Registered No: 2882515

Domino's Pizza UK & Ireland Limited

Report and Financial Statements

28 December 2014

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COMPANIES HOUSE

Directors
S G Hemsley
M A Botha
J M Franks
C Rees
S Wallis
D J Wild
J Poulson
P L Higgins
P H Doughty
S V McLeod

Secretary
P L Higgins

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Strategic report

The directors present their strategic report and financial statements for the year ended 28 December 2014.

Results and dividends

The profit before tax for the period amounted to £45,576,737 (29 December 2013: £60,081,090). Ordinary dividends of £49,928,574 (29 December 2013: £24,636,071) were paid during the period.

Review of the business

In 2014, system sales, which are the sales of all stores in the Domino's system in the UK and Republic of Ireland, rose by 14.9% to £748.2m (2013: 9.8% to £650.9m). Like-for-like sales in the 724 stores open for more than twelve months in both periods grew by 11.3% (2013: 7.0% in 718 stores).

E-commerce continues to be our fastest-growing channel to market. In 2014 total sales via these platforms, which includes online and SMS ordering, reached £440.3m (2013: £338.0m), an increase of 30.3% (2013: 28.2%).

Turnover was 12.6% (2013: 7.4%) ahead of the prior financial period, due to the opening of 40 new stores (2013: 50), year on year increases in like-for-like sales and the launch of new products. Gross margin is ahead of the prior financial period at 40.3% (2013: 40.1%).

Interest receivable in the profit and loss account is predominantly generated on loans to franchisees, loans to group companies, and cash surpluses placed on deposit. The interest charge in the profit and loss account primarily relates to the unwinding of discounting on loans to franchisees.

During 2014 40 new stores were opened (2013: 50) bringing the year-end store count to 861 (2013: 825).

Part of our success in 2014 can be attributed to the recovery in the UK economy, as well as the benefits of an effective football World Cup campaign. The sales growth was boosted especially by the continued stream of family meal bundles and the execution of our e-commerce programmes described above.

In the opinion of the directors, the size of the business and the staffing levels are sufficient to deal with the forecast volume of business for the following financial year.

Both the level of business and the year-end financial position were satisfactory, and the company looks forward to a promising year of further growth in 2015.

Our strategy

The strategy for our business is simple and clear. We aim to be the number one pizza company in each neighbourhood in which we operate, through a commitment to offering the best product, service and quality to our customers

We have a very strong network of franchisees who execute the strategy locally. We support them with:

- an efficient, low-cost supply chain to help drive down costs;
- innovative product development;
- world-class marketing and e-commerce initiatives;
- audits that maintain standards; and
- property management, including new store development.

We have a highly developed and successful business in the UK and ROI.

Strategic report (continued)

Store network

The Company opened 40 stores and now operates 861 stores in the UK and Ireland. Our store numbers by country at the end of 2014 were: UK – 813; ROI – 48.

We are particularly pleased with the performance of our new UK stores; in 2014 we opened successfully in smaller territories and are confident that our model generates a profitable return for franchisees in lower address count communities. This gives further confidence that our long-term target of 1,200 UK outlets is achievable over the coming years.

Technology

High-quality information technology is key to running our business successfully, both in providing efficient systems for franchisees in the stores and e- and m-commerce platforms enable customers to order our pizzas easily. We have achieved significant progress in both areas in 2014, with an emphasis on accelerating our growth in online ordering. Our focus on this strategy has led to record sales, profits and cash generation in 2014. In the UK in 2014, 53.3% of total orders were made by customers online, up from 47.2% in 2013. Expressed as a total of delivered orders, e-commerce customers represented 70.6%.

During 2014, we enhanced our mobile app and launched a new website. The changes, coupled with further diversion of marketing funds from conventional media into digital, drove significant growth in our online sales. Customers who shop online have a higher rate of conversion, buy from us more frequently, spend more per visit, hold the brand in high regard and are less costly for our franchisees to service.

By the end of 2014, 8.2m customers had downloaded our app, up from 3.2m at the start of the year.

One recent example of innovation in technology has been a joint project with Microsoft to enable gamers to order pizza from an Xbox console. This was groundbreaking in the UK and is an example of the business embracing new channels to make it easier for customers to buy whilst they are enjoying another activity.

The rapid progress we have made in e-commerce means that we are already the clear leader amongst quick service restaurant operators in digital. We plan an aggressive programme of further investment in 2015 to strengthen our position.

Supply chain

Our UK supply chain is one of the most sophisticated and efficient throughout the Domino's worldwide system. We operate two Supply Chain Centres, our main facility in Milton Keynes, where our Head Office is based, and a secondary plant in Penrith. Both of these handled record volumes in 2014, and we are now actively planning a third unit, which we expect to be located to the west of Manchester and plan to open in early 2017.

In ROI, we have a Supply Chain Centre in Naas, just outside Dublin. This services the stores in Northern Ireland, as well as those in ROI.

It is critical to our business that we provide excellent service to stores from these centres and we achieved record service levels in 2014.

Success in our Supply Chain Centres depends on our supplier partners providing us with consistent quality products. Our philosophy is to enter long-term relationships, which ensures that they benefit from our growth. The added bonus from this approach is that we are able to give our franchisees not only low food costs, but also medium-term certainty of pricing, enabling them to plan their businesses and pricing effectively. We are also able to compare prices and pool supply to guarantee that we are minimising costs in our smaller markets.

Strategic report (continued)

Marketing

We launched our "Greatness" campaign in September 2013. During 2014, this was the focus of our above-the-line investment, providing an umbrella to our advertising, whether it was strategic and brand-building or tactical to highlight our national promotion offers.

As mentioned earlier, more of our National Advertising Fund was deployed in digital in 2014. The information available from data analytics for online spend is a powerful tool in ensuring that investment is appropriately targeted. Equally, our website is always up to date with the latest offers and menu choices, which together with the appetising presentation of the product, makes selection easier.

Local store marketing continues to be an important component of our mix, allowing franchisees to respond to individual store or community opportunities effectively.

Our continued sponsorship of the X Factor app has been successful and ensures brand salience during the key weekend evening slots. The 2014 season was a successful one with a record 2.6m downloads of the app.

Product development

During 2014, we continued to innovate in pizzas with the Carnivale range launched in late spring to coincide with the interest in everything Brazilian during the football World Cup. We also launched a new Domino's Stuffed Crust product, using cheese and smoky bacon. In ROI, where Domino's Stuffed Crust has not been a success, we introduced a pan pizza product, learning from the impact that this had in the US.

We also launched some great new sides, most notably nachos, to reflect our increasing wish to broaden customers' menu options.

Finally, our Q4 launch was hot doughnuts, extending our dessert offer and providing a unique and popular choice for customers.

UK

The UK business achieved system sales growth of 16.0% including 11.3% like-for-like. This was a strong and pleasing performance, which reflects not only the strength of the business, but also the opportunity for further expansion.

During 2014, we opened 40 stores in the UK. These units performed very well, achieving average weekly unit sales ('AWUS') of £13,555, 6.9% better than those opened in the previous year. Equally encouraging was the performance of the immature stores opened in 2013. On average their AWUS was £13,279, 27.9% better than the 2012 cohort delivered the previous year.

Part of our success in 2014 can be attributed to the recovery in the UK economy, as well as the benefits of an effective football World Cup campaign. The sales growth was boosted especially by the continued stream of family meal bundles and the execution of our e-commerce programmes described above.

ROI

2014 was another year of recovery within our Irish business. The country was badly hit by the global economic crisis and the customers in ROI suffered a dramatic reduction in spending power and sales dropped sharply as a result. We have now seen two years of growth and the Dublin market is demonstrably stronger than the rest of the country.

We have dedicated programmes of activity in marketing and product development for ROI. This includes sponsorship of "the Big Big Movie" on RTE and the launch of pan pizza amongst other initiatives.

Online participation in ROI has been significantly lower than the UK, but the launch of a specially adapted version of the new UK website has led to a dramatic improvement in performance. Our mobile app has proved particularly popular with Irish customers.

We are optimistic that we will see new store opportunities in ROI in 2015.

Strategic report (continued)

Key Performance Indicators

In order to continue to implement, develop and measure the UK and Republic of Ireland's strategic performance, we monitor six financial and non-financial key performance indicators ("KPIs") in addition to income statement results.

1) **UK stores like-for-like sales growth (%)**
   Like-for-like sales growth represents a very useful barometer of organic growth and is an accepted measure of performance across all retailing sectors. Like-for-like sales in the 724 stores that were open in both periods being compared grew by 11.3% (2013: 7.0% growth in 670 stores). Over the last five years the average like-for-like growth was 8.3% (2013: 7.9%).

2) **System sales (£m)**
   System sales represent the most useful indicator of the overall strength of the Domino's brand. The Company measures the total sales of franchisee and corporate stores system in the UK and Republic of Ireland, to external customers, for the 52 week period compared to the 52/53 week historic reporting periods. In 2014, system sales grew by 14.9% to £748.2m (2013: 9.8%).

3) **Delivered on time (%)**
   The UK and Ireland's target is to safely deliver its product to its customer within 30 minutes of an order being placed. The % of orders that are delivered within 30 minutes remained steady at 82.0% (2013: 82.8%).

4) **Underlying profit before tax (PBT) (£'000)**
   Underlying profit before tax ("underlying PBT") is a good indicator of the efficiency of the business model for the shareholders and franchisee's alike. Underlying PBT for the period was up 11.9% to £61.0m (2013: £54.5m).

5) **Ecommerce sales (£m)**
   The focus on digitalisation of the business drives this measure. In 2014, the sales of stores in the UK and Republic of Ireland, to external customers, via the website, grew by 30.3% to £440.3m (2013: £338.0m).

6) **New store openings (number of stores)**
   A strong indicator of growth in our business is continued presence by increasing store numbers. In the UK and Republic of Ireland 40 new stores were opened in 2014 (2013: 50).

Strategic report (continued)

RISK MANAGEMENT

Our approach

The Board has identified risks facing the Company and assessed the likely impact that each identified risk could have. This has allowed the Board to prioritise and target those risks deemed likely to have the most detrimental impact on the business, were the risk to materialise.

Each identified risk has a business owner who manages and reports on that particular risk to the Company Executive. Each business owner assists the Board in the review of the risk management processes and takes responsibility for designing the appropriate internal controls and policies. The risk will also be added to the Group's risk register and regularly reviewed and evaluated.

The Board can then incorporate identified risks into the formulation and management of the Company's strategic objectives and determine which risks are primary or secondary in terms of likelihood and impact.

Principal risks and uncertainties

As with any business, risks are present on a daily basis. However, below and on the following pages are the risks that the Board considers to be of most significance to the future performance, growth and development of the Company.

Principal risks	Impact	Management and mitigation
COMPETITION		
Impact of competitors Failure to compete on product, service and quality and changes in consumer tastes, brand relevance and demographic trends.	• A material change in market perception of home delivery and convenience foods could adversely affect the Company. • Failure to anticipate and respond to a change in consumer demand could have a material effect on future results of operations and financial performance.	• We work relentlessly to reflect changes in consumer tastes and to improve our offering by investing in price, quality and service. • Part of our strategy is to have a broad appeal on price, product, new store design concepts, service and quality. • We regularly review and analyse the markets in which we operate in addition to customer perceptions of the brand. • The Company places a strong focus on new product development to ensure that the menu has a broad appeal and reflects consumer trends. A new product development ('NPD') team and demographics team meets every two weeks to discuss and review consumer relevance, trends and new products. We also work closely with external third parties who focus on consumer analysis and brand tracking.

Strategic report (continued)

FRANCHISEES		
Material deterioration in relationships with franchisees Relationships with franchisees are key to the Company's success as the franchisees drive a large part of the business.	Franchisees may leave the system which could result in a drop in operational standards within stores. Franchisees may elect to go to a competitor. Lack of franchisee buy-in could also result in franchisees not supporting changes to policies, standards, brand guidelines and opening stores.	• Relationships with franchisees are carefully nurtured by Directors, senior management and franchisee-facing employees within all departments at Domino's. • One-to-one business review meetings are held with each franchisee at least annually. • Franchisee dinners and awards are held nationally throughout the year, allowing franchisees to discuss anything of concern or interest directly with Directors. • The standard franchise agreement in place with franchisees prohibits a franchisee from opening up another pizza outlet for a period of one year post exit from the Domino's system. • Forums are in place (Marketing Advisory Co-operative and Operations Forum) within the Company whereby key senior employees meet with franchisees to discuss operational and marketing plans. Allowing franchisees to interact with the Company regularly.
Commercial leverage of large franchisees Certain of the Domino's franchisees are now of considerable scale and therefore there is a risk that should these franchisees be allowed to expand further they could attempt to leverage off their size with a view to gaining preferential treatment from the Company.	• Franchisees could seek to invest in alternative business ventures which could lead to less focus on Domino's Pizza stores. • Franchisees could stop growing, or sell their Domino's stores.	• Senior management and Directors endeavour to maintain a strong and close working relationship with each franchisee which enables early identification of issues and allows for resolutions to be found as quickly as possible. • Each franchisee has an individual growth plan which sets out the agreed • position with regards store openings.

Strategic report (continued)

Reputational damage or loss of confidence in the brand Any significant act, omission or harmful allegation that is made in public in relation to the brand could lead to significant media interest and potentially bad publicity.	• If any publicity is of a sufficiently adverse nature, customers may lose confidence and choose not to purchase from the Company. • A material loss in sales could affect future results of operation and financial condition.	• Franchisees are required to adhere strictly to the terms of the standard franchise agreement which place obligations on the franchisee to prevent against any reputational damage to the brand on the part of the franchisee. • Regular mentoring of franchisees, training and store visits are carried out by the Company. • Should a franchisee be in material breach of the standard franchise agreement the Company is at liberty to terminate. • Policies and procedures are in place with employees of the Company which detail what employees should and shouldn't do in the realms of Social Media when talking about or referring to the Domino's brand.
PROPERTY		
Store growth Continuing acquisition and development of property sites carries inherent risk as challenges exist in relation to finding new sites, obtaining planning permission or other consents and compliance in the countries in which the Company operates.	Failure to hit store opening targets, or a material reduction in store openings, could result in failure to meet growth targets and therefore open areas to competitors.	• Regular meetings and reviews on store opening targets and strategy take place at Company Executive, Leadership Team and Board level. • The Company actively builds on relationships with local authorities to ensure there is an understanding of the responsible way in which stores operate and the Company's willingness to accept appropriate planning conditions.
INFORMATION TECHNOLOGY AND SECURITY		
Data protection and security Significant failure in, or successful attacks on, our IT infrastructure, systems and processes could impact online sales and place customer data at risk of loss or theft.	• Loss of digital sales could have a detrimental effect on the financial performance of the Company. • Negative publicity, if material, could lead to customers losing confidence and choosing not to	• Customer data is protected by both physical and systems controls including encryption and authentication technology. • All desktops, laptops and mobile devices have access restrictions and are protected with up-to-date software. • The IT department regularly monitors, controls and maintains the integrity and efficiency of IT infrastructure. • Contingency plans and external data centres are in place to deal with any significant IT security incidents.

Strategic report (continued)

	purchase from the Company. • Fines received from regulatory bodies and/or claims from individuals affected by the issue.	• All critical systems for the Company have external security penetration tests carried out on a regular basis.
PEOPLE		
Employees Failure to attract, retain, develop and motivate the best people at all levels.	Failing to have the right people within the Company could limit the Company's ability to succeed.	• Talent management is reviewed at least annually within the Leadership Teams where key employees are identified and bespoke development plans are put in place. • People development is a key objective for each member of the Leadership Teams. • The Company places significant investment in training, development and incentives.
FOOD PRODUCTION, STORAGE & SUPPLIERS		
Failure of a critical supplier We are reliant upon the continued operation of various third party suppliers who provide raw materials.	Should a major supplier cease trading we may be unable to produce certain food products or are forced to supply from a different, more expensive source.	• Core suppliers are routinely put through a risk assessment to determine likelihood of continued source and supply of goods. • Contingency plans are put in place to deal with the scenario of a supplier stopping supply. • We maintain a close relationship with suppliers and have regular reviews and meetings.
Food safety and compliance The Supply Chain Centres must comply with applicable food safety rules and regulations and our franchisees must ensure that all stores are also compliant.	Supply Chain Centre(s) or a store could be closed down in the event of a serious food safety risk or issue. Brand recognition could be seriously damaged if food safety scare occurred.	• Dedicated health and safety and food regulatory teams constantly review and monitor food safety and compliance and mentor franchisees and store managers to ensure that standards are maintained at all times. • Controls are in place to deal with product integrity, approval and management of stores, emerging issues and any changes to regulatory standards.

Strategic report (continued)

		• Supplier assurance programme in place and Supply Chain Centres are regularly audited by independent third parties to the BRC Global Standard for food safety.
Production issues or destruction of Supply Chain Centres One of key functions of the business is production of dough and the distribution of food and other store items by our Supply Chain Centres.	A single major failure or repeated failures in our dough production, distribution of food or other store materials could prevent stores from trading regularly or for a prolonged period. Potential for a major adverse impact on the Company's financial performance.	• We work in partnership with our suppliers and other Domino's Pizza franchises in neighbouring territories to manage the risk of any delays or interruptions in the supply chain which could affect trade. • We also have the opportunity to increase trade at one of our other Supply Chain Centres should another Supply Chain Centre have to reduce or stop production for any reason. • A comprehensive Site Down Recovery Plan is also in place and forms part of our Business Continuity Plan.
CORPORATE GOVERNANCE		
Internal controls, fraud and compliance Ensuring the Company has the appropriate internal controls and policies.	Risk that issues or considerations which should be taken into account could be missed if appropriate policies and procedures are not in place.	• The Company continues to focus on strengthening its internal controls and adding to its existing policies and procedures • Behavioural guidance is given to employees to employees and the Company has in place an Anti-Bribery & Corruption Policy which all employees and external suppliers are committed to comply with. • A Whistleblowing Policy is in place.

By order of the board

P H Doughty
Director
30 September 2015

Directors' report

Directors

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

S G Hemsley	
L Batchelor	(Resigned 16th March 2014)
L D Ginsberg	(Resigned 2nd April 2014)
M A Botha	
J M Franks	
I Douglas	(Resigned 30th January 2015)
K Hayman	(Resigned 17th April 2014)
C Rees	
S Wallis	
M Millar	(Appointed 28th January 2013, Resigned 31st July 2014)
D J Wild	(Appointed 16th March 2014)
S E Wilkins	(Appointed 8th January 2014, Resigned 20th January 2015)
J Poulson	(Appointed 1st January 2014)
P C Waters	(Appointed 1st August 2014, Resigned 11th May 2015)
S V McLeod	(Appointed 1st September 2014)

Directors who were appointed after the year end were as follows:-

P L Higgins	(Appointed 11th May 2015)
P H Doughty	(Appointed 8th June 2015)

Principal activities of the Company

The principal activity of the company during the year was the development of the Domino's franchise system in the United Kingdom and Republic of Ireland.

Financial instruments

The company's principal financial instruments are trade creditors. 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 franchises, the franchise 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 Company trades only with franchises that have been subject to the franchise selection process there is no requirement for collateral.

Employees

Employees of Group companies are encouraged to participate in the success of the business through incentive and share option schemes. Progress is regularly communicated to the management of subsidiary companies and all management and staff are expected to communicate fully within their own area of responsibility.

Directors' report (continued)

Employment policies

The Company is committed to the principle of equal opportunity in employment. The Company recruits and selects applicants for employment based solely on a person's qualifications and suitability for the position, whilst bearing in mind equality and diversity. It is the Company's policy to recruit the most capable person available for each position. The Company recognises the need to treat all employees honestly and fairly. The Company is committed to ensuring that its employees feel respected, valued and are able to fulfil their potential and recognises that the success of the business relies on their skill and dedication.

The Company gives full and fair consideration to applications for employment from disabled persons, with regard to their particular aptitudes and abilities. Efforts are made to continue the employment of those who become disabled during their employment.

Procedures, diversity and inclusivity

Human resource practices and procedures, including those relating to pay, benefits, promotions, terminations, training and self-development opportunities, comply with relevant legislation, without discrimination regardless of gender, race, colour, ethnic or national origin, religious belief, political opinion, or affiliation, sex, marital status, sexual orientation, gender reassignment, age or disability. The Company does not tolerate harassment of any employee.

Disclosure of information to the auditor

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 this 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.

Going Concern

The Company expects to maintain its positive net asset position and continue to generate profit and positive cash flows on its own account for the foreseeable future. The directors, having assessed the Company have no reason to believe that a material uncertainty exists that casts significant doubt over its ability to continue as a going concern or its ability to continue with the current banking arrangements. On the basis of their assessment of the company's financial position and of the enquiries made the directors reasonably expect that the company will be able to continue in operational existence for the foreseeable future. Therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors' and officers' liability insurance

The Company maintains insurance against certain liabilities, which could arise from a negligent act or a breach of duty by its directors and officers in the discharge of their duties.

Auditor

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

By order of the board

P H Doughty
Director
30 September 2015

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 2006. 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 AUDITOR'S REPORT TO THE MEMBERS OF DOMINO'S PIZZA UK & IRELAND LIMITED

We have audited the financial statements of Domino's Pizza UK & Ireland Limited for the year ended 28 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report (continued)

to the members of Domino's Pizza UK & Ireland Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Christopher Voogd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham
30 September 2015

Profit and Loss Account

for the year ended 28 December 2014

	Notes	Year ended 28 December 2014 £	Year ended 29 December 2013 £
Turnover	2	244,905,554	217,567,076
Cost of sales		(146,228,062)	(130,390,776)
Gross profit		98,677,492	87,176,300
Distribution costs		(13,998,141)	(13,246,485)
Administrative expenses		(40,098,371)	(20,957,589)
Operating profit	3	44,580,980	52,972,226
Profit on sale of non-current assets & assets held for sale		3,454	2,362,505
Investment income		-	4,252,086
Profit on ordinary activities before interest and taxation		44,584,434	59,586,817
Interest receivable	7	1,277,132	752,156
Interest payable	8	(284,829)	(257,883)
Profit on ordinary activities before taxation		45,576,737	60,081,090
Tax on profit on ordinary activities	9	(8,722,545)	(6,845,823)
Profit for the financial year		36,854,192	53,235,267

Non-GAAP measure: underlying profit on ordinary activities before taxation			
Profit on ordinary activities before taxation		45,576,737	60,081,090
- Impairments	4	6,032,333	-
- Acquisition of subsidiary undertakings and joint ventures	4	-	658,207
- Other restructuring items	4	9,199,415	183,950
Amounts included in operating profit		15,231,748	842,157
Profit on sale of non-current assets & assets held for sale		(3,454)	(2,362,505)
Investment income		-	(4,252,086)
Discount unwind included in interest payable	4	205,534	236,454
Underlying profit on ordinary activities before taxation		**61,010,565**	**54,545,110**
Underlying operating profit		**59,812,728**	**53,814,383**

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.

Details of dividends paid during the year are set out in note 10 of the financial statements.

Registered No: 2882515

Balance sheet

at 28 December 2014

	Notes	At 28 December 2014 £	At 29 December 2013 £
Fixed assets			
Intangible assets	11	436,811	528,958
Tangible assets	12	30,964,014	32,480,749
Investments	13	9,108,498	13,332,427
		40,509,323	46,342,134
Current assets			
Stocks	14	4,003,696	3,498,910
Debtors	15	130,374,913	94,172,581
Cash at bank		22,508,520	29,590,560
		156,887,129	127,262,051
Creditors: amounts falling due within one year	16	(73,165,693)	(37,982,211)
Net current assets		83,721,436	89,279,840
Total assets less current liabilities		124,230,759	135,621,974
Creditors: amounts falling due after one year	17	(8,089,371)	(6,118,183)
Provisions for liabilities and charges	18	(1,280,663)	(2,053,191)
		114,860,725	127,450,600
Capital and reserves			
Called up share capital	22	2,250,000	2,250,000
Profit and loss account	23	112,610,725	125,200,600
Equity shareholders' funds	23	114,860,725	127,450,600

The financial statements were approved by the Board on 30 September 2015 and were signed on its behalf by

P H Doughty

Director

Notes to the financial statements
at 28 December 2014

1. Accounting policies

Basis of preparation

The financial statements of Domino's Pizza UK & Ireland Limited were approved for issue by the Board of Directors on 30 September 2015.

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

Group accounts

Group accounts are not submitted as the company is exempt under Section 400 (1) of the Companies Act 2006. The results of the company are dealt with in the consolidated accounts of Domino's Pizza Group plc.

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 Group 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 wholly owned 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.
The company provides interest free loans to assist franchisees in the opening of new stores, the difference between the present value of loan recognised and the cash advanced has been capitalised as an intangible asset in recognition of the future value that will be generated via the royalty income and commissary sales that will be generated. The assets are amortised over the life of the new franchisee agreement of 10 years.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated to write down the cost of the assets to their residual values, on a straight-line method on the following bases:

Assets under construction	Not depreciated
Leasehold improvements	Over the life of the lease
Fixtures and fittings	Over 5 to 10 years
Commissary equipment	Over 3 to 30 years

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, on an annual basis. The majority of assets within commissary equipment are being depreciated over ten years or more. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year that the asset is derecognised. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements
at 28 December 2014

1. Accounting policies (continued)

Stocks
Stocks comprise raw materials, consumables and goods for resale (being equipment for resale to franchises) and are stated at the lower of cost and net realisable value. Cost of stock is determined on the average cost basis or, for computer and food stock, the first-in, first-out basis.

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;

- 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.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Leasing and hire purchase commitments
Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Notes to the financial statements
at 28 December 2014

1. Accounting policies (continued)

National advertising fund
In addition to franchise fees, franchisees pay contributions which are collected by the Company for specific use within the National advertising fund. The Company operates the funds on behalf of the franchisees with the objective of driving revenues for their stores. The fund is specifically used to pay for marketing and advertising. The fund is planned to operate at breakeven with any short term timing surplus or deficit carried in the Company balance sheet within working capital. As all fund contributions are designated for specific purposes and do not result in a profit or loss for the Company, revenue recognition criteria are not met and therefore the income and expenses of the fund are not included in the Company income statement.

Share-based payment transactions
Employees (including directors) of the company receive an element of remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments in Domino's Pizza Group plc, the company's ultimate parent company.

The awards vest when certain performance and/or service conditions are met, see note 24 for the individual vesting conditions for the various schemes.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired, management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in the cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

The company has taken advantage of the transitional provisions in respect of equity settled awards and has applied FRS 20 only to awards granted after 7 November 2002 that had not vested at 3 January 2005.

Notes to the financial statements

at 28 December 2014

1. Accounting policies (continued)

Pensions

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

2. Turnover

The principal components of turnover are royalties received, commissary and equipment sales, sale of franchises, stated net of value added tax. Substantially all of the goods and services are sold or rendered within the United Kingdom.

Turnover is attributable to one continuing activity, that of the development of the Domino's franchise system in the United Kingdom and Republic of Ireland.

3. Operating profit

This is stated after charging:

		Year ended 28 December 2014	*Year ended 29 December 2013*
		£	£
Auditors' remuneration	- audit of the financial statements	35,050	30,000
	- other fees to auditors	-	-
		35,050	30,000
Depreciation of fixed assets		2,959,185	2,740,388
Amortisation*		82,090	81,457
Accelerated depreciation and impairment of tangible fixed assets (note 4)		424,752	-
Impairment of investments (note 4)		5,607,581	-
		9,073,608	2,821,845
Operating lease rentals – plant and equipment		2,468,520	2,401,336

*Included within this amortisation charge is £50,157 (2013: £49,525) in relation to the interest free franchisee loans intangible

Notes to the financial statements

at 28 December 2014

4. Items excluded from Non-GAAP measure: underlying profit on ordinary activities before taxation

(a) Included within operating profit

	Year ended 28 December 2014	*Year ended 29 December 2013*
	£	*£*
Impairments		
Accelerated depreciation and impairment of tangible fixed assets	424,752	-
Subsidiaries (note 13)	5,607,581	-
	6,032,333	-
Acquisition of subsidiary undertakings and joint ventures		
Acquisition costs and restructuring costs relating to Domino's Pizza Switzerland and new UK joint ventures	-	334,257
Domino's Leasing deferred consideration	-	323,950
	-	658,207
Other restructuring items		
Restructuring and reorganisation	(31,877)	183,950
Accounts receivable	9,231,292	-
	9,199,415	183,950
Amounts included in operating profit	**15,231,748**	**842,157**

Impairments

Impairments of £424,752 relate to an unsuccessful new format (Extra stores) in the UK and £5,607,581 to impairment in investment in subsidiaries (see note 13).

Acquisition of subsidiary undertakings and joint ventures

In 2013 costs of £334,257 were incurred in relation to the restructuring of Domino's Pizza GmbH (Switzerland) (acquired during 2012) and in relation to the acquisition of two companies, DA Hall Trading Limited and DAHT Limited, and the subsequent establishment of two new joint ventures with third party franchisees by Domino's Pizza Group plc (also in 2012).

A charge of £323,950 relating to the deferred consideration of Domino's Leasing Limited was incurred in the period.

Other restructuring items

The charge recognised in 2013 of £183,950 was recognised after Group continued to review of all of its head office central overhead departments in order to create efficiencies and streamline processes. The £31,877 credit in 2014 represents the release of unused provisions from prior year restructuring costs.

The £9,231,292 charge was recognised on impairing inter-company balances with Domino's Pizza Germany Limited, a fellow group company.

Notes to the financial statements

at 28 December 2014

4. Items excluded from Non-GAAP measure: underlying profit on ordinary activities before taxation (continued)

(b) Included below operating profit

Discount unwind on items included in finance expense

A charge of £205,534 has been recognised in respect of discount unwind on items included in interest payable (2013: £236,454), see note 8 for further details.

5. Staff costs

	Year ended 28 December 2014	*Year ended 29 December 2013*
	£	*£*
Wages and salaries	21,452,186	17,946,470
Social security costs	2,199,814	1,888,897
Other pension costs	600,494	428,095
	24,252,494	20,263,462

Included in wages and salaries is a total expense of share-based payments of £306,955 (2013: £875,834) which arises from transactions, accounted for as equity-settled share-based payment transactions.

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

	Year ended 28 December 2014	*Year ended 29 December 2013*
	No.	*No.*
Production and distribution staff	246	221
Administrative staff	224	240
	470	461

6. Directors' emoluments

The following disclosures relate to the total amounts paid to the directors of Domino's Pizza UK & Ireland Limited for their services to this company and other subsidiaries of the Group. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of other fellow subsidiaries.

	Year ended 28 December 2014	*Year ended 29 December 2013*
	£	*£*
Emoluments	3,731,429	2,982,000
Company contributions paid to individual personal pension plan	202,581	209,000

	Year ended 28 December 2014	*Year ended 29 December 2013*
	No.	*No.*
Members of money purchase pension schemes	12	9

Notes to the financial statements

at 28 December 2014

6. Directors' emoluments (continued)

The amounts in respect of the highest paid director are as follows:

	Year ended 28 December 2014	*Year ended 29 December 2013*
	£	*£*
Emoluments	831,115	468,000
Company contributions paid to individual personal pension plan	33,269	64,000

7. Interest receivable

	Year ended 28 December 2014	*Year ended 29 December 2013*
	£	*£*
Interest receivable from group undertakings	658,245	-
Interest receivable from franchisee loans	68,497	89,390
Bank interest receivable	106,318	27,372
Unwinding of discount	239,232	313,272
Other interest receivable	163,952	322,122
Foreign exchange	40,888	-
	1,277,132	752,156

8. Interest payable

	Year ended 28 December 2014	*Year ended 29 December 2013*
	£	*£*
Bank interest payable	79,295	21,429
Unwinding of discount (note 4)	205,534	236,454
	284,829	257,883

Included within interest payable is a charge of £205,534 (2013: £236,454) relating to the unwinding of the discount on the deferred consideration payable in relation to the acquisition of Domino's Leasing Limited.

Notes to the financial statements
at 28 December 2014

9. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	Year ended 28 December 2014	*Year ended 29 December 2013*
	£	*£*
Current tax:		
UK corporation tax	9,468,391	7,444,637
Tax (under) provided in previous periods	(150,871)	(436,678)
Total current tax (note 9(b))	9,317,520	7,007,959
Deferred tax:		
Current year origination and reversal of timing differences (note 18)	(33,332)	(304,617)
Prior year origination and reversal of timing differences (note 18)	(561,643)	142,481
Tax on profit on ordinary activities	8,722,545	6,845,823

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 21.5% (2013: 23.3%). The differences are reconciled below:

	Year ended 28 December 2014	*Year ended 29 December 2013*
	£	*£*
Profit on ordinary activities before tax	45,576,737	58,974,032
Profit on ordinary activities at the standard rate of tax	9,798,999	13,740,949
Non-qualifying depreciation	180,171	68,578
Income not taxable	(52,201)	258,277
Other non-qualifying expenditure	3,672,266	126,906
Accelerated capital allowances	24,735	(12,556)
Other	110,133	1,643
Share option exercise deduction	(214,194)	(661,958)
Group relief	(4,051,518)	(5,088,594)
Adjustment in respect of prior year	(150,871)	(436,676)
Adjustment for investment income	-	(988,610)
Total current tax (note 9(a))	9,317,520	7,007,959

In his budget on 20 March 2013, the Chancellor of the Exchequer announced further changes to the corporation tax rates, which will have an effect on the Company's current and future tax position. The changes announced were further decreases to the standard rate of corporation tax, with the rate set to be reduced to 20%, effective 1 April 2015. The reduction of the UK corporation tax rate to 23% from April 2013, 21% from 1 April 2014 and 20% from 1 April 2015 had been substantively enacted during the prior year. The effect of these changes to the UK tax system have been reflected in the Company's financial statements for the 52 weeks ended 29 December 2013 and for the 52 weeks ended 28 December 2014 to the extent that they had been substantively enacted by that date.

Further reductions to the UK rate have been announced in the budget on 8 July 2015. The changes, which are expected to be enacted in future years, propose to reduce the rate by 1% to 19% from 1 April 2017 and by a further 1% to 18% from 1 April 2020. The changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

Notes to the financial statements
at 28 December 2014

10. Dividends

	Year ended 28 December 2014 £	Year ended 29 December 2013 £
Equity dividends on ordinary shares:		
Interim paid	49,928,574	12,963,329
Final paid	-	11,672,742
Total dividends paid	49,928,574	24,636,071
Dividends received from subsidiary undertakings	-	4,252,086

11. Intangible fixed assets

	Master franchise fee £	Other £	Total £
Cost:			
At 29 December 2013	1,028,252	512,874	1,541,126
Disposals	-	(10,057)	(10,057)
At 28 December 2014	1,028,252	502,817	1,531,069
Depreciation:			
At 29 December 2013	932,379	79,789	1,012,168
Provided during the year	31,933	50,157	82,090
At 28 December 2014	964,312	129,946	1,094,258
Net book value:			
At 28 December 2014	63,940	372,871	436,811
At 29 December 2013	95,873	433,085	528,958

Notes to the financial statements
at 28 December 2014

12. Tangible fixed assets

	Assets under construction	*Commissary equipment*	*Fixtures and fittings*	*Total*
	£	*£*	*£*	*£*
Cost:				
At 29 December 2013	1,523,350	28,822,933	15,771,504	46,117,787
Additions	323,579	1,066,552	2,874,354	4,264,485
Disposal	(14,431)	-	(750,491)	(764,922)
Reclassification	(496,104)	496,104	-	-
At 28 December 2014	1,336,394	30,385,589	17,895,367	49,617,350
Depreciation:				
At 29 December 2013	-	7,330,023	6,307,015	13,637,038
Provided during the year	-	1,338,681	3,264,449	4,603,130
Impairments	-	-	413,168	413,168
At 28 December 2014	-	8,668,704	9,984,632	18,653,336
Net book value:				
At 28 December 2014	1,336,394	21,716,885	7,910,735	30,964,014
At 29 December 2013	1,523,350	21,492,910	9,464,489	32,480,749

Notes to the financial statements

at 28 December 2014

13. Investments

	Subsidiary undertakings	*Associates*	*Total*
	£	*£*	*£*
Carrying value before impairment			
At 29 December 2013	14,644,055	-	14,644,055
Additions	1,178,652	205,000	1,383,652
At 28 December 2014	15,822,707	205,000	16,027,707
Provisions for impairment			
At 29 December 2013	1,311,628	-	1,311,628
Written off	5,607,581	-	5,607,581
At 28 December 2014	6,919,209	-	6,919,209
Carrying value	8,903,498	205,000	9,108,498

Additions in the year ended 28 December 2014 represent transfers of investments in DP Newcastle Limited of £200,000 and Full House Restaurants Limited of £205,000 from a fellow group company; and a purchase of 2 shares in D.P. Pizza Limited for a consideration of £978,652 retaining a 100% shareholding.

On 1 July 2009, Domino's Pizza UK & Ireland Limited (Formerly Domino's Pizza Group Limited) acquired 100% of the ordinary shares of Dresdner Kleinwort Leasing March (2) Limited, a private company based in England which provides funding in the form of finance leases to a number of corporate clients. On 2 July 2009, the company changed its name to Domino's Leasing Limited.

An impairment review was undertaken at the yearend 2014 in respect of the Investment in Domino's Leasing Limited and DP Newcastle Limited (see note 4) and as a result an impairment of £5,607,581 was recognised.

A deferred consideration up to a maximum aggregate amount of approximately £15,364,000 is payable. The amount and timing for the payments of deferred consideration depend on the amount and timing of the benefits to the Domino's Pizza Group of companies which it is anticipated will arise from the date of acquisition. The deferred consideration will be paid from January 2011 until 2016.

During the period, a finance expense of £205,536 (2013: £236,454) has been recognised in relation to the unwinding of the discount on the deferred consideration and payments of £1,208,066 (2013: £1,396,043) have been made, along with an increase in the charge of £nil (2013: 323,950), resulting in a liability of £6,323,717 (2013: £7,326,247) for deferred consideration as at 28 December 2014.

	£
At 30 December 2012	8,161,886
Paid during the period	(1,396,043)
Increase to charge	323,950
Unwinding of discount	236,454
At 29 December 2013	7,326,247
Paid during the period	(1,208,066)
Unwinding of discount	205,536
At 28 December 2014	6,323,717

Notes to the financial statements
at 28 December 2014

13. Investments (continued)

	At 28 December 2014 £	At 29 December 2013 £
Current	3,840,971	1,208,066
Non-current	2,482,746	6,118,181
Total	6,323,717	7,326,247

Details of the investments in which the company held 20% or more of the nominal value of any class of share capital during the period are as follows:

Name of company	Holding	Proportion of voting rights and shares held	Nature of business
D. P. Pizza Ltd	Ordinary shares	100%	Operation of supply chain centre
Domino's Leasing Limited	Ordinary shares	100%	Leasing of assets
Full House Restaurants Holdings Limited	Ordinary shares	41%	Management of pizza stores
DP Newcastle Limited	Ordinary shares	100%	Dormant

14. Stocks

	At 28 December 2014 *£*	*At 29 December 2013* *£*
Raw materials and goods for resale	4,003,696	3,498,910

15. Debtors

	At 28 December 2014 *£*	*At 29 December 2013* *£*
Trade debtors	8,228,454	9,292,156
Amounts owed by associated undertakings	1,331,169	794,129
Amounts owed by other group undertakings	103,038,652	63,294,466
Other debtors	8,253,457	15,340,319
Prepayments and accrued income	9,523,181	5,451,511
	130,374,913	94,172,581

Included in other debtors is the National Advertising Fund ("NAF") balance of £1,557,541 (2013: £4,379,000), arising due to the timing of the cash flows of the marketing activities committed to by the fund and the contributions received from the franchisees. Total contributions made by franchisees to the fund during the 52 weeks ended 28 December 2014 were £29,138,185 (2013: £25,443,000). The outstanding balance of the NAF bears interest at 4.5% above Barclays Bank plc base rate.

Notes to the financial statements
at 28 December 2014

16. Creditors: amounts falling due within one year

	At 28 December 2014	*At 29 December 2013*
	£	*£*
Deferred consideration (note 13)	3,840,971	1,208,066
Trade creditors	13,584,189	11,309,514
Amounts owed to group undertakings	21,435,489	1,416,359
Corporation tax	5,147,404	3,353,161
Other taxation and social security	3,954,808	3,029,174
Other creditors	3,830,498	3,157,711
Accruals and deferred income	21,372,334	14,508,226
	73,165,693	37,982,211

17. Creditors: amounts falling after one year

	At 28 December 2014	*At 29 December 2013*
	£	*£*
Deferred consideration (note 13)	2,482,746	6,118,183
Bank revolving facility – wholly repayable within 5 years	5,606,625	-
	8,089,371	6,118,183

Refer to note 20 for further information on the bank revolving facility.

18. Provisions for liabilities and charges

	At 28 December 2014	*At 29 December 2013*
	£	£
Opening balance	2,053,191	2,215,327
Current year origination and reversal of timing differences (note 9(a))	(210,884)	(304,617)
Prior year origination and reversal of timing differences (note 9(a))	(561,644)	142,481
Provision for deferred taxation	1,280,663	2,053,191

19. Commitments under operating leases

At 28 December 2014 the company had annual commitments under non-cancellable operating leases as set out below:

	Assets other than land and buildings	
	At 28 December 2014	*At 29 December 2013*
	£	£
Operating leases which expire:		
Within one year	-	72,414
In two to five years	1,477,912	1,179,523
Over five years	-	19,346
	1,477,912	1,271,283

Notes to the financial statements

at 28 December 2014

20. Contingent liability

Bank loans

Domino's Pizza Group plc 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 the company. At 28 December 2014, the balance due under these facilities was £nil (2013: £13,000,000). Interest at a rate of 0.5% above LIBOR was payable on this loan. The loan had a term of seven years and matured on 31st January 2014. On 31 January 2014, Domino's Pizza Group plc repaid the £13,000,000 facility following the increase of the bank revolving facility as detailed below.

Bank revolving facility

On 31 January 2014, the Group increased the existing revolving credit facility with Barclays Bank plc to a £ 45,000,000 facility (being a £30,000,000 revolving credit facility and £15,000,000 term loan).

Interest charged on the term loan is 1.10% per annum above LIBOR and it matured on 31 January 2015. Interest charged on the revolving credit facility is 1.35% per annum above LIBOR in addition to a 0.5% utilisation fee. The facility expires on 10 August 2017.

The facility is secured by an unlimited cross-guarantee between the Company, Domino's Pizza Group plc, DPG Holdings Limited, DP Realty Limited, DP Pizza Limited and DP Group Developments Limited.

21. Related party transactions

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 28 December 2014, are as follows:

	Sales to related party		*Amounts owed from related party*	
	2014	2013	2014	2013
	£	£	£	£
Full House Restaurants Limited	10,410,237	8,484,603	1,073,275	1,908,460
DP Shayban Limited	3,491,938	3,252,934	81,259	184,317
Domino's Pizza West Country Limited	4,144,933	3,836,819	132,333	486,743
	18,047,108	15,574,356	1,286,867	2,579,520

Notes to the financial statements

at 28 December 2014

22. Share capital

		Authorised
	At 28 December 2014	*At 29 December 2013*
	£	*£*
Ordinary shares of £0.05 each	2,200,000	2,200,000
A shares of £0.05 each*	50,000	50,000
	2,250,000	2,250,000

			Allotted, called up and fully paid	
	At 28 December 2014		*At 29 December 2013*	
	No.	*£*	*No.*	*£*
Ordinary shares of £0.05 each	44,000,000	2,200,000	44,000,000	2,200,000
Allotment of A shares*	1,000,000	50,000	1,000,000	50,000
	45,000,000	2,250,000	45,000,000	2,250,000

* On 21 April 2009 the authorised share capital of the Company was increased by the creation of 1,000,000 new A shares of £0.05 each. The A shares being irredeemable preference shares. These A shares were issued to the sole member of the Company by way of a bonus issue. The Company passed a resolution on 21 April 2009 to capitalise £50,000 of the undivided profits as part of the issue of the shares, as the member would have been entitled to it if it were distributed by way of a dividend. This sum was applied on its behalf in paying up in full the issue of the new shares.

23. Reconciliation of shareholders' funds and movement on reserves

	Share capital	*Profit and loss account*	*Total share-holders' funds*
	£	*£*	*£*
At 30 December 2012	2,250,000	95,725,570	97,975,570
Profit for the year	-	53,235,267	53,235,267
Share Based Payment credit	-	875,834	875,834
Dividends paid	-	(24,636,071)	(24,636,071)
At 29 December 2013	2,250,000	125,200,600	127,450,600
Profit for the year	-	36,854,192	36,854,192
Share Based Payment credit	-	306,955	306,955
Tax on employee share options	-	177,552	177,552
Dividends paid	-	(49,928,574)	(49,928,574)
At 28 December 2014	2,250,000	112,610,725	114,860,725

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24. Share-based payment plans

The expense recognised for share-based payments in respect of employee services received during the 52 weeks ended 28 December 2014 is £306,955 (2013: £875,834). This all arises on equity-settled share-based payment transactions.

Long Term Senior Executive Incentive Plan

Reversionary interests over assets held in the Domino's Pizza Group plc Employee Benefit Trust are approved and granted, at the discretion of the trustees, to senior executives. The interests are capable of vesting within a five-year period should certain performance targets be achieved by the Group and all awards will be equity settled. During the period no further reversionary interests were granted (2013: nil) and no further grants are envisaged under this scheme. At 28 December 2014 reversionary interests represented by nil (2013: 2,287,920) shares in Domino's Pizza Group plc have been granted.

Certain of the Group's historic share-based compensation arrangements dating from 2003 to 2008 necessarily involve a degree of estimation and judgement in respect of their tax treatment. Until resolution has been reached with the relevant tax authority, which may give rise to material income statement and/or cash flow variances, it is not possible to make a reliable estimate of the possible impact on the financial statements.

2012 Long Term Incentive Plan (2012 LTIP)

At the 2012 AGM shareholders approved the adoption of new LTIP rules which allow for either the grant of market value options or performance shares. Awards are approved and granted at the discretion of the Remuneration Committee to senior executives and other employees. Awards are capable of vesting within a three-year period should certain performance targets be achieved by the Group and all awards will be equity settled. During the period 1,394,715 awards were granted (2013: nil). At 28 December 2014, 2012 LTIP awards were represented by 2,009,525 (2013: 1,021,684) shares in Domino's Pizza Group plc.

Further information on the Company's 2012 LTIP awards are given in the Directors' remuneration report.

Employee Share-option

On 24 November 1999 participants in the Domino's Pizza Group Limited (Unapproved) Share Option Scheme (which had been in place since 31 March 1999) had the option of exchanging options over shares in Domino's Pizza Group Limited in return for equivalent options over ordinary shares in the Company under Domino's Pizza Share Option (Unapproved) Scheme.

On 23 March 2004, the Company established the Domino's Pizza Group plc Enterprise Management Incentive Scheme ('EMI Scheme').

All employees are eligible for grants of options under these schemes, which are approved by the Board. Prior to 2011, the options vested over a three-year period and are exercisable subject to the condition that the growth in adjusted diluted earnings per share during each of the three years following the date of grant exceeds growth in the Retail Prices Index by at least 3%. For 2011 and 2012 the options vest over a three-year period and are exercisable subject to the condition that real growth in adjusted diluted earnings per share, during each of the three years following the date of grant, exceeds 3%.

The options lapse after 10 years or in certain other circumstances connected with leaving the Company. There are no cash settlement alternatives and all awards are equity settled.

No options were granted during the period ended 28 December 2014 (2013: nil).

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24. Share-based payment plans (continued)

Sharesave scheme
During 2009 the Group introduced a Sharesave scheme giving employees the option to acquire shares in the Company. Employees have the option to save an amount per month up to a maximum of £500 and at the end of three years they have the option to purchase shares in the Company or to take their savings in cash. The contractual life of the scheme is three years. The weighted average fair value of each option granted in 2014 was 71.0p (2013: 142.51p).

Share schemes
As at 28 December 2014, the following share options were outstanding:

Scheme	Exercise Price	Outstanding at 29 December 2013 No.	Granted during the period No.	Exercised during the period No.	Forefeited During the period No.	Outstanding at 28 December 2014 No.	Exercisable at 28 December 2014 No.
Reversionary Interest Long Term Incentive Plan	437.10p	2,287,920	-	(1,832,917)	(455,003)	-	-
2012 Long Term Incentive Plan	0.00p to 540.50p	1,021,684	1,314,445	-	(373,401)	1,962,728	-
Dominos Pizza (unapproved) Scheme	107.03p to 210.00p	262,137	-	(93,375)	-	168,762	168,762
Dominos Pizza CSOP (unapproved) Scheme	205.50p to 482.40p	477,674	-	(154,839)	(88,022)	234,813	55,716
Dominos Pizza CSOP (approved) Scheme	205.50p to 482.40p	899,070	-	(280,926)	(135,536)	482,608	152,456
EMI Scheme	64.53p	9,600	-	(9,600)	-	-	-
Sharesave Scheme	237.92p to 434.00p	274,333	184,549	(46,557)	(47,094)	365,231	-
		5,232,418	**1,498,994**	**(2,418,214)**	**(1,099,056)**	**3,214,142**	**376,934**
Weighted average exercise price		409.83p	209.10p	419.06p	355.95p	327.65p	233.74p

Notes to the financial statements
at 28 December 2014

24. Share-based payment plans (continued)

As at 29 December 2013, the following share options were outstanding:

Scheme	Exercise Price	Outstanding at 30 December 2012 No.	Granted during the period No.	Exercised during the period No.	Forefeited During the period No.	Outstanding at 29 December 2013 No.	Exercisable at 29 December 2013 No.
Reversionary Interest Long Term Incentive Plan	327.00p to 437.10p	4,311,774	-	(2,023,854)	-	2,287,920	-
2012 Long Term Incentive Plan	431.60p	1,055,420	-	-	(33,736)	1,021,684	-
Dominos Pizza (unapproved) Scheme	107.03p to 210.00p	418,247	-	(156,110)	-	262,137	262,137
Dominos Pizza CSOP (unapproved) Scheme	205.50p to 482.40p	2,615,520	-	(138,571)	(1,999,275)	477,674	116,277
Dominos Pizza CSOP (approved) Scheme	205.50p to 482.40p	1,365,910	-	(457,799)	(9,041)	899,070	273,738
EMI Scheme	64.53p	40,837	-	(31,237)	-	9,600	9,600
Sharesave Scheme	237.92p to 426.00p	216,161	148,403	(40,883)	(49,348)	274,333	76
		10,023,869	**148,403**	**(2,848,454)**	**(2,092,400)**	**5,232,418**	**661,828**
Weighted average exercise price		386.84p	352.60p	338.64p	392.69p	409.78p	237.78p

The weighted average remaining contractual life of the options outstanding at 28 December 2014 is 6.7 years (2013: 4.1 years). The weighted average share price for options exercised during 2014 was 419.06p (2013: 338.64p).

The fair value of both options and reversionary interests granted is estimated at the date of granting using a Hoadley model, taking into account the terms and conditions upon which they were granted. TSRs are generated for Dominos and the comparator group at the end of the three year performance period.

The fair values of the awards granted under the 2012 LTIP were determined using the market price of the shares at the date of grant. The weighted average share price for the 2012 LTIP awards granted in 2014 was 518.83p.

The following table summarises the inputs for the model used for the period ended 28 December 2014.

	52 weeks ended 28 December 2014
Weighted average fair value	276.8p
Weighted average share price	535.8p
Weighted average exercise price	198.1p
Expected dividend yield	0.00%–3.05%
Risk free rates	0.58%–1.09%
Expected volatility	24.1%–26.2%

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25. Ultimate parent company and controlling party

In the opinion of the directors the immediate parent company and controlling party is DPG Holdings Limited a company incorporated in the United Kingdom, which is a wholly owned subsidiary of Domino's Pizza Group plc, the ultimate parent undertaking and controlling party.

The smallest and largest group and for which group financial statements are drawn up, and of which the company is a member, is Domino's Pizza Group plc. Copies of the financial statements of Domino's Pizza Group plc may be obtained from its registered office, 1 Thornbury, West Ashland, Milton Keynes, MK6 4BB.