

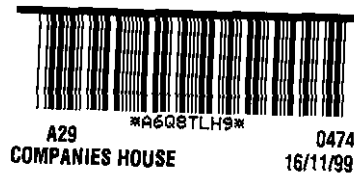
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**THE CELEBRATED GROUP PLC  
RESTAURANT HOUSE LIMITED  
(BOTH IN ADMINISTRATION)**

**Statement of Proposals for each Company  
Pursuant to Section 23 of the Insolvency Act 1986**

**Report and Information in respect of each Company Pursuant  
to Rule 2.16 of the Insolvency Rules 1986**

**OCTOBER 1999**



THE CELEBRATED GROUP PLC  
RESTAURANT HOUSE LIMITED  
(BOTH IN ADMINISTRATION)

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## ABBREVIATIONS

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### ABBREVIATION

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"Celebrated"	The Celebrated Group plc
"RHL"	Restaurant House Limited
"the Act"	The Insolvency Act 1986
"the group"	The Celebrated Group plc and its subsidiary companies
"Barclays"	Barclays Bank plc

## SUMMARY

## 1

- 1.1 The Celebrated Group Plc ("Celebrated") and Restaurant House Limited ("RHL") were placed into administration on 27 August 1999 and Alan Bloom and Andrew Wollaston, partners in Ernst & Young, were appointed Joint Administrators. Celebrated operates restaurants under the concept Starvin' Marvin's and RHL operates and developed restaurants under the concept known as Chili's.
- 1.2 The administration orders were made to achieve one or more of the following purposes:
- a) The survival of the company and the whole or any part of its undertakings as a going concern.
  - b) The approval of a voluntary arrangement under Part 1 of the Insolvency Act 1986.
  - c) The more advantageous realisation of the companies' assets than would be effected on a winding up.
- 1.3 The joint administrators are continuing to trade parts of the business of Celebrated and are continuing to trade the entire operating business of RHL with a view to achieving one or more of the purposes of the administration order.
- 1.4 The administration order was made with the consent of the companies' bankers, Barclays Bank plc ("Barclays"). Barclays hold fixed and floating charges over the assets and undertakings of both companies and the net indebtedness of the companies to Barclays, which amounts to approximately £3.1 million, is supported by cross guarantees and debentures.
- 1.5 At the time of preparing this report, the directors of Celebrated had not sworn a statement of affairs as required under the Insolvency Act 1986. Estimated financial information is included within this report which sets out the estimated balance sheet position of each of Celebrated and RHL at 27 August 1999. The assets and undertakings of each company are being marketed at the time of writing. It is therefore not appropriate to attribute any value to the underlying business and assets. It is important that prospective purchasers are able to form their own view as to the value of the businesses.
- 1.6 The joint administrators have estimated that the combined realisations from the assets of Celebrated and RHL will need to exceed approximately £3.7 million in order for there to be a prospect of a dividend payable to the unsecured creditors of Celebrated. This figure represents the aggregate indebtedness of Celebrated and RHL to Barclays and the preferential creditors of Celebrated.
- 1.7 The joint administrators have estimated that the combined realisations from the assets of Celebrated and RHL will need to exceed approximately £3.8 million in order for there to be a prospect of a dividend payable to the unsecured creditors of RHL. This figure represents the aggregate indebtedness of Celebrated to Barclays and the preferential creditors of RHL.

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SUMMARY

1

- 1.8 The joint administrators have sold Celebrated's restaurant operation at Deansgate, Manchester. The gross proceeds of the sale of the operation amounted to £175,000.
- 1.9 At the time of preparing this report the joint administrators hold indicative offers for substantially all of the remaining assets of Celebrated and RHL. Whilst it remains for interested parties to submit their best and final offers with a view to acquiring the underlying assets and undertakings of the companies, the level of consideration being offered at this stage is not at a level which suggests that there will be any dividend return to unsecured creditors in the fullness of time.
- 1.10 The joint administrators are required to put proposals to creditors. The proposals of the joint administrators, which are set out in Section 5 of this report, are designed to enable the administrators to procure an orderly realisation of the business and assets of the companies and explore any other opportunities for refinancing which may present themselves, both with a view to maximising realisations.
- 1.11 The joint administrators seek the approval of creditors to these proposals. A separate meeting of each of Celebrated and RHL will be held in the morning of Wednesday 3 November 1999 at The Chartered Insurance Institute, 20 Aldermanbury, London, EC2V 7HY to consider the administrators' proposals and to enable the creditors to vote upon the proposals. Full details of these meetings are included within this cover. Creditors may either attend the meeting in person or appoint a proxy to attend on their behalf. The business of the meeting will be solely to consider, and if thought fit approve, the joint administrators' proposals with or without modification and to consider, and if thought fit appoint, a creditors' committee pursuant to Section 26 of the Insolvency Act 1986.

## EVENTS LEADING UP TO THE APPOINTMENT OF THE ADMINISTRATORS

2

### TRADING ACTIVITIES

- 2.1 The Celebrated Group plc ("Celebrated") was incorporated on 20 September 1988 as a private company limited by shares with the name Tophaven Limited. After a number of name changes the company was re-registered as a public limited company whose shares were admitted to trading on the Alternative Investment Market ("AIM") on 9 October 1995 under its current name.
- 2.2 Immediately prior to the administration Celebrated operated a chain of themed restaurants comprising five outlets throughout England, under the concept known as "Starvin' Marvin's". The Starvin' Marvin's name is owned by Starvin' Marvin's Limited a wholly owned subsidiary of Celebrated.
- 2.3 Celebrated has five wholly owned subsidiaries including, most significantly for the groups trading activities, Restaurant House Limited ("RHL").
- 2.4 RHL is a trading subsidiary whose activity immediately prior to administration comprised the trading of four themed restaurants in the south of England under the style "Chili's", and the development of the Chili's chain generally throughout the United Kingdom. Chili's is a concept which is well established in the United States. The concept is owned by Brinker International, Inc. and the activities of RHL in respect of Chili's were being undertaken pursuant to a development and licence agreement between Brinker International, Inc. and RHL.
- 2.5 The ability of RHL to continue to open further Chili's concept restaurants was a crucial component of RHL's, and hence Celebrated's, operating strategy. This would fulfil RHL's obligations to develop the Chili's concept in the UK, and create a chain of restaurants of sufficient "critical mass", generating contribution to central group overheads and ensuring the profitability of Celebrated.
- 2.6 In the recent past the company has also traded two other significant operations, the Llyndir House Hotel (through Celebrated Hotels Limited) and J W Johnsons. These had been disposed of by the date of the administration order.

### FINANCIAL ASPECTS

- 2.7 The audited results of Celebrated, on a consolidated basis for the nine month period ending on 27 December 1998 are set out below. These show an operating loss of £261,000 on turnover of £5.8million (compared to an operating loss of £611,000 on turnover of £7.7million for the year ended 29 March 1998). The group was incurring trading losses because a significant component of its activities, that relating to the roll out of Chili's was a start up operation. The contributions from the relatively small portfolio of existing restaurant sites was not sufficient, without more sites, to cover group overheads and deliver profitable performance.

EVENTS LEADING UP TO THE APPOINTMENT OF THE ADMINISTRATORS

2

**THE CELEBRATED GROUP PLC**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**(INCORPORATING THE RESULTS OF RHL)**

	<i>Operations to be continued</i>	<i>Operations to be discontinued</i>	<i>Discontinued operations</i>	<i>Nine months ended 27.12.98</i>	<i>Year ended 29.3.98</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Turnover	4,277	585	926	5,788	7,726
Operating (loss)/profit	(340)	(51)	130	(261)	(611)
(Loss) on sale of assets and reorganisation costs	(913)	(203)	(514)	(1,630)	(2,035)
(Loss)/profit before interest and tax	(1,253)	(254)	(384)	(1,891)	(2,646)
(Loss) before tax				(2,197)	(2,962)

- 2.8 Whilst undertaking the start up development of the Chili's brand, through RHL, Celebrated had taken a number of steps to assist in securing profitable trading in the future. In 1999 non core assets were sold by Celebrated; Llyndir Hall Hotel and J W Johnsons. The funds generated (amounting to approximately £2.4 million) were used to reduce the group's gearing.
- 2.9 Since March 1999 Celebrated had been pursuing a rights issue in order to re-capitalise losses and provide a platform for recovery and development of operations. The rights issue was to be conditional on further funding to be advanced by one of the major shareholders of Celebrated, Red Hot Concepts Inc. Prior to April 1999, Red Hot Concepts Inc. advanced interim loans totalling £260,000 to RHL to support the trading of RHL and the group's operations generally, whilst the rights issue was being pursued. A further £50,000 was injected in June 1999.
- 2.10 Whilst the rights issue was being progressed the creditor pressure upon Celebrated and RHL continued to intensify owing to operating losses resulting from the level of central overheads and the size of the debt burden compared to the small operating base of the group.
- 2.11 Celebrated retained MacDonald Partnership in May 1999 to review the financial position. A company voluntary arrangement was considered at that time, but this was not pursued as embryonic terms could not be agreed between the companies and certain of its creditors.

EVENTS LEADING UP TO THE APPOINTMENT OF THE ADMINISTRATORS

2

- 2.12 Celebrated retained Ernst & Young in June 1999 to review the affairs of Celebrated and RHL and assist in developing a stabilisation and turnaround strategy. This, if implemented may have avoided a formal insolvency. Components of the turnaround strategy included stabilisation of the financial position of the group, obtaining further loan funding from Red Hot Concepts Inc. to enable subsequent operational and financial restructuring.
- 2.13 By July 1999 Celebrated and RHL were operating under a considerable degree of creditor pressure. They had exceeded previously sanctioned bank facilities under which they were in default. Bank facilities were provided on a group basis. The companies' bankers had informed the companies that it would not extend any further credit beyond the existing limit except on an ad hoc basis. There were arrears in respect of Crown payments, which totalled approximately £341,000 to HM Customs & Excise representing six months of arrears on a group registration, and approximately £266,000 to HM Inspector of Taxes representing four months of arrears across both Celebrated and RHL. In addition winding up petitions had been presented against the company, but have been withdrawn by the creditors to enable the proposed turnaround to progress.
- 2.14 The "overhang" of trade creditors meant that the prospective rights issues was becoming less attractive. Red Hot Concepts, Inc. agreed to inject, at the end of August, a further £495,000 into a loan note, convertible at a deep discount, subject to a number of conditions being met, which would ensure the financial stability of Celebrated and RHL prior to the injection of funds.
- 2.15 By mid August Celebrated had received a winding up petition from a creditor and this petition was not withdrawn. The uncertainty in respect of the bank overdraft funding was presenting the directors with operational difficulties as well as issues relating to trading whilst the company was insolvent. The conditions required to procure further funding from investors to support a rights issue could not be met. In the light of all circumstances Celebrated and RHL, acting by their directors, petitioned the court to grant administration orders in respect of Celebrated and RHL. The administration orders were made on 27 August 1999.



## ADMINISTRATION PERIOD

3

### GENERAL

- 3.1 The joint administrators' actions to date and overall strategy have been to continue to manage Celebrated's and RHL's operations with a view to realising their assets at an appropriate time in order to maximise funds that will be available to creditors in due course.

### STARVIN' MARVIN'S RESTAURANTS

- 3.2 Following a review, under performing Starvin' Marvin's Restaurants were closed in the first week of the administration. These included the restaurants at Haydock, Salford Keys and Liverpool. Whilst the Starvin' Marvin's concept has proved successful at some locations, the locations of these specific units and operational difficulties sustained were a burden on the company. The closure has necessitated the redundancy of 30 staff.
- 3.3 The administrators have completed a sale of Celebrated's interest in the leasehold site of the former Starvin' Marvin's restaurant at Deansgate together with goodwill and other assets for the gross sum of £175,000.
- 3.4 The operation at Perivale is continuing to trade and a full compliment of staff have been retained. The joint administrators hope to sell this operation as a going concern.
- 3.5 Efforts have been made during the period of administration to ensure that supplies to the Perivale and Deansgate restaurants have been made with little or no disruption caused by the administration process. Supplies of goods and services made to the company during the course of the administration, in accordance with instructions given by the joint administrators, will be paid for as an expense of the administration process.

### CHILI'S RESTAURANTS

- 3.6 The trading operations of the Chili's business undertaken by RHL are continuing during the period of administration. The joint administrators hope to sell these operations as a going concern. Efforts have been made during the period of administration to ensure that supplies to these restaurants have been made with little or no disruption caused by the administration process. Supplies made to the company during the course of the administration, in accordance with instructions given by the joint administrators, will be paid for as an expense of the administration process.
- 3.7 The joint administrators have held discussions with Brinker International, Inc. to assist in identifying a purchaser for the RHL business, such a purchaser to be an acceptable party to the franchiser to continue to develop the Chili's concept.

### HEAD OFFICE

- 3.8 Following a review of the head office requirements, three staff were made redundant. Currently three staff remain in the head office function.

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ADMINISTRATION PERIOD

3

- 3.9 The companies bankers are providing facilities to the group to enable trading to continue.
- 3.10 Hobson Audley Hopkins and Wood have been retained as solicitors to provide legal advice on matters arising in the administration.

**THE SALE OF THE BUSINESSES**

- 3.11 The joint administrators are seeking purchasers for the business and assets of Celebrated and also its wholly owned subsidiary company RHL. They have advertised the businesses of both companies in the Financial Times. They have retained Robert Barry as property agents to assist in the marketing of the businesses generally. In addition they have made direct approaches to a number of parties operating, most significantly, in the themed restaurant industry who may be interested in certain parts of the business undertakings and assets of the companies.
- 3.12 The joint administrators will consider all appropriate offers to purchase either the business and assets, or assets, of Celebrated and RHL. Interest may arise from prospective purchasers who wish to acquire segments of the business as a going concern and therefore continue trading restaurants under their existing styles. It is also possible that prospective purchasers may wish to acquire the existing restaurant sites and diner units (operated as Starvin' Marvin's) for use under an alternative brand and location.
- 3.13 At the time of preparing this report there has been considerable interest expressed in the various segments of the group. In the light of this interest, and further potential interest which may arise, the joint administrators set out proposals to creditors of Celebrated and RHL as required under the Insolvency Act 1986 (section 5 below).
- 3.14 The overarching aim of the proposals will be to continue the businesses, so long as it is appropriate to do so, and maximise the return, from the sale of the business and assets, for creditors.
- 3.15 The joint administrators also set out the estimated financial position of each company (in Section 4 below) in order that creditors of each of Celebrated and of RHL are in a position to assess the quantum of proceeds, or monies worth that needs to attributed to the underlying business and assets, in order that dividends may be paid to creditors in the fullness of time. They have refrained from attributing any estimate of value to the underlying business and assets in order that potential purchasers are free to form their own opinion as to the worth of the business.

## STATEMENT OF AFFAIRS AND THE ESTIMATED FINANCIAL POSITION

4

- 4.1 At the date of preparing this report, the directors had not submitted a formal Statement of Affairs in accordance with the Insolvency Act 1986. In order to assist the creditors in assessing the quantum of realisations that need to be achieved in order for each class of creditor to receive a dividend from the realisation of assets, the joint administrators detail below the estimated financial position of both Celebrated and RHL as at 27 August 1999.

### THE CELEBRATED GROUP PLC (IN ADMINISTRATION)

- 4.2 Estimated Statement of Affairs as at 27 August 1999 (Note 4.4)

	Notes	Book Value £000's	Estimated to Realise £ (Note 4.5)
<u>Assets subject to Fixed Charges</u>	(Note 4.6)		
- Leasehold Properties		0	
- Trade Debtors		0	
- Intercompany debtors (including £1,635,182 due from RHL)		1,705	
- Other Debtors		<u>210</u>	
		1,915	
Less : Amounts due to Barclays Bank plc	(Note 4.7)	<u>(3,156)</u>	
		<u>(1,241)</u>	
<u>Other Assets</u>			
Fixtures and Fittings		879	
Less : Amounts due to Lease Creditors		<u>(42)</u>	
Sub Total		837	
- Investments in subsidiary undertakings (substantially all book value attributed to RHL)		- 4,067	
Stocks and inventory		39	
Other Assets		<u>14</u>	
		4,957	
<u>Less : amount due to preferential creditors</u>			
NI/PAYE	(Note 4.8)	(121)	
VAT		<u>(357)</u>	
		4,479	
Less shortfall on book value on fixed charge		<u>(1,241)</u>	
		3,238	
<u>Less : Non Preferential Creditors</u>	(Note 4.9)		
Trade Creditors		(753)	
Employees non preferential claim			
Other unsecured claims - H M Customs & Excise		(114)	
Loans		-	
Amounts due to subsidiary companies		<u>(316)</u>	
Subtotal		2,055	
Shareholders		<u>(7,606)</u>	
Surplus/Deficit		<u>(5,551)</u>	

STATEMENT OF AFFAIRS AND THE ESTIMATED FINANCIAL POSITION

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**RESTAURANT HOUSE LIMITED (IN ADMINISTRATION)**

4.3 Estimated Statement of Affairs as at 27 August 1999 (Note 4.4)

	<i>Revalued amount £000's</i>	<i>Book Value £000's</i>	<i>Estimated to Realise £ (Note 4.5)</i>
<u>Assets subject to Fixed Charges (Note 4.6)</u>			
- Leasehold Properties	6,540	2,404	
- Trade Debtors			
- Rent Deposit		150	
- Other Debtors and Prepayments		<u>492</u>	
		3,046	
Less : Amounts due to Barclays Bank plc (Note 4.7)		<u>(3,156)</u>	
		<u>(110)</u>	
<u>Other Assets</u>			
Intangible Assets		157	
Fixtures and Fittings		751	
Less : Amounts due to Lease Creditors		<u>(220)</u>	
Sub Total		688	
Stocks and inventory		<u>124</u>	
		812	
<u>Less : amounts due to preferential creditors (Note 4.10)</u>			
NI/PAYE		(227)	
VAT		(357)	
Unpaid salaries		<u>(21)</u>	
		207	
Less : shortfall on fixed charges		(110)	
<u>Less : Non Preferential Creditors (Note 4.11)</u>			
Trade Creditors		(1,038)	
Employees non preferential claim			
Other unsecured claims		(114)	
Red Hot Concepts		(310)	
Due to Celebrated Group PLC		<u>(1,635)</u>	
		(3,000)	
Shareholders		<u>(4,800)</u>	
Surplus/Deficit		<u>(7,800)</u>	

STATEMENT OF AFFAIRS AND THE ESTIMATED FINANCIAL POSITION

4

- 4.4 The figures above are set out as at 27 August 1999. The figures have been prepared with the assistance of the director of The Celebrated Group PLC and Restaurant House Limited. The statement of affairs for each company has yet to be sworn and therefore it is possible that the statements of affairs may show different positions.
- 4.5 No estimate has been provided in respect of the realisable values of assets of either company. The assets and undertakings of both Celebrated and RHL are being offered for sale and to attribute value at this stage might prejudice realisations in the fullness of time.
- 4.6 Barclays Bank Plc has fixed and floating charges over the assets and undertakings of both Celebrated and RHL. Whilst the validity of these charges (and the guarantees referred to below) has yet to be confirmed by the joint administrators' legal advisors, it would appear that a substantial portion of the underlying assets of both Celebrated and RHL are secured by the fixed charges in favour of Barclays and these may include the leasehold trading sites and, in respect of Celebrated the intercompany receivable due from RHL.
- 4.7 The amount due to Barclays Bank plc from Celebrated and RHL on 27 August 1999 is approximately £3.156 million. This amount is the net indebtedness of both Celebrated and RHL; the balances at 27 August 1999 were Celebrated, £3.578m overdrawn, and RHL £0.486m in credit. A third company within the group, Celebrated Hotels Limited is indebted to Barclays for £0.064m. The bank facilities of Celebrated and RHL and Celebrated Hotels Limited were provided on a group basis and the indebtedness of each company to Barclays Bank plc is supported by cross guarantees and debentures.
- 4.8 The estimated amounts owed by Celebrated to preferential creditors is £478,000.
- 4.9 The estimated amounts owed by Celebrated to unsecured creditors amounts to approximately £1,183,000. If there is to be a dividend payable to the unsecured creditors of Celebrated then realisations from the underlying assets of Celebrated and RHL, after the expenses of the administrations, will need to be in excess of the amount due to Barclays Bank PLC and the amount due to the preferential creditors and therefore will need to be in excess of approximately £3.7 million.
- 4.10 The estimated amounts owed by RHL to preferential creditors is approximately £605,000.
- 4.11 The estimated amounts owed by RHL to unsecured creditors amounts to approximately £2,777,000. If there is to be a dividend payable to the unsecured creditors of RHL, then realisations from the underlying assets of RHL and Celebrated after the expenses of the administrators, will need to be in excess of the amount due to Barclays Bank PLC and the account due to the preferential creditors and therefore will need to be in excess of approximately £3.8 million.

## PROPOSALS TO THE CREDITORS

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- 5.1 The administration orders in respect of each of Celebrated and RHL were each made to achieve one or more of the following purposes:
- a) The survival of the company, and the whole or any part of its undertaking, as a going concern
  - b) The approval of a voluntary arrangement under Part 1 of the Insolvency Act 1986.
  - c) A more advantageous realisation of the companies assets than would be effected on a winding up.
- 5.2 The joint administrators' proposals in respect of Celebrated to achieve these purposes are set out below:

**THE CELEBRATED GROUP PLC**  
(In Administration)

**Statement of Joint Administrators' Proposals  
under Section 23 of the Insolvency Act 1986**

In accordance with Section 23 of the Insolvency Act 1986, the Joint Administrators of Celebrated make the following proposals for achieving the purposes of the Administration Order dated 27 August 1999 to the creditors of Celebrated for consideration and, if thought fit, approval at the meeting of the creditors of Celebrated to be held on 3 November 1999:

The Joint Administrators propose that:

- (a) they continue to manage the businesses, affairs and property of Celebrated in order to achieve the purposes for which the Administration Order was made;
- (b) they take any action they consider expedient with a view to achieving the survival of Celebrated, and the whole or any part of its undertaking, as a going concern and in particular that:
  - (i) they change and recruit in such manner as they consider expedient persons as employees and officers of Celebrated as may be necessary to improve the management of Celebrated and its operating subsidiaries;
  - (ii) they retain, reorganise or dispose of Celebrated's ownership of such of its direct or indirect subsidiary companies ("the Subsidiaries") or other assets or business or businesses as they consider expedient, in the case of any disposal at such time and on such terms as they consider expedient;
  - (iii) they do all such things as they may consider expedient with a view to enhancing the value of Celebrated's assets;
  - (iv) they consider the possibility of restructuring the capital of and arrange for Celebrated to make loans to or otherwise refinance any of the Subsidiaries as they may consider expedient; and

PROPOSALS TO THE CREDITORS

5

**THE CELEBRATED GROUP PLC  
(In Administration)**

- (v) they investigate and, if appropriate, pursue or procure that the Subsidiaries pursue any claims that Celebrated or any of the Subsidiaries may have against any person, firm or company whether in contract or otherwise, including any officer or former officer of Celebrated or any of the Subsidiaries or any person, firm or company which supplies or has supplied goods or services to Celebrated or any of the Subsidiaries;
- (c) they take any action they consider expedient with a view to the approval of a voluntary arrangement under Part I of the Insolvency Act 1986 in respect of Celebrated and in particular that:
  - (i) they consider the possibility of such a voluntary arrangement;
  - (ii) if they consider it appropriate, they promote and seek the approval of such a voluntary arrangement;
- (d) they take any action they consider expedient with a view to a more advantageous realisation of RHL's assets than would be effected on a winding up and in particular that:
  - (i) they do all such things they may consider expedient with a view to enhancing the value of Celebrated's assets prior to realisation;
  - (ii) they dispose of Celebrated's ownership of such of its direct or indirect Subsidiaries or other assets or business or businesses at such time(s) and on such terms as they consider expedient including at their discretion the surrender of leases on terms that they consider appropriate;
  - (iii) they investigate and, if appropriate, pursue or procure that the Subsidiaries pursue any claims that Celebrated or any of the Subsidiaries may have against any person, firm or company whether in contract or otherwise, including any officer or former officer of Celebrated or any of the Subsidiaries or any person, firm or company which supplies or has supplied goods or services to Celebrated or any of the subsidiaries;
- (e) where the Joint Administrators have received consent to the disposal of such assets from the security holder, the Joint Administrators be authorised to apply the net proceeds of the disposal of any of Celebrated's assets subject to a security to which Section 15(2)(a) of the Insolvency Act 1986 applies in or towards discharging the sums secured by such security;
- (f) the creditors should consider establishing and if thought fit establish a Creditors' Committee to exercise the functions conferred on it by or under the Insolvency Act 1986;
- (g) the Joint Administrators consult with the Creditors' Committee, if formed, at appropriate intervals concerning the conduct of the Administration and the implementation and development of these proposals and where they consider it expedient obtain the sanction of that Committee on behalf of the creditors of Celebrated (and without further reference to them) to any proposed action on the part of the Administrators;

PROPOSALS TO THE CREDITORS

5

**THE CELEBRATED GROUP PLC  
(In Administration)**

- h) the remuneration of the Joint Administrators, to the extent that it fails to be deducted from the proceeds of realisations of assets of Celebrated subject to a security of the kind referred to in (e) above, be fixed to such sum as shall be determined by the holders of such security and all other remuneration be fixed by any Committee established under (f) above; and
- (i) in addition, they do all such things and generally exercise all their powers as Joint Administrators as they in their discretion consider desirable or expedient in order to achieve the purposes of the Administration Order or protect and preserve the assets of Celebrated or maximise realisations of those assets, or for any other purpose incidental to these proposals including, without limitation, they be authorised to make such payments to creditors of Celebrated in respect of the debts of Celebrated that existed as at the date of their appointment as they shall in their discretion deem necessary or desirable for the attainment of any of the foregoing purposes.



PROPOSALS TO THE CREDITORS

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- 5.3 The joint administrators' proposals in respect of RHL to achieve these purposes are set out below:

**RESTAURANT HOUSE LIMITED**  
**(In Administration)**

**Statement of Joint Administrators' Proposals**  
**under Section 23 of the Insolvency Act 1986**

In accordance with Section 23 of the Insolvency Act 1986, the Joint Administrators of RHL make the following proposals for achieving the purposes of the Administration Order dated 27 August 1999 to the creditors of RHL for consideration and, if thought fit, approval at the meeting of the creditors of RHL to be held on 3 November 1999:

The Joint Administrators propose that:

- (a) they continue to manage the businesses, affairs and property of RHL in order to achieve the purposes for which the Administration Order was made;
- (b) they take any action they consider expedient with a view to achieving the survival of RHL, and the whole or any part of its undertaking, as a going concern and in particular that:
  - (i) they change and recruit in such manner as they consider expedient persons as employees and officers of RHL as may be necessary to improve the management of RHL and its operating subsidiaries;
  - (ii) they retain, reorganise or dispose of RHL's ownership of such of its direct or indirect subsidiary companies ("the Subsidiaries") or other assets or business or businesses as they consider expedient, in the case of any disposal at such time and on such terms as they consider expedient;
  - (iii) they do all such things as they may consider expedient with a view to enhancing the value of RHL's assets;
  - (iv) they consider the possibility of restructuring the capital of and arrange for RHL to make loans to or otherwise refinance any of the Subsidiaries as they may consider expedient; and
  - (v) they investigate and, if appropriate, pursue or procure that the Subsidiaries pursue any claims that RHL or any of the Subsidiaries may have against any person, firm or company whether in contract or otherwise, including any officer or former officer of RHL or any of the Subsidiaries or any person, firm or company which supplies or has supplied goods or services to RHL or any of the Subsidiaries;
- (c) they take any action they consider expedient with a view to the approval of a voluntary arrangement under Part I of the Insolvency Act 1986 in respect of RHL and in particular that:
  - (i) they consider the possibility of such a voluntary arrangement;
  - (ii) if they consider it appropriate, they promote and seek the approval of such a voluntary arrangement;

PROPOSALS TO THE CREDITORS

5

**RESTAURANT HOUSE LIMITED**  
**(In Administration)**

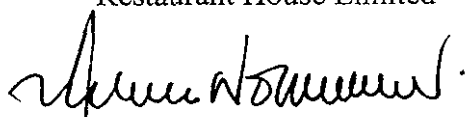
- (d) they take any action they consider expedient with a view to a more advantageous realisation of RHL's assets than would be effected on a winding up and in particular that:
  - (i) they do all such things they may consider expedient with a view to enhancing the value of RHL's assets prior to realisation;
  - (ii) they dispose of RHL's ownership of such of its direct or indirect Subsidiaries or other assets or business or businesses at such time(s) and on such terms as they consider expedient including at their discretion the surrender of leases on terms that they consider appropriate;
  - (iii) they investigate and, if appropriate, pursue or procure that the subsidiaries pursue any claims that RHL or any of the Subsidiaries may have against any person, firm or company whether in contract or otherwise, including any officer or former officer of RHL or any of the subsidiaries or any person, firm or company which supplies or has supplied goods or services to RHL or any of the subsidiaries;
- (e) where the Joint Administrators have received consent to the disposal of such assets from the security holder, the Joint Administrators be authorised to apply the net proceeds of the disposal of any of RHL's assets subject to a security to which Section 15(2)(a) of the Insolvency Act 1986 applies in or towards discharging the sums secured by such security;
- (f) the creditors should consider establishing and if thought fit establish a Creditors' Committee to exercise the functions conferred on it by or under the Insolvency Act 1986;
- (g) the Joint Administrators consult with the Creditors' Committee, if formed, at appropriate intervals concerning the conduct of the Administration and the implementation and development of these proposals and where they consider it expedient obtain the sanction of that Committee on behalf of the creditors of RHL (and without further reference to them) to any proposed action on the part of the Administrators;
- h) the remuneration of the Joint Administrators, to the extent that it fails to be deducted from the proceeds of realisations of assets of Celebrated subject to a security of the kind referred to in (e) above, be fixed to such sum as shall be determined by the holders of such security and all other remuneration be fixed by any Committee established under (f) above; and
- (i) in addition, they do all such things and generally exercise all their powers as Joint Administrators as they in their discretion consider desirable or expedient in order to achieve the purposes of the Administration Order or protect and preserve the assets of RHL or maximise realisations of those assets, or for any other purpose incidental to these proposals including, without limitation, they be authorised to make such payments to creditors of RHL in respect of the debts of RHL that existed as at the date of their appointment as they shall in their discretion deem necessary or desirable for the attainment of any of the foregoing purposes.

## THE MEETING AND VOTING

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- 6.1 The meeting of creditors of Celebrated and the meeting of creditors of RHL will take place as set out below; a formal notice is enclosed with this report.
- 6.2 The meeting of the creditors of RHL will be held at The Chartered Insurance Institute, 20 Aldermanbury, London, EC2V 7HY on Wednesday 3 November 1999 at 11.30am.
- 6.3 The meeting of the creditors of Celebrated will be held at The Chartered Insurance Institute, 20 Aldermanbury, London, EC2V 7HY on Wednesday 3 November 1999 at 12.15.
- 6.4 The provisions relating to the entitlement of creditors to vote at the above meetings are set out in Appendix 3. Please note that a creditor is entitled to vote only if he has given to the administrator, not later than 12.00 hrs on Tuesday 2 November 1999, details in writing of the debt which he claims to be due to him from the relevant company and there has been lodged with the administrators any proxy which the creditor intends to be used on his behalf. A Form of Proxy is enclosed with this report in respect of each of Celebrated and RHL. Details of claims and forms of proxies should be submitted and marked for the attention of A J R Wollaston, at Ernst & Young, Rolls House, 7 Rolls Buildings, Fetter Lane, London, EC4A 1NH.

Yours faithfully  
for The Celebrated Group PLC  
Restaurant House Limited



A J R Wollaston  
Joint Administrator  
Ernst & Young  
Rolls House  
7 Rolls Buildings  
Fetter Lane  
London  
EC4A 1NH

## STATUTORY INFORMATION THE CELEBRATED GROUP

1

<b>Name:</b>	The Celebrated Group Plc
<b>Company Number:</b>	2297958
<b>Incorporated on:</b>	20 September 1988
<b>Previous names:</b>	Tophaven Limited (from 20/9/88) Elegant Leisure Limited (from 15/11/88) The Celebrated Group Limited (from 15/4/94)
<b>Date of listing on AIM</b>	9 October 1995
<b>Authorised share capital:</b>	£8,850,000
<b>Allotted, called up and fully paid share capital:</b>	£6,139,400
<b>The share capital comprises of:</b>	61,394,000 ordinary shares of 10p each.
<b>Key Shareholders:</b>	Red Hot Concepts Inc 45.6%
<b>Directors:</b>	H. Michael Bush G. Barry McGowan
<b>Company Secretary</b>	
<b>Auditors</b>	Robson Rhodes Bryanston Court Seldon Hill Hemel Hempstead Herts HP2 4TL
<b>Bankers</b>	Barclays Bank Plc
<b>Nature of Business:</b>	The operation of restaurants

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## STATUTORY INFORMATION RESTAURANT HOUSE LIMITED

2

<b>Name:</b>	Restaurant House Limited
<b>Company Number:</b>	2908208
<b>Incorporated on:</b>	20 September 1994
<b>Previous names:</b>	Belhamo Limited
<b>Authorised share capital:</b>	£5,000,000
<b>Allotted, called up and fully paid share capital:</b>	£4,800,000
<b>The share capital comprises of:</b>	4,800,000 ordinary shares of 100p each.
<b>Key Shareholders:</b>	The Celebrated Group plc
<b>Directors:</b>	H. Michael Bush
<b>Company Secretary</b>	
<b>Auditors</b>	Robson Rhodes Bryanston Court Seldon Hill Hemel Hempstead Herts HP2 4TL
<b>Bankers</b>	Barclays Bank Plc
<b>Nature of Business:</b>	The operation of restaurants

## PROVISIONS RELATING TO VOTING AT THE CREDITORS MEETING

**3**

The following provisions are extracted from the Insolvency Rules 1986 ("the Rules") and the section numbers refer to those in the Rules.

### **2.22 ENTITLEMENT TO VOTE**

- (1) Subject as follows, at a meeting of creditors in administration proceedings a person is entitled to vote only if:
- (a) he has given to the administrator, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of the debt which he claims to be due to him from the company, and the claim has been duly admitted under the following provisions of this Rule, and
  - (b) there has been lodged with the administrator any proxy which he intends to be used on his behalf.

Details of the debt must include any calculation for the purposes of Rules 2.24 to 2.27.

### **2.24 SECURED CREDITORS**

At a meeting of creditors a secured creditor is entitled to vote only in respect of the balance (if any) of his debt after deducting the value of his security as estimated by him.

### **2.25 HOLDERS OF NEGOTIABLE INSTRUMENTS**

A creditor shall not vote in respect of a debt on, or secured by, a current bill of exchange or promissory note, unless he is willing:

- (a) to treat the liability to him on the bill or note of every person who is liable on it antecedently to the company, and against whom a bankruptcy order has not been made (or, in the case of a company, which has not gone into liquidation), as a security in his hands, and
- (b) to estimate the value of the security and, for the purpose of his entitlement to vote, to deduct it from his claim.

### **2.26 RETENTION OF TITLE CREDITORS**

For the purpose of entitlement to vote at a creditors' meeting in administration proceedings, a seller of goods to the company under a retention of title agreement shall deduct from his claim the value, as estimated by him, of any rights arising under that agreement in respect of goods in possession of the company.

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PROVISIONS RELATING TO VOTING AT THE CREDITORS MEETING

3

**2.27 HIRE-PURCHASE, CONDITIONAL SALE AND CHATTEL LEASING AGREEMENTS**

- (1) Subject as follows, an owner of goods under a hire-purchase or chattel leasing agreement, or a seller of goods under a conditional sale agreement, is entitled to vote in respect of the amount of the debt due and payable to him by the company as at the date of the administration order.
- (2) In calculating the amount of any debt for this purpose, no account shall be taken of any amount attributable to the exercise of any right under the relevant agreement, so far as the right has become exercisable solely by virtue of the presentation of the petition for an administration order or any matter arising in consequence of that, or of the making of the order.

## Notice of Creditors' Meetings in Administration Proceedings

RESTAURANT HOUSE LIMITED (IN ADMINISTRATION)

Notice is hereby given that a meeting of creditors in the above matter is to be held  
at  
The Insurance Hall  
20 Aldermanbury  
London  
EC2V 7HY

on the 3rd day of November 1999 at 11.30am

Delete whichever is  
inapplicable

- (1) to consider my proposals under s.23(1) of the Insolvency Act 1986 and to consider establishing a creditors' committee
- ~~(2) under s. 14(2)(b) of the Insolvency Act 1986~~
- ~~(3) at the request of creditors under s. 17(3)(b) of the Insolvency Act 1986~~
- ~~(4) at the direction of the court under s. 17(3)(b) of the Insolvency Act 1986~~
- ~~(5) under s.25(2)(b) of the Insolvency Act 1986~~

[(2)-(5) only] for the purposes of (1) above

A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you cannot attend the meeting and wish to be represented. In order to be entitled to vote at the meeting you must give to me, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

The Administrator

A R Bloom and A J R Wollaston  
Ernst & Young  
Rolls House  
7 Rolls Buildings  
Fetter Lane  
London  
EC4A 1NH



**Rule 8.1** Insolvency Act 1986  
**Proxy (Administration)**

**RESTAURANT HOUSE LIMITED (IN ADMINISTRATION)**

Please give full name and  
 address for communication

Name of creditor

Address

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Please insert name of person  
 (who must be 18 or over) or  
 the "chairman of the meeting  
 of the meeting". If you wish to  
 provide for alternative proxy-  
 holders in the circumstances  
 that your first choice is unable  
 to attend please state the  
 name(s) of the alternatives as  
 well

Name of proxy-holder

1 \_\_\_\_\_  
 2 \_\_\_\_\_  
 3 \_\_\_\_\_

Please delete words in  
 brackets if the proxy-holder is  
 only to vote as directed i.e. he  
 has no discretion

I appoint the above person to be my/the creditor's proxy-holder at the meeting  
 of creditors to be held on Wednesday 3 November 1999, or at any adjournment  
 of that meeting. The proxy-holder is to propose or vote as instructed below  
 [and in respect of any resolution for which no specific instruction is given, may  
 vote or abstain at his/her discretion].

**Voting instructions for resolutions**

1 For the acceptance/rejection\* of the administrator's proposals/revised  
 proposals\* as circulated

2 For the appointment of:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

representing

\_\_\_\_\_

as a member of the creditors' committee

This form must be signed

Signature

Date

\_\_\_\_\_

Name in CAPITAL LETTERS

\_\_\_\_\_

Only to be completed if the  
 creditor has not signed in  
 person

**Position with creditor or relationship to creditor or other authority for  
 signature**

\_\_\_\_\_

Remember: there may be resolutions on the other side of this form.

**RESTAURANT HOUSE LIMITED (IN ADMINISTRATION)**

**DETAILS OF CLAIM FORM**

**Date of Administration - 27 August 1999**

**Particulars of claim against the Company**

**£**

**TOTAL AMOUNT OF CLAIM (Inclusive of VAT)**

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## Notice of Creditors' Meetings in Administration Proceedings

THE CELEBRATED GROUP PLC (IN ADMINISTRATION)

Notice is hereby given that a meeting of creditors in the above matter is to be held  
at  
The Insurance Hall  
20 Aldermanbury  
London  
EC2V 7HY

on the 3rd day of November 1999 at 12.15pm

Delete whichever is  
inapplicable

- (1) to consider my proposals under s.23(1) of the Insolvency Act 1986 and to consider establishing a creditors' committee
- ~~(2) under s. 14(2)(b) of the Insolvency Act 1986~~
- ~~(3) at the request of creditors under s. 17(3)(b) of the Insolvency Act 1986~~
- ~~(4) at the direction of the court under s. 17(3)(b) of the Insolvency Act 1986~~
- ~~(5) under s.25(2)(b) of the Insolvency Act 1986~~

[(2)-(5) only] for the purposes of (1) above

A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you cannot attend the meeting and wish to be represented. In order to be entitled to vote at the meeting you must give to me, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

The Administrator

A R Bloom and A J R Wollaston  
Ernst & Young  
Rolls House  
7 Rolls Buildings  
Fetter Lane  
London  
EC4A 1NH

**Rule 8.1** Insolvency Act 1986  
**Proxy (Administration)**

**THE CELEBRATED GROUP PLC (IN ADMINISTRATION)**

Please give full name and address for communication

Name of creditor

Address

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Please insert name of person (who must be 18 or over) or the "chairman of the meeting of the meeting". If you wish to provide for alternative proxy-holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

Name of proxy-holder

1 \_\_\_\_\_  
 2 \_\_\_\_\_  
 3 \_\_\_\_\_

Please delete words in brackets if the proxy-holder is only to vote as directed i.e. he has no discretion

I appoint the above person to be my/the creditor's proxy-holder at the meeting of creditors to be held on Wednesday 3 November 1999, or at any adjournment of that meeting. The proxy-holder is to propose or vote as instructed below [and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion].

**Voting instructions for resolutions**

1 For the acceptance/rejection\* of the administrator's proposals/revised proposals\* as circulated

2 For the appointment of: \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_

representing \_\_\_\_\_

as a member of the creditors' committee

This form must be signed

Signature \_\_\_\_\_ Date \_\_\_\_\_

Name in CAPITAL LETTERS \_\_\_\_\_

Only to be completed if the creditor has not signed in person

**Position with creditor or relationship to creditor or other authority for signature**

Remember: there may be resolutions on the other side of this form.

**THE CELEBRATED GROUP PLC (IN ADMINISTRATION)**

**DETAILS OF CLAIM FORM**

**Date of Administration - 27 August 1999**

**Particulars of claim against the Company**

**£**

**TOTAL AMOUNT OF CLAIM (Inclusive of VAT)**

\_\_\_\_\_  
\_\_\_\_\_