Limited  
 Severn Trent Plc  
 Severn Trent Property Limited  
 Severn Trent Systems Limited  
 Severn Trent Water Limited  
 Severn Trent Water Services Limited  
 Sutcliffe Speakman plc  
 UPF Holdings PLC  
 The Water Association of England and Wales Limited  
 Water Training International Limited  
 White Cross Limited  
 WPF Holdings Limited

Current:

Abtrust High Income Trust plc  
 Ascot Holdings Plc  
 Tittensor Consultants Limited  
 Consolidated Coal PLC

Geoffrey Tucker

Former:

None

Current:

The Celebrated Group plc  
 Celebrated Hotels Limited  
 Celebrated Restaurants Limited  
 Elegant Hotels Limited  
 The Rolling Rock Cafe Limited  
 St. Helens Hotels Limited  
 Starvin' Marvin's Limited  
 B-Line Diners (UK) Limited  
 West Coast Diners Limited  
 Diner Group Holdings Limited  
 Pageantry Designs & Interiors Limited

David Marks	
Former:	None
Current:	The Celebrated Group plc Celebrated Hotels Limited Celebrated Restaurants Limited Elegant Hotels Limited The Rolling Rock Cafe Limited Starvin' Marvin's Limited B-Line Diners (UK) Limited West Coast Diners Limited Diner Group Holdings Limited 195 Randolph Avenue Residents Association Limited
Pat Moody	
Former:	None
Current:	The Celebrated Group plc Celebrated Hotels Limited Celebrated Restaurants Limited Elegant Hotels Limited The Rolling Rock Cafe Limited Starvin' Marvin's Limited B-Line Diners (UK) Limited West Coast Diners Limited Diner Group Holdings Limited
Nicholas Mitchell	
Former:	NJM Consultancy Limited Longtail Properties Limited Account Direction Limited
Current:	The Celebrated Group plc Celebrated Hotels Limited Elegant Hotels Limited Easysoft UK Limited
Robert Littledale	
Former:	Middle Aston House Limited Marketing Solutions Limited Promould Limited Gillman & Soame Limited M G Scaffolding Limited
Current:	The Celebrated Group plc Langcet Group Limited Langcet Limited Kingsley Financial Services Limited Kromachem Holdings Limited Blue Gem (Sunglasses) Limited Hamble Yacht Services Limited Mel-Tec Limited Solar Designs Jewellery (UK) Limited

- (ix) None of the Directors has any unspent convictions, has ever been declared bankrupt or been the subject of any public criticism by a statutory or regulatory authority and there have been no receiverships or liquidations of companies of which the Directors were directors at the time of, or within twelve months preceding, such receiverships or liquidations.

## 8. Directors' remuneration and service contracts

- (i) The executive Directors have each entered into a Service Agreement with the Company dated 24th November 1995, details of which are set out below.

Director	Annual Salary
P. G. K. Tucker	£70,000
D. J. Marks	£52,000
P. R. Moody	£35,000

The Service Agreements are effective from 1st September 1995. Geoffrey Tucker's Service Agreement is terminable on two years' notice while those of David Marks and Pat Moody are for an initial period of 12 months terminable then or thereafter on six months' notice. Salaries are to be reviewed by the Remuneration Committee of the Board. All of the executive Directors are entitled to a company car. All of the executive Directors are entitled to a contribution to a personal pension scheme, medical insurance, life insurance and, at the discretion of the Remuneration Committee, an annual performance related bonus.

- (ii) Save as disclosed above, there are no existing Service Agreements between any Director and any member of the Group which do not expire or cannot be terminated without payment of compensation (other than statutory compensation) within one year and no such contracts are proposed.
- (iii) The aggregate remuneration and bonuses paid, pension fund contributions made and benefits in kind granted to the Directors during the year ended March 1995 was £86,553. The aggregate amount payable to the Directors under the arrangements in force at the date of this document (including in each case pension fund contributions and benefits in kind) is estimated to amount to £193,218 for the current financial year.

## 9. Subsidiaries

The Company has the following UK trading subsidiaries each of which is incorporated in England and Wales and has the same registered office as the Company:

Subsidiary	Per cent. of Issued Share Capital owned by the Company
The Rolling Rock Cafe Limited	100
Celebrated Restaurants Limited	100
Celebrated Hotels Limited	100
Starvin' Marvin's Limited	100
Elegant Hotels Limited	100

The principal business activity of each of The Rolling Rock Cafe Limited, Starvin' Marvin's Limited and Celebrated Restaurants Limited is that of operating restaurants, the principal business activity of Celebrated Hotels Limited is that of hotel management services and the principal business of Elegant Hotels Limited is that of operating a luxury hotel.

## 10. The Premises

Property	Tenure	Lease details
35 Market Place Henley-on-Thames Oxfordshire	Freehold	N/A.
9 Stert Street Abingdon Oxfordshire	Conditional agreement for lease	21 years from the date of the lease, basic rent £32,000, £33,000 and £35,000, each for 1 year, reviewable 1998 and every three years thereafter
78 Deansgate Manchester	Leasehold (underlease)	25 years from 24th June 1986, initial basic rent £29,000 p.a., with five yearly reviews: reviewed as at 24th June 1991 to £48,000

Llyndir Hall Rossett Nr. Wrexham Clwyd	Freehold	N/A.
Site at Telegraph Service Station Lancashire Road Haydock Merseyside	Agreement for lease	25 years from the date of the lease, initial basic rent of £20,000 p.a., reviewable every five years, premium payable on grant of £20,000
Property Trafford Road, Treble Street and Garfield Street Salford Greater Manchester	Tenure Leasehold	Lease details 3 years from 15th March 1993 *, Basic rent £7,500 p.a.
14 London End Old Beaconsfield Buckinghamshire	Leasehold	15 years from 29th September 1993, initial basic rent £30,000 p.a., reviewable 29th September 1996 and every third year thereafter
12 Kingfisher Court Farnham Road Slough Berkshire	Leasehold	3 years from 6th October 1995, initial basic rent £19,950 p.a.

\*Terms for the renewal of the existing lease have been agreed in principle with officials of the local authority landlord, subject to renewal of the existing planning permission and the formal approval of the relevant committee of the landlord.

## 11. Material Contracts

The following contracts, not being contracts in the ordinary course of business, have been entered into by the Group within the two years immediately preceding the date of this document or otherwise and are, or may be, material:

- (i) The Placing Agreement dated 24th November 1995 between the Company, Nabarro Wells, Mr Tucker and Mr Marks ("the Warrantors") whereby Nabarro Wells conditionally agreed to use reasonable endeavours to procure subscribers for 11,615,000 of the Placing Shares being the amount of the Placing Shares less 885,000 Shares for which the Company has received the irrevocable undertakings to subscribe referred to in paragraph (ii) below. The Placing has not been underwritten. Under the terms of the agreement the Company and the Warrantors gave certain warranties to Nabarro Wells for itself and as trustee for placees procured by Nabarro Wells for Placing Shares. Nabarro Wells may terminate the Placing Agreement, if, *inter alia*, the Company or the Warrantors are in breach of their respective warranties and obligations or in the event of force majeure. Under the agreement the Company agreed to pay Nabarro Wells on Admission a fee of £50,000 (£10,000 of which has already been paid) and the reasonable expenses of Nabarro Wells, such fee to be subject to reduction if Admission does not take place as a result of the circumstances described in the agreement. The Company also agreed to pay to Nabarro Wells a placing commission of 3 per cent. on the aggregate value at the placing price of the Placing Shares placed by Nabarro Wells, such commission to be paid by Nabarro Wells to the persons entitled thereto. The Placing Agreement is conditional, *inter alia*, on Admission occurring on or before 5th December 1995 or such later date (not later than 19th December 1995) as the Company and Nabarro Wells may agree.
- (ii) Undertaking by each of John Bellak, Geoffrey Tucker, Nick Mitchell, David Marks and Pat Moody dated 24th November 1995 to subscribe between them for up to 885,000 of the Placing Shares at 18p per Share and that they will not, save in certain limited circumstances, within a period of one year from Admission dispose of or otherwise seek to deal in any Shares currently held by them.



- (iii) The 3i Agreement dated 23rd November 1995 whereby 3i accepted the variation of the class rights attached to the £1 preference shares and 25p 'A' ordinary shares held by them and, conditional upon Admission and the 3i Agreement becoming unconditional, agreed (a) to the abrogation of previous share subscription agreements; (b) the redemption of the preference shares at par (together with payment of any accruing dividends); and (c) the conversion of the 'A' ordinary shares into ordinary shares of 25p each (together with payment of any accruing dividends).
- (iv) Agreement dated 5th August 1994 whereby the Company acquired, *inter alia*, the majority interest in the issued share capital of Starvin' Marvin's Limited, B-Line Diners (UK) Limited and West Coast Diners Limited.
- (v) An agreement dated 3rd June 1994 made between Diner Group Fast-Food Concepts, Inc. ("Diner Group") and the Company whereby in respect of transportable stainless steel diner units and related structures or equipment, Diner Group previously appointed the Company as its exclusive Distributor within the European Union and other countries in Europe and the Far East for a term subsequently extended and currently expiring on 3rd June 1998, subject, in particular, to achieving certain sales targets. The agreement is currently being re-negotiated on a short-term basis to cover the United Kingdom and Germany on an exclusive footing and other European countries on a non-exclusive basis initially, with a further extension of the existing term and exclusivity if such negotiations are successfully concluded and the relevant conditions are met.
- (vi) A Shareholders' Agreement dated 11th April 1991 between Pilkington Properties Limited and the Company (then Elegant Leisure Limited) providing for the participation of the Company as a minority shareholder in St. Helens Hotels Limited ("SHHL") the owner of the Chalon Court Hotel.
- (vii) A Hotel Management Agreement dated 11th April 1991 made between SHHL and Celebrated Hotels Limited (then Town & Country Management Services Limited) ("CHL") whereby CHL was, *inter alia*, appointed sole and exclusive operator and manager of the Chalon Court Hotel for a term of ten years from 1st October 1992 upon the terms that, subject to compliance with the remaining provisions of the agreement, CHL should receive 3 per cent. of the Gross Profits and 10 per cent. of the Gross Operating Profits, as defined, of such undertaking.

## 12. Litigation

To the knowledge of the Directors, there are no legal or arbitration proceedings, active, pending or threatened against, or being brought by, the Company or any member of the Group which are having or may have a significant effect on the Company's financial position.

## 13. Working Capital

The Directors are of the opinion that, having made due and careful enquiry, and after taking into account the proceeds of the Placing, the Celebrated Group has sufficient working capital for its present requirements.

## 14. General

- (i) Nabarro Wells has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name in the form and context in which it appears.
- (ii) Nabarro Wells, which is regulated by The Securities and Futures Authority Limited, has its registered office at 162 Queen Victoria Street, London EC4V 4BS.
- (iii) Robson Rhodes have given and have not withdrawn their consent to the issue of this document with the inclusion of their report and the references to their name in the form and context in which they appear.
- (iv) Weatherall Green & Smith have given and have not withdrawn their consent to the issue of this document with the inclusion of their valuation report and the references to their name in the form and context in which they appear.
- (v) The estimated total costs and expenses payable by the Company in connection with the Placing (including professional fees, brokers' commissions and printing costs) amount to £205,000 (excluding VAT).

(vi) The minimum amount which must be raised by the issue of Shares to provide for the items specified below is £2,250,000 ("the Minimum Subscription") which will be applied as follows:

- (a) purchase price of property: none
- (b) preliminary expenses (payable by the Company): £205,000 (excluding VAT)
- (c) redemption of preference capital of the Company: £380,064
- (d) working capital: £1,665,000

No amounts are to be provided in respect of the matters mentioned in this paragraph otherwise than out of the proceeds of the issue of Shares. No Shares will be allotted and issued unless the Minimum Subscription is achieved.

(vii) The Company's accounting reference date is 31st March in each year.

(viii) Save as disclosed herein there has been no significant change in the financial or trading position of the Company since 26th March 1995.

#### **15. Documents Available for Inspection**

Copies of this document, which are available free of charge, and the following documents may be inspected at the offices of Hobson Audley, 7 Pilgrim Street, London EC4V 6DR during usual business hours on weekdays (except Saturdays and public holidays) for a period of 28 days from the date hereof:

- (i) the Memorandum and Articles of Association of the Company;
- (ii) the rules of the share option scheme referred to in paragraph 4 above;
- (iii) the Directors service agreements referred to in paragraph 8 above;
- (iv) the material contracts referred to in paragraph 11 above; and
- (v) the letters of consent referred to in paragraph 14 above.

Dated 24th November 1995—