2090645

The American Pizza Company Limited

Report and Financial Statements

28 December 2008

Registered No: 2090645

Directors
S G Hemsley
C H R Moore
L D Ginsberg
A Batty (Appointed 18 February 2008)

Secretary
L D Ginsberg (Resigned 18 February 2008)
A Batty (Appointed 18 February 2008)

Auditors
Ernst & Young LLP
400 Capability Green
Luton
LU1 3LU

Registered office
Domino's House
Lasborough Road
Kingston
Milton Keynes
MK10 0AB

Directors' report

The directors present their report and financial statements for the year ended 28 December 2008.

Results and dividends

The loss after taxation for the period amounted to £19,910 (2007 loss: £388,033). The directors do not recommend the payment of any dividends. Preference dividends were not paid nor are proposed.

Principal activities and review of the business

The company's principal activity during the year continued to be the operation and development of Domino's Pizza delivery stores. Both the level of business and the year end financial position were satisfactory, and the directors expect the present level of activity will continue.

Directors

The directors who served throughout the period were as follows:-

S G Hemsley
C H R Moore
L D Ginsberg
A Batty (Appointed 18 February 2008)

The directors had no interest, as defined by the Companies Act 1985, in the share capital of the company at any time during the year.

S Hemsley, C Moore and L Ginsberg are also directors of Domino's Pizza UK & IRL plc, the immediate parent company and details of their interests therein are shown in the directors' report of that company for the year ended 28 December 2008.

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Special provisions

The directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

Financial instruments

The company's principal financial instruments are cash and trade debtors.

The company has not entered into any derivative transactions such as interest rate swaps or financial foreign currency contracts. The main risks arising from the company's financial instruments are cash flow interest risk, fair value interest rate risk and credit risk. In view of the low level of foreign currency transactions the Board does not consider there to be any significant foreign currency risks.

Due to the nature of customers who trade on credit terms, being predominantly franchisees, the franchisee selection process is sufficiently robust to ensure an appropriate credit verification procedure. In addition, balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant. Since the group trades only with franchisees that have been subject to the franchisee selection process there is no requirement for collateral.

Directors' report

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board

A Batty
Secretary

19 May 2009

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditors' report

to the members of The American Pizza Company Limited

We have audited the company's financial statements for the year ended 28 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
Luton

19/5/09

Profit and loss account
for the year ended 28 December 2008

	Notes	Year ended 28 December 2008 £	Year ended 30 December 2007 £
Turnover	2	92,721	513,210
Cost of sales		(39,371)	(231,479)
Gross profit		53,350	281,731
Distribution costs		(40,507)	(224,228)
Administrative expenses		(69,234)	(254,116)
Operating loss before exceptional items	3	(56,391)	(196,613)
Operating exceptionals	4	-	(193,622)
Operating loss		(56,391)	(390,235)
Profit on disposal of tangible fixed assets	4	3,726	26,321
Loss on ordinary activities before interest and taxation		(52,665)	(363,914)
Interest payable	6	(5)	(160)
Loss on ordinary activities before taxation		(52,670)	(364,074)
Tax on loss on ordinary activities	7	32,760	(23,959)
Loss for the financial year transferred to reserves		(19,910)	(388,033)

The company has no recognised gains or losses other than the results for the period as set out above.
All activities relate to continuing operations.

Balance sheet
at 28 December 2008

	Notes	At 28 December 2008 £	At 30 December 2007 £
Fixed assets			
Intangible assets	8	-	13,803
Tangible assets	9	-	194,279
		-	208,082
Current assets			
Stocks	10	-	843
Debtors	11	1,191,534	1,082,543
Cash at bank		9,850	11,752
		1,201,384	1,095,138
Creditors: amounts falling due within one year	12	(94,389)	(143,555)
Net current assets		1,106,995	951,583
Total assets less current liabilities		1,106,995	1,159,665
Provisions for liabilities and charges	7	-	(32,760)
		1,106,995	1,126,905
Capital and reserves			
Called up share capital	14	1,717,073	1,717,073
Share premium account	15	337,212	337,212
Profit and loss account	15	(947,290)	(927,380)
Equity shareholders' funds	15	1,106,995	1,126,905

The financial statements were approved by the Board on 11 May 2009 and were signed on its behalf by

L D Ginsberg
Director

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

The financial statements of The American Pizza Company Limited were approved for issue by the Board of Directors on 19 May 2009.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

Related party transactions

The company is a wholly owned subsidiary of Domino's Pizza UK & IRL plc, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with group companies.

Intangible fixed assets

Franchise fees are amounts paid to the franchisor. Amortisation is provided on a straight line basis over 20 years which aims to write off the cost of the asset over its expected useful life.

Goodwill represents the excess of purchase price over fair value on the acquisition of a store and will be amortised over 20 years being the estimated useful life.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Leasehold improvements	- over the life of the lease term
Fixtures, fittings and equipment	- over 5 - 10 years
Cars and mopeds	- over 18 months to 3 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Costs are determined on the average cost basis.

Pensions

The company makes contributions to certain individual's personal pension plans. Contributions are charged in the profit and loss account as they become payable.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

1. Accounting policies (continued)

Deferred taxation (continued)

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Turnover

Turnover, which is stated net of VAT, represents amounts receivable in respect of goods sold and management fees receivable.

Turnover is attributable to one continuing activity, that of the operation and development of Domino's Pizza delivery stores in the United Kingdom.

3. Operating loss

This is stated after charging:

	Year ended 28 December 2008	*Year ended 30 December 2007*
	£	*£*
Auditors' remuneration - audit of the financial statements	12,100	12,100
Depreciation of owned fixed assets	5,680	46,418
Amortisation	260	1,147
Operating lease rentals	9,297	43,217
	15,237	90,782

4. Exceptional items

	Year ended 28 December 2008	*Year ended 30 December 2007*
	£	*£*
Profit on disposal of fixed assets	3,726	26,321
Assets written off	-	(193,622)

During the year, the company sold 1 (2007: 1) of its stores for a total consideration of £160,000 (2007: £195,000). The sales resulted in a total profit on disposal net of costs of £3,726 (2007: £26,321).
Assets written off and a vacant property provision totalled £nil (2007: £193,622) as a result of the closure of no (2007:1) stores during the year.

5. Staff costs

	Year ended 28 December 2008 £	Year ended 30 December 2007 £
Wages and salaries	34,235	184,025
Social security costs	1,126	8,954
	35,361	192,979

The monthly average number of employees during the year was as follows:

	Year ended 28 December 2008 No.	Year ended 30 December 2007 No.
Store operations	8	34
	8	34

No wages or salaries have been paid to directors during the period.

6. Interest payable

	Year ended 28 December 2008 £	Year ended 30 December 2007 £
Bank interest payable	5	160

7. Tax on loss on ordinary activities

(a) Tax on loss on ordinary activities

The tax charge/(credit) is made up as follows:

	Year ended 28 December 2008	*Year ended 30 December 2007*
	£	*£*
Current tax:		
Total current tax (note 8(b))	-	-
Deferred tax:		
Origination and reversal of timing differences	(32,760)	23,959
Tax on loss on ordinary activities	(32,760)	23,959

(b) Factors affecting current tax charge/(credit)

The differences are reconciled below:

	Year ended 28 December 2008	*Year ended 30 December 2007*
	£	*£*
Loss on ordinary activities before tax	(52,665)	(364,074)
Loss on ordinary activities at standard rate of tax – 28.5% (2007 – 30%)	(15,010)	(109,223)
Non-qualifying depreciation	-	3,534
Loss on sale of non-qualifying assets	(1,063)	(4,636)
Accelerated capital allowances	-	(2,079)
Expenses not deductible for tax purposes	7,554	65,835
Group claim	8,519	46,569
Total current tax (note 8(a))	-	-

(c) Deferred tax

	Year ended 28 December 2008	*Year ended 30 December 2007*
	£	*£*
Capital allowances in advance of depreciation	-	(32,760)
Provision for deferred taxation	-	(32,760)

	£
At 30 December 2007	(32,760)
Profit and loss account movement arising during the year	32,760
At 28 December 2008	-

8. Intangible fixed assets

	Franchise fees £
Cost:	
At 30 December 2007	15,007
Disposals	(15,007)
At 28 December 2008	-
Amortisation:	
At 30 December 2007	1,204
Charge for the period	260
Disposals	(1,464)
At 28 December 2008	-
Net book value:	
At 28 December 2008	-
At 30 December 2007	13,803

9. Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings and equipment £	Total £
Cost:			
At 30 December 2007	111,276	141,554	252,830
Disposals	(111,276)	(141,554)	(252,830)
At 28 December 2008	-	-	-
Depreciation:			
At 30 December 2007	7,997	50,554	58,551
Provided during the period	-	5,680	5,680
Disposals	(7,997)	(56,234)	(64,231)
At 28 December 2008	-	-	-
Net book value:			
At 28 December 2008	-	-	-
At 30 December 2007	103,279	91,000	194,279

10. Stocks

	At 28 December 2008 £	At 30 December 2007 £
Raw materials and consumables	-	843

11. Debtors

	At 28 December 2008 £	At 30 December 2007 £
Amounts owed by group undertakings	1,181,691	1,073,756
Other debtors	9,843	2,359
Prepayments and accrued income	-	6,428
	1,191,534	1,082,543

12. Creditors: amounts falling due within one year

	At 28 December 2008 £	At 30 December 2007 £
Trade creditors	1,475	1,835
Other taxation and social security	-	2,311
Other creditors	668	3,451
Accruals and deferred income	29,220	46,150
Property provisions	63,026	89,808
	94,389	143,555

The property provisions relate to outstanding operating lease obligations for stores closed during prior years.

13. Contingent liability

The Group has entered into an agreement to obtain bank loans and mortgage facilities. These are secured by a fixed and floating charge over the Group's assets and an unlimited guarantee provided by Domino's Pizza UK & IRL plc. At 28 December 2008 the balance due under these facilities was £12,034,622 (2007: £7,721,000). The loans bear interest at 0.50% (2007: 0.50%) above LIBOR. The loan has a term of 7 years and matures on 31 December 2013.

14. Share capital

	Authorised At 28 December 2008 £	At 30 December 2007 £
Ordinary shares of £1 each	10,000	10,000
Redeemable Preference shares of £1 each	2,000,000	2,000,000
	2,010,000	2,010,000

	Allotted, called up and fully paid			
	At 28 December 2008		At 30 December 2007	
	No.	£	No.	£
Ordinary shares of £1 each	1,536	1,536	1,536	1,536
Redeemable Preference shares of £1 each	1,715,537	1,715,537	1,715,537	1,715,537
	1,717,073	1,717,073	1,717,073	1,717,073

The preference shares may be redeemed at par at the discretion of the company at any time from the dates below:

	Number of shares	Redemption date
Preference shares of £1 each	500,000	17/01/91
Preference shares of £1 each	783,333	11/01/92
Preference shares of £1 each	432,204	23/12/98
	1,715,537	

15. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Share premium account £	Profit and loss account £	Total share-holders' funds £
At 31 December 2006	1,717,073	337,212	(539,347)	1,514,938
Loss for the period	–	–	(388,033)	(388,033)
At 30 December 2007	1,717,073	337,212	(927,380)	1,126,905
Loss for the period	–	–	(19,910)	(19,910)
At 28 December 2008	1,717,073	337,212	(947,290)	1,106,995

16. Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	At 28 December 2008	*At 30 December 2007*
	£	*£*
Operating leases which expire:		
In over five years	-	26,000
	-	26,000

17. Ultimate parent company and controlling party

In the opinion of the directors the immediate parent company and controlling party is Domino's Pizza UK & IRL plc, a company incorporated in the United Kingdom. Copies of the financial statements of Domino's Pizza UK & IRL may be obtained from its registered office: Domino's House, Lasborough Road, Kingston, Milton Keynes, MK10 0AB.