

DPG Holdings Limited

Report and Financial Statements

25 December 2016

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52 weeks ended 25 December 2016

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DPG Holdings Limited

Company Details

52 weeks ended 25 December 2016

Directors

S G Hemsley
D J Wild
R C E Osborne
A J Bushnell

Secretary

A J Bushnell

Auditors

Ernst & Young LLP
No.1 Colmore Square
Birmingham
B4 6HQ

Bankers

Barclays Bank Plc
669 Midsummer Boulevard
Central Milton Keynes
Buckinghamshire
MK9 3BQ

Registered office

1 Thornbury
West Ashland
Milton Keynes
Buckinghamshire
MK6 4BB

DPG Holdings Limited is a private company registered in England & Wales, limited by shares.

Directors' report

52 weeks ended 25 December 2016

The directors present their report and financial statements for the year ended 25 December 2016.

Results and dividends

The profit for the year amounted to £94,879,000 (2015: £60,000,000). Dividends of £95,000,000 (2015: £60,000,000) were paid during the year. The directors do not recommend the payment of any further dividends.

Principal activities of the business

The principal activity of the company during the period was to hold investments in subsidiaries of Domino's Pizza Group plc.

The Company has early adopted the requirements of Statutory Instrument 2015/980.

Directors

The current directors are shown on page 2. Changes during the period were as follows:

R C E Osborne (Appointed 10 October 2016)
A J Bushnell (Appointed 25 July 2016)
P H Doughty (Resigned 31 December 2015)
R C Bellhouse (Resigned 25 July 2016)

Company Secretary

A J Bushnell (Appointed 25 July 2016)

The directors had no interests, as defined by the Companies Act 2006, in the share capital of the company at any time during the year. S G Hemsley, D J Wild and R C E Osborne are also directors of Domino's Pizza Group plc, the immediate parent company and details of their interests therein are shown in the directors' report of that company for the year ended 25 December 2016.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 2. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Special provisions

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 414B and 415A of the Companies Act 2006.

Financial instruments

The company's principal financial instruments are bank loans and intercompany creditors and debtors. (see notes 8 to 10 for further details).

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 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.

Going Concern

The company has an excess of current liabilities over current assets of £85,509,000 as at 25 December 2016 (2015: £85,388,000). The directors have carried out a detailed review of the cash flow projections covering 12 months from the approval of these financial statements. The company is dependent on the continued support of its ultimate parent company; however the directors are satisfied that the company can generate sufficient cash flow from the existing business to meet its day to day obligations as they fall due. 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

A J Bushnell
Director
9 August 2017

Statement of directors' responsibilities in respect of the financial statements

52 weeks ended 25 December 2016

The directors are responsible for preparing the Directors' Report, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 14 in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss 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; and
- ♦ state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 DPG Holdings Limited

52 weeks ended 25 December 2016

We have audited the financial statements of DPG Holdings Limited for the 52 weeks ended 25 December 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 14. 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), including FRS 101 "Reduced Disclosure Framework".

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 4, 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 25 December 2016 and of its profit for the 52 weeks then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; 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, based on the work undertaken in the course of the audit:

the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Directors' Report.

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; or
- the directors were not entitled to take advantage of the small companies' exemptions in not preparing the Strategic Report and in preparing the Directors' Report.

Ernst & Young LLP

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

Date:

10 August 2017

Statement of comprehensive income

52 weeks ended 25 December 2016

		52 weeks ended 25 December 2016 Total £000	52 weeks ended 27 December 2015 Total £000
	Notes		
Income from investments		95,000	60,000
Operating profit		95,000	60,000
Finance expense	4	(121)	-
Profit before taxation		94,879	60,000
Taxation	5	-	-
Profit for the period		94,879	60,000
Profit for the period		94,879	60,000
Other comprehensive income		-	-
Total comprehensive income for the period		94,879	60,000

Balance sheet

52 weeks ended 25 December 2016

	Notes	At 25 December 2016 £000	At 27 December 2015 £000
Non-current assets			
Investment in subsidiary	7	1,423,795	1,423,795
		1,423,795	1,423,795
Current assets			
Amounts owed by group undertakings	8	3,019	-
		3,019	-
Total assets		1,426,814	1,423,795
Current liabilities			
Accruals		(54)	-
Amounts owed to group undertakings	9	(58,274)	(85,388)
Bank loans and overdrafts	10	(30,200)	-
		(88,528)	(85,388)
Total liabilities		(88,528)	(85,388)
Net assets		1,338,286	1,338,407
Shareholders' equity			
Called up share capital	11	1,600	1,600
Merger reserve	11	100,000	100,000
Revaluation reserve	11	1,163,028	1,163,028
Retained earnings		73,658	73,779
Total equity shareholders' funds		1,338,286	1,338,407

The financial statements of DPG Holdings Limited (Registered No: 5860040) were approved by the Board on 9 August 2017 and signed on its behalf by



A J Bushnell
Director

Statement of changes in equity

52 weeks ended 25 December 2016

	Share capital £000	Merger reserve £000	Revaluation reserve £000	Retained Earnings £000	Equity shareholders' funds £000
At 29 December 2014	1,600	100,000	1,163,028	73,012	1,337,640
Profit for the period	-	-	-	60,000	60,000
Total comprehensive income for the period	-	-	-	60,000	60,000
Share option charge	-	-	-	767	767
Equity dividends paid	-	-	-	(60,000)	(60,000)
At 27 December 2015	1,600	100,000	1,163,028	73,779	1,338,407
Profit for the period	-	-	-	94,879	94,879
Total comprehensive income for the period	-	-	-	94,879	94,879
Equity dividends paid	-	-	-	(95,000)	(95,000)
At 25 December 2016	1,600	100,000	1,163,028	73,658	1,338,286

Notes to the financial statements

52 weeks ended 25 December 2016

1. Accounting policies

General Information

The financial statements of DPG Holdings Limited for the 52 weeks ended 25 December 2016 were approved for issue by the Board of Directors on 9 August 2017.

DPG Holdings Limited ('the Company') is a limited company incorporated and domiciled in England and Wales. The address of its registered office and principal place of business is disclosed in the Company information.

These financial statements were presented in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in thousand pounds sterling (£000), which is also the Company's functional currency. The Company's financial statements are individual entity financial statements.

Basis of preparation

The Company transitioned from previously extant UK GAAP to FRS 101 for all periods presented. Transition reconciliations showing all material adjustments are disclosed in note 14.

The Company has early adopted the requirements of statutory instrument 2015/980.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 25 December 2016.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of IFRS 7 Financial Instruments: Disclosures
- b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- d) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- e) the requirements of IAS 7 Statement of Cash Flows;
- f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets

The basis for all of the above exemptions is because equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Domino's Pizza Group plc, and as such the results are included in the consolidated financial statements of Domino's Pizza Group plc. The consolidated financial statements of Domino's Pizza Group plc are available from 1 Thornbury, West Ashland, Milton Keynes, MK6 4BB.

The financial statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The company is dependent on the continued support of its ultimate parent company; however the directors are satisfied that the company can generate sufficient cash flow from the existing business to meet its day to day obligations as they fall due.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates.

The following judgements have had the most significant effect on amounts recognised in the financial statements:

- The revaluation of the investment in subsidiary Domino's Pizza UK & Ireland Limited to fair value as at 29 December 2014, being the transition date to FRS 101. The revalued amount is taken as the deemed cost from this date onwards.

Investments

Investments held as fixed assets are stated at cost less provision for impairment.

As at 29 December 2014, in accordance with Paragraph D15 of IFRS 1 'First time adoption of International Financial Reporting Standards' (IFRS 1) Appendix D, the Company has measured all investments at a deemed cost, being the fair value as at this date.

The Company assesses these investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

Notes to the financial statements

52 weeks ended 25 December 2016

1. Accounting policies (continued)

Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or other cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised using the liability method, providing for temporary differences between the tax bases and the accounting bases of assets and liabilities. Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax liabilities are recognised for all temporary differences, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or losses can be utilised.

Tax is charged or credited to the income statement, except when it relates to items charged or credited directly to other comprehensive income or to equity, in which case the income tax is also dealt with in other comprehensive income or equity respectively.

Deferred tax assets and liabilities are offset against each other when the Company has a legally enforceable right to set off current tax assets and liabilities and the deferred tax relates to income taxes levied by the same tax jurisdiction on either the same taxable entity, or on different taxable entities which intend to settle current tax assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities are expected to be settled or recovered.

Derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Notes to the financial statements

52 weeks ended 25 December 2016

2. Auditor's remuneration

The Group paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the Company

	52 weeks ended 25 December 2016 £000	52 weeks ended 27 December 2015 £000
Auditor's remuneration - audit of the financial statements	11	4

3. Staff costs and directors' remuneration

No salaries or wages have been paid to employees, including directors, during the year (2015: £nil). The directors were remunerated by Domino's Pizza UK & Ireland Limited. The following disclosures relate to the total amounts paid to the directors of DPG Holdings 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.

	52 weeks ended 25 December 2016 £000	52 weeks ended 27 December 2015 £000
Directors' remuneration	1,417	1,766
Aggregate contributions to defined contribution pension schemes	66	79
Number of Directors accruing benefits under: – defined contribution schemes	3	3

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

	52 weeks ended 25 December 2016 £000	52 weeks ended 27 December 2015 £000
Directors' remuneration	937	1,193
Aggregate contributions to defined contribution pension schemes	51	50

4. Finance expense

	52 weeks ended 25 December 2016 £000	52 weeks ended 27 December 2015 £000
Bank revolving credit facility interest payable	121	-
Total finance expense	121	-

All interest payable relates to the revolving credit facility that was entered into on 8 July 2016. See note 10 for details.

5. Taxation

(a) Tax on profit on ordinary activities

	52 weeks ended 25 December 2016 £000	52 weeks ended 27 December 2015 £000
Tax charged in the income statement		
Total current income tax charge	-	-
Tax charge in the income statement	-	-

Notes to the financial statements

52 weeks ended 25 December 2016

5. Taxation (continued)

(b) Reconciliation of the total tax charge

The tax expense in the income statement for the 52 weeks ended 25 December 2016 is lower (2015: lower) than the statutory corporation tax rate of 20.00% (2015: 20.25%). The differences are reconciled below:

	52 weeks ended 25 December 2016 £000	52 weeks ended 27 December 2015 £000
Profit before taxation	94,879	60,000
Accounting profit multiplied by the UK statutory rate of corporation tax of 20.00% (2015: 20.25%)	18,976	12,150
Investment income not taxable	(19,000)	(12,150)
Group relief surrendered for no payment	24	-
Total tax expense reported in the income statement	-	-

A change to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 was substantively enacted on 26 October 2015. Following the substantive enactment of Finance Act 2016 on 6 September 2016 the UK corporation tax rate was further reduced to 17% from 1 April 2020.

6. Dividends paid and proposed

	52 weeks ended 25 December 2016 £000	52 weeks ended 27 December 2015 £000
Declared and paid during the year:		
Equity dividends of 59.375p per Ordinary share (2015: 37.5p)	95,000	60,000
Dividends paid	95,000	60,000

7. Investment in subsidiary undertakings

	Subsidiary undertakings £000	Total £000
Carrying value		
At 25 December 2016 and 27 December 2015	1,423,795	1,423,795

On the transition date to FRS 101 the Company elected to revalue the investment in Domino's Pizza UK & Ireland Limited to fair value. The revised value of the investment is taken as the deemed cost for the application of FRS 101.

Name of company	Country of incorporation	Proportion of voting rights and share capital	Registered office
<i>Directly held subsidiary undertakings</i>			
Domino's Pizza UK & Ireland Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
<i>Indirectly held subsidiary undertakings</i>			
DP Pizza Ltd	Ireland	100% Ordinary	Unit 1B Toughers Business Park, Newhall, Naas CO. Kildare, Ireland
Domino's Leasing Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
DP Newcastle Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
<i>Associate undertakings</i>			
Full House Restaurants Holdings Limited	England	49% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom

Notes to the financial statements

52 weeks ended 25 December 2016

8. Amounts owed by group undertakings

	At 25 December 2016 £000	At 27 December 2015 £000
Amounts owed by group undertakings	3,019	-
	3,019	-

9. Amounts owed to group undertakings

	At 25 December 2016 £000	At 27 December 2015 £000
Amounts owed to group undertakings	58,274	85,388
	58,274	85,388

10. Financial liabilities

	At 25 December 2016 £000	At 27 December 2015 £000
Current		
Bank revolving facility	30,200	-
	30,200	-

Bank revolving facility

On 8 July 2016, the Company's parent, Domino's Pizza Group plc, entered into a new £175.0m multicurrency revolving credit facility with Barclays Bank plc, HSBC Holdings plc and The Royal Bank of Scotland Group Plc. As at 25 December 2016 £30.2m was drawn by the Company. The previous Group facility with Barclays Bank plc was repaid in full and cancelled.

Interest charged on the revolving credit facility ranges from 0.75% per annum above LIBOR when the Group's leverage is less than 1:1 up to 1.50% per annum for leverage above 2:1. In addition a utilisation fee is charged on the facility if over one-third of the facility is utilised at 15% of the margin rate, and 30% if over two-thirds of the facility is utilised. The facility expires on 18 July 2021.

The facility is secured by an unlimited cross-guarantee between the Company, Domino's Pizza Group Plc, Domino's Pizza UK & Ireland Limited, DP Realty Limited, DP Pizza Limited, DP Group Developments Limited, DP Cyco Switzerland Limited and Domino's Pizza GmbH.

11. Share capital and reserves

Authorised share capital

	At 25 December 2016 and 27 December 2015
Ordinary shares of 1p each:	
– number	160,000,001
– value (£000)	1,600

Allotted, called up and fully paid share capital

Ordinary shares of 1p each	Number	£000
At 25 December 2016, 27 December 2015 and 28 December 2014	160,000,001	1,600

Revaluation reserve

The revaluation reserve is used to record the increase in fair value on the investments in subsidiary undertakings on 29 December 2014 to the deemed cost on transition to FRS 101. See note 14.

Merger reserve

The merger reserve was created on incorporation of the Company.

Notes to the financial statements

52 weeks ended 25 December 2016

12. Share-based payments

In the period ended 25 December 2016 the Group recharged subsidiary undertakings directly for share-based payment charges and as a result no reserves movement has been recognised in the Company. In the period ending 27 December 2015 the credit recognised in reserves for share-based payments in respect of employee services received was £767,000. This all arose on equity-settled share-based payment transactions.

13. Ultimate parent company and controlling party

In the opinion of the directors the immediate and ultimate parent company and controlling party is Domino's Pizza Group plc, a company incorporated in the United Kingdom.

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.

Notes to the financial statements

52 weeks ended 25 December 2016

14. Transition to FRS 101

For all periods up to and including the year ended 27 December 2015, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice ('UK GAAP'). These financial statements, for the year ended 25 December 2016, are the first the Company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 29 December 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 29 December 2014, the Company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the Company in restating its balance sheet as at 29 December 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 27 December 2015.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6-33 of IFRS 1 First Time Adoption of International Financial Reporting Standards.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the general requirements to apply IFRSs as effective for 25 December 2016 year ends retrospectively. The Company has taken advantage of the following exemptions:

- The Company has applied the transitional provision in IFRS 1 to recognise investments in subsidiaries and joint ventures at 29 December 2014 at deemed cost, being the fair value of the investments on this date.

Reconciliation of equity:

	As at 27 December 2015			As at 29 December 2014		
	UK GAAP £000	FRS 101 reclassifications/ remeasurements £000	FRS 101 £000	UK GAAP £000	FRS 101 reclassifications/ remeasurements £000	FRS 101 £000
Non-current assets						
Investment in subsidiary undertakings	260,767	1,163,028	1,423,795	260,000	1,163,028	1,423,028
Total assets	260,767	1,163,028	1,423,795	260,000	1,163,028	1,423,028
Current liabilities						
Amounts owed to group undertakings	(85,388)	-	(85,388)	(85,388)	-	(85,388)
Total liabilities	(85,388)	-	(85,388)	(85,388)	-	(85,388)
Net assets	175,379	1,163,028	1,338,407	174,612	1,163,028	1,337,640
Shareholders' equity						
Called up share capital	1,600	-	1,600	1,600	-	1,600
Merger reserve	100,000	-	100,000	100,000	-	100,000
Revaluation reserve	-	1,163,028	1,163,028	-	1,163,028	1,163,028
Retained earnings	73,779	-	73,779	73,012	-	73,012
Total equity shareholders' funds	175,379	1,163,028	1,338,407	174,612	1,163,028	1,337,640

The following adjustment has been made on transition as at 27 December 2015 and 29 December 2014:-

1. The investment in subsidiary Domino's Pizza UK & Ireland Limited has been revalued to fair value as at 29 December 2014, being the transition date to FRS 101. The revalued amount is taken as the deemed cost from this date onwards.

There have been no adjustments on transition with an impact on the prior period profit and loss account.