

Registered No: 07916193

# **Domino's Pizza Germany Limited**

## **Report and Financial Statements**

29 December 2013

WEDNESDAY



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28/01/2015

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COMPANIES HOUSE

**Directors**

D Wild  
R Strate

**Auditors**

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

**Bankers**

Barclays Bank Plc  
Frankfurt Branch  
Bockenheimer Landstr. 38-40  
60323 Frankfurt  
Germany

**Registered office**

1 Thornbury  
West Ashland  
Milton Keynes  
MK6 4BB

## Strategic report

The company was incorporated on 19<sup>th</sup> January 2012 and on 20<sup>th</sup> January 2012 the company acquired the trade and assets of a German business, Domino's Pizza Germany GmbH. The directors present their report and financial statements for the period ended 29 December 2013.

### Results and dividends

The loss after tax for the period amounted to €28,410,084. Ordinary dividends of €nil were paid during the period.

### Review of the business

The business has had a challenging year, although there has been ongoing improvement in sales performance with system sales up 288.9% to €10.4m (2012: €3.6m) and like-for-like sales up 14.7% (2012: 19.3%). The franchisee stores continued to make good sales progress and at higher sales levels than our corporate stores. A new unit sales record was achieved by one of our franchisees with sales in one week of €46k, which demonstrates the potential in the market when the marketing, product and service are all superbly executed.

Seven stores opened during the period – all in the first half. No new stores were opened in Germany during the second half of the period as a result of our decision to transition the majority of the corporate stores across to franchisee management. As at 29 December 2013, Germany had 23 stores.

The company has also incurred some exceptional and one-off costs in relation to the business amounting to €18.4m (see note 4 for further information).

### Our strategy

The greatest strength of the Domino's business is the simplicity and clarity of our strategy: we aim to be the number one pizza delivery business in our markets 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. At Domino's 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 which maintain standards; and
- property management, including new store development.

The Group have a highly developed and successful business in UK and Republic of Ireland.

The global Domino's business is the most successful home delivery pizza business in the world, operating nearly 11,000 stores in 73 international markets. These include a mix of both developed and emerging economies. Germany is the largest consumer market in Europe and the 4th in the world, with established global QSR (Quick Service Restaurant) businesses running successfully in the burger and sandwich segments.

## Strategic Report (continued)

Our investment into Germany hasn't been without challenges and teething problems. Initially, the stores were run corporately rather than as a franchise, which is the UK norm. Ambitious expansion plans were established before a full understanding of basic store economics had been determined and the early openings were too large, leading to high rental and utility costs. Overheads are too high given the small number of outlets and we have tested a number of price points during our first few years and concluded that Domino's quality justifies a premium price, as in the UK.

A change of management in 2013 gave the Board the opportunity to review and implement a new strategy based on:

- a move to franchise rather than corporate stores;
- a more modest 2014 opening programme – likely to be five stores;
- a standard store format with 150 square metre template;
- streamlined Support Centre overhead;
- a new e-commerce platform; and
- premium pricing with aggressive promotions.

The summary of this strategy is to ensure a clear focus on store-level economics. The implementation of this revised strategy has resulted in increased losses in 2013 and significant write-offs which have been taken as exceptional costs. We expect that losses in Germany will continue for several years until we establish sound and replicable store level economics and achieve a critical mass of stores sufficient to support the overhead. Thereafter we hope the growth in contribution from Germany will be significant and replicate the progress made in the UK.

### Key Performance Indicators

In order to continue to implement, develop and measure the strategic performance, we monitor six financial and non-financial key performance indicators ("KPIs") in addition to Income statement results:

**1) 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 stores that were open in both periods being compared grew by 14.7%. The previous year's like-for-like growth was 19.3%.

**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 Germany, to external customers, for the 52 week period compared to the 52/53 week historic reporting periods. In 2013, system sales grew by 288.9% to €10.4m.

**3) Delivered on time (%)**

The Company'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 was 76.3%.

**4) Adjusted loss before tax (PBT) (£'000)**

Loss before tax and exceptional items ("adjusted LBT") or preferably a profit before tax and exceptional is a good indicator of the efficiency of the business model for the shareholders and franchisee's alike. Adjusted LBT for the period was €10.0m (2012: €4.6m).

**5) Ecommerce sales (£m)**

The focus on digitalisation of the business drives this measure. In 2013, the sales of stores in the Germany, to external customers, via the website, grew by 25.8% to €3.6m (2012: €1.0m).

## Strategic Report (continued)

### 6) **New store openings (number of stores)**

A strong indicator of growth in our business is continued presence by increasing store numbers. In Germany 7 new stores were opened in 2013 (2012: 12).

## **Risk Management**

### **Our approach**

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The Company has continued to identify, evaluate and monitor risks facing the business and during the year under review a particular focus has been placed on identifying the likely impact that each identified risk could have on the business. This has allowed management to prioritise and target those risks deemed likely to have the most detrimental impact on the business were the scenario to arise.

Protecting the business is of paramount importance and an essential part of management's role. Our approach to risk management includes developing key business plans and policies relating to areas which are likely to have a severe impact on our business.

We recognise that it is important risks are identified, assessed and prioritised in a timely manner whilst ensuring that appropriate controls and mitigation strategies are in place. Each identified risk has a business owner who manages and reports on that particular risk to the Company Executive and the relevant Leadership Team. The teams then assist the Board in the review of the risk management processes and, in response, take responsibility for designing the appropriate internal control systems and policies with each business owner. Management is therefore able to feed risks into the formulation and management of the Company's strategic objectives and ultimately determine which risks are primary or secondary in terms of both likelihood and impact.

### **Principal risks and uncertainties**

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As with any business, we face risks and uncertainties on a daily basis. However, below are the risks management considers to be of most significant risk to the Company in terms of preventing or restricting execution of our strategy, together with the impact each risk could have and the mitigating activities that we have put in place to prevent against such risk materialising. We recognise that other risks are still present and seek to ensure they are managed accordingly.

## Strategic Report (continued)

Principal risks	Impact	Management and mitigation
<b>COMPETITION</b>		
<p><b>Consumer relevance</b></p> <p><i>Quick service restaurants are affected by various changes in consumer tastes, brand relevance and demographic trends.</i></p>	<p>Any material change in market perception of home delivery and convenience foods could adversely affect the Company.</p> <p>Failure to anticipate and respond to a change in consumer demand could have a material effect on future results of operations and financial performance.</p>	<ul style="list-style-type: none"> <li>• The Company places a strong focus on new product development to ensure the menu has a broad appeal and reflects consumer trends. A New Product Development (NPD) Team meets every two weeks to discuss and review consumer relevance, trends and new products.</li> <li>• We stay abreast of local and national trends and react quickly to them an example of this being our gluten free pizza.</li> <li>• Our NPD and Demographics teams work closely together to understand and review changing consumer tastes and trends to ensure we respond promptly to any changing views and tastes. We also work closely with external third parties who focus on consumer analysis and brand tracking.</li> </ul>
<p><b>Impact of competitors</b></p> <p><i>Failure to compete on areas including product offering, price, offers, service and quality.</i></p>	<p>Adverse affect of the Company's financial results.</p>	<ul style="list-style-type: none"> <li>• We have dedicated teams who focus on ensuring Domino's is the best pizza delivery company in the market whilst keeping an eye on our competitors.</li> <li>• We work relentlessly to reflect changes in consumer tastes and to improve our offering by investing in price, quality and service.</li> <li>• Part of our strategy has a broad appeal on price, product, new store design concepts, service and quality.</li> <li>• Regular review and analysis of the markets in which we operate and of customer perceptions of Domino's.</li> </ul>
<b>FRANCHISEES</b>		
<p><b>Material deterioration in relationships with franchisees</b></p> <p><i>Relationships with franchisees are key to the Company's success as the franchisees drive a large part of the business.</i></p>	<p>Franchisees may leave the system which could result in a drop in operational standards within stores.</p> <p>Franchisees may elect to go to a competitor.</p> <p>Lack of franchisee buy-in could also</p>	<ul style="list-style-type: none"> <li>• Relationships with franchisees are carefully nurtured by Directors, senior management and franchisee-facing employees within all departments at Domino's.</li> <li>• One-to-one business review meetings are held with each franchisee at least annually.</li> <li>• Franchisee dinners and awards are held nationally throughout the year, allowing franchisees to discuss anything of concern or interest directly with Directors.</li> </ul>

## Strategic Report (continued)

	<p>result in franchisees not supporting changes to policies, standards, brand guidelines and opening stores.</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>
<p>Commercial leverage of large franchisees</p> <p><i>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.</i></p>	<p>Franchisees could seek to invest in alternative business ventures which could lead to less focus on Domino's Pizza stores.</p> <p>Franchisees could stop growing, or sell their Domino's stores.</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Each franchisee has an individual growth plan which sets out the agreed position with regards store openings.</li> </ul>
<p>Reputational damage or loss of confidence in the brand</p> <p><i>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.</i></p>	<p>Should publicity be of a sufficiently material nature customers may deviate away from purchasing from Domino's.</p> <p>A material loss in sales could adversely affect future results of operation and financial condition.</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Regular mentoring of franchisees, training and store visits are carried out by the Company.</li> <li>• Should a franchisee be in material breach of the standard franchise agreement the Company is at liberty to terminate.</li> <li>• 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.</li> </ul>
<b>PROPERTY</b>		
<p>Store growth</p> <p><i>Continuing acquisition and development of property sites carries inherent risk as challenges exist in relation to finding new sites, obtaining planning permission or other</i></p>	<p>Failure to hit store opening targets or reduction in store opening targets.</p>	<ul style="list-style-type: none"> <li>• Regular meetings and reviews on store opening targets and strategy take place at Group Executive, Leadership Team and Board level.</li> <li>• Each country in which we operate poses different challenges in relation to store growth. The more mature markets such as the UK have dedicated teams focusing</li> </ul>

## Strategic Report (continued)

<p><i>consents and compliance in the countries in which the Company operates.</i></p>		<p>on property acquisition, store design and store splits with franchisees. Whereas the newer markets including Germany and Switzerland have property professionals focusing on licensing and permits, to enable new stores to be fitted out and opened.</p> <ul style="list-style-type: none"> <li>• The Company monitors legal and regulatory compliance in all property related activities.</li> <li>• The Company and its planning consultants actively build on relationships with and work closely with local authorities to ensure there is an understanding of the responsible way stores are operated and the Company's willingness to accept appropriate planning conditions.</li> </ul>
<b>DATA &amp; SECURITY</b>		
<p>Data protection and security</p> <p><i>Ensuring the appropriate security and safeguards are in place to prevent against loss or theft of customer data.</i></p>	<p>Negative publicity and potential investigation and fines from regulatory bodies</p>	<ul style="list-style-type: none"> <li>• The Company uses encryption and authentication technology to provide the security necessary to effect the secure transmission of customer data.</li> <li>• Customer data is protected by both physical and systems controls.</li> <li>• All desktops and laptops are protected with antivirus and antimalware software and have access restrictions in place.</li> <li>• All mobile devices have software installed which allow them to be wiped if they are lost and password protected.</li> </ul>
<p>IT systems and infrastructure</p> <p><i>Significant failure in the IT processes of our retail operations could impact online sales and stores ability to trade.</i></p>	<p>Website sales could stop which could have a serious detrimental effect on the financial performance of the Company as online sales continue to out weight telephone and walk-in sales.</p>	<ul style="list-style-type: none"> <li>• The IT Department regularly monitor controls and maintain integrity and efficiency of IT infrastructure</li> <li>• Processes are in place to deal with any significant IT security incidents</li> <li>• All critical systems for the Company have external security penetration tests carried out on a regular basis.</li> <li>• Contingency plans and external data centres are in place should any failures arise.</li> </ul>
<b>PEOPLE</b>		
<p>Employees</p> <p><i>Failure to attract, retain, develop and motivate the best people at all levels.</i></p>	<p>Failing to have the right people within the Company could limit the Company's ability to succeed.</p>	<ul style="list-style-type: none"> <li>• Talent management is reviewed at least annually within the Leadership Teams where key employees are identified and bespoke development plans are put in place.</li> <li>• People development is a key objective for each member of the Leadership Teams.</li> </ul>



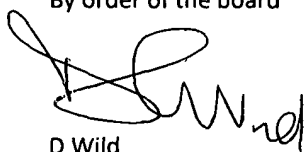
## Strategic Report (continued)

		<ul style="list-style-type: none"> <li>Internal teams including the Happiness @ Work team meet monthly to review and implement feedback from staff.</li> <li>The Company places significant investment in training, development and incentives.</li> </ul>
<b>FOOD PRODUCTION, STORAGE &amp; SUPPLIERS</b>		
<p>Failure of a critical supplier</p> <p><i>We are reliant upon the continued operation of various third party suppliers who provide raw materials.</i></p>	<p>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.</p>	<ul style="list-style-type: none"> <li>Core suppliers are routinely put through a risk assessment to determine likelihood of continued source and supply of goods.</li> <li>Contingency plans are put in place to deal with the scenario of a supplier stopping supply.</li> <li>We maintain a close relationship with suppliers and have regular reviews and meetings.</li> </ul>
<p>Food safety and compliance</p> <p><i>Supply Chain Centre and store compliance with food safety rules and regulations.</i></p>	<p>Supply Chain Centre(s) or a store could be closed down in the event of a serious food safety risk or issue.</p> <p>Brand recognition could be seriously damaged if food safety scare occurred.</p>	<ul style="list-style-type: none"> <li>A dedicated Health &amp; Safety Team and Food Regulatory Team constantly review and monitor food safety and compliance.</li> <li>Controls are in place to deal with product integrity, approval and management of stores, emerging issues and any changes to regulatory standards.</li> <li>Supplier assurance programme in place and Supply Chain Centres are regulatory audited by independent third parties to BRC Global Standard for food safety.</li> <li>Regular mentoring of franchisees, training and store visits are carried out by the Company to ensure standards are maintained at all times.</li> </ul>
<p>Production issues or destruction of Supply Chain Centres</p> <p><i>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.</i></p>	<p>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.</p> <p>Potential for a major adverse impact on the Company's financial performance.</p>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>A comprehensive Site Down Recovery Plan is also in place and forms part of our Business Continuity Plan.</li> </ul>

## Strategic Report (continued)

CORPORATE GOVERNANCE		
Internal controls, fraud and compliance  <i>Ensuring the Company has the appropriate internal controls and audit function</i>	<p>The Company's growth and expansion into Europe means larger and more remote teams with potential for fraudulent and dishonest activity by suppliers, customers and employees.</p> <p>Risk that issues or considerations which should be taken into account could be missed if appropriate policies and procedures are not in place.</p>	<ul style="list-style-type: none"> <li>• The Company and Audit Committee have spent a large proportion of its time during the year focusing on, reviewing and analysing the internal controls in place within the Company.</li> <li>• During 2014, the Company will focus on strengthening its internal controls and adding to its existing policies and procedures.</li> <li>• Behavioural guidance is given to employees and the Company has in place an Anti-Bribery &amp; Corruption Policy which all employees and external suppliers are committed to comply with.</li> <li>• A Whistleblowing Policy is in place.</li> </ul>

By order of the board



D Wild  
Director

28 January 2015

## Directors' report

### Principal activities

The principal activity of the company during the period was the development of the Domino's franchise system in Germany.

### Directors

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

L Batchelor	(Resigned 16 March 2014)
L D Ginsberg	(Resigned 2 April 2014)
D Elkanati	(Appointed 13 February 2012, resigned 26 February 2014)
K Spiroff	(Appointed 1 October 2012, resigned 30 September 2013)
B Trier	(Appointed 1 October 2013, resigned 31 October 2014)

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

D Wild	(Appointed 16 <sup>th</sup> March 2014)
S E Wilkins	(Appointed 8 <sup>th</sup> January 2014, resigned 20 <sup>th</sup> January 2015)
M Millar	(Appointed 26 <sup>th</sup> February 2014, resigned 26 <sup>th</sup> February 2014)
R Strate	(Appointed 26 <sup>th</sup> February 2014)

### 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.

### 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 Group does not tolerate harassment of any employee.

## Directors' report (continued)

### 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 has net liabilities of £32,876,913. The directors have carried out a detailed review of cashflow projections covering 12 months from the approval of these financial statements. The company is dependent on the continued support of its ultimate parent company. The ultimate parent company Domino's Pizza Group Plc has confirmed that they will provide financial support to enable the company to meet its financial obligations as they become due. Therefore they adopt the going concern basis of accounting in preparing the annual financial statements.

### Post Balance Sheet Event

On 26 February 2014 the Domino's Pizza Group plc entered into an agreement to purchase the minority 25% shareholding from our non-controlling interest partner, Briskas Limited. From this date the Company became a wholly owned subsidiary of Domino's Pizza Group plc.

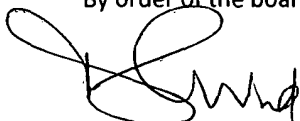
### Directors' and officers' liability insurance

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



D Wild  
Director

 January 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 Germany Limited**

We have audited the financial statements of Domino's Pizza Germany Limited for the period ended 29 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Cashflow Statement and the related notes 1 to 21. 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 12 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 29 December 2013 and of its loss for the period 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 Directors' Report for the financial period 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 Germany 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*

Simon O'Neill (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Birmingham

*28/1/2015*

## Profit and Loss Account

for the year ended 29 December 2013

	Notes	Year ended 30 December 2013 €	Period from 19 January 2012 to 30 December 2012 €
<b>Turnover</b>	2	7,534,515	4,405,057
Cost of sales		(6,818,720)	(4,027,432)
<b>Gross profit</b>		715,795	377,625
Distribution costs		(578,914)	(326,547)
Administrative expenses		(9,188,353)	(4,383,132)
<b>Operating loss</b>	3	(9,051,472)	(4,332,054)
Exceptional costs	4	(18,424,335)	-
<b>Loss on ordinary activities before interest and taxation</b>		(27,475,807)	(4,322,054)
Interest payable	7	(949,680)	(245,176)
<b>Loss on ordinary activities before taxation</b>		(28,425,487)	(4,577,230)
Tax on loss on ordinary activities	8	15,403	(15,404)
<b>Loss for the financial period</b>		(28,410,084)	(4,592,634)

The company has no recognised gains or losses other than the results for the period as set out above.

All activities relate to continuing operations.



## Balance Sheet

	Notes	At 29 December 2013 €	At 30 December 2012 €
<b>Fixed assets</b>			
Intangible assets	9	-	749,889
Tangible assets	10	274,064	3,784,623
		<u>274,064</u>	<u>4,534,512</u>
<b>Current assets</b>			
Stocks	11	165,625	85,693
Debtors	12	6,620,971	7,194,356
Cash at bank		706,614	183,374
		<u>7,493,210</u>	<u>7,463,423</u>
<b>Creditors: amounts falling due within one year</b>	13	(2,629,081)	(16,575,045)
<b>Net current assets / (liabilities)</b>		<u>4,864,129</u>	<u>(9,111,622)</u>
<b>Total assets less current liabilities</b>		<u>5,138,193</u>	<u>(4,577,110)</u>
<b>Creditors: amounts falling due after one year</b>	13	(35,342,544)	-
<b>Provisions for liabilities and charges</b>	14	(2,672,562)	(15,404)
		<u>(32,876,913)</u>	<u>(4,592,514)</u>
<b>Capital and reserves</b>			
Called up share capital	15	120	120
Profit and loss account	16	(32,877,033)	(4,592,634)
<b>Equity shareholders' funds</b>	16	<u>(32,876,913)</u>	<u>(4,592,514)</u>

The financial statements were approved by the Board on 28 January 2015 and were signed on its behalf by



D Wild

Director

## Cashflow Statement

	Year ended 29 December 2013 €	Period from 19 January to 30 December 2012 €
<b><i>Cashflow from operating activities</i></b>		
Loss before taxation	(28,425,487)	(4,577,230)
Taxation	-	(15,404)
Net finance costs	949,680	245,176
Amortisation and depreciation	394,966	295,924
Impairment of fixed assets	8,981,017	-
Loss on disposal of fixed assets	10,618	-
Share option charges	125,685	-
Increase in inventories	(79,932)	(85,693)
Increase in receivables	573,385	(7,194,356)
Increase in payables	1,694,453	16,329,869
Increase in provisions	2,672,562	15,404
<b><i>Cash (used by)/generated from operations</i></b>	<b>(13,103,053)</b>	<b>5,013,690</b>
Corporation tax	-	-
<b><i>Net cash (used by)/generated from operations</i></b>	<b>(13,103,053)</b>	<b>5,013,690</b>
<b><i>Cashflow from investing activities</i></b>		
Purchase of property, plant and equipment	(5,126,153)	(4,830,436)
<b><i>Net cash used by investing activities</i></b>	<b>(5,126,153)</b>	<b>(4,830,436)</b>
<b><i>Net cashflow before financing</i></b>	<b>(18,229,206)</b>	<b>183,254</b>
<b><i>Cashflow from financing activities</i></b>		
Issue of share capital	-	120
Proceeds from group undertakings	18,752,447	-
<b><i>Net cash generated by financing activities</i></b>	<b>18,752,447</b>	<b>120</b>
<b><i>Net increase in cash and cash equivalents</i></b>	<b>523,240</b>	<b>183,374</b>
Cash and cash equivalents at the start of the period	183,374	-
<b><i>Cash and cash equivalents at the end of the period</i></b>	<b>706,614</b>	<b>183,374</b>

## Notes to the financial statements

at 29 December 2013

### 1. Accounting policies

#### *Basis of preparation*

The financial statements of Domino's Pizza Germany Limited were approved for issue by the Board of Directors on 19 January 2015.

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

#### *Going Concern*

The company has net liabilities of £32,876,913. The directors have carried out a detailed review of cashflow projections covering 12 months from the approval of these financial statements. The company is dependent on the continued support of its ultimate parent company. The ultimate parent company Domino's Pizza Group Plc has confirmed that they will provide financial support to enable the company to meet its financial obligations as they become due. Therefore they adopt the going concern basis of accounting in preparing the annual financial statements.

#### *Intangible fixed assets*

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

Goodwill is amortised on a straight-line basis over 30 years in line with the life of the master franchise agreement which is considered to be the expected useful life.

#### *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 29 December 2013

### 1. Accounting policies (continued)

#### *Stocks*

Stocks comprise raw materials, consumables and goods for resale (being equipment for resale to franchisees) 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.

#### *Functional currency*

The functional currency of the company is Euros as the company's primary economic environment in which it operates is Germany.

#### *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 29 December 2013

### 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.

#### *Exceptional items*

The Company presents as exceptional items on the face of the income statement, those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

### 2. Turnover

The principal components of turnover are corporate store food sales, commissary and equipment sales, royalty income and sale to franchises stated net of Value Added Tax and investment income. Substantially all of the goods and services are sold or rendered within Germany.

Turnover is attributable to one continuing activity, that of the development of the Domino's Pizza franchise system in Germany.

### 3. Operating loss

This is stated after charging/(crediting):

	<i>Period ended 29 December 2013</i>	<i>Period ended 30 December 2012</i>
	€	€
Auditors' remuneration - audit of the financial statements	20,660	2,500
- other fees to auditors	-	-
	<u>20,660</u>	<u>2,500</u>
Depreciation of owned fixed assets	371,358	273,682
Amortisation	23,608	22,242
Operating lease rentals – property	844,716	28,863
Operating lease rentals – other equipment	1,107,830	46,486
Impairment (note 4)	<u>9,538,350</u>	<u>.</u>
	<u>11,885,862</u>	<u>371,273</u>

## Notes to the financial statements

at 29 December 2013

### 4. Exceptional costs

	Period ended 29 December 2013	Period ended 30 December 2012
	€	€
Impairment	9,538,350	-
Transition of corporate stores	2,238,685	-
Restructuring and reorganisation	1,103,433	-
Onerous lease provision	608,970	-
Accounts receivable	4,934,897	-
	<u>18,424,335</u>	<u>-</u>

#### **Impairment**

##### German corporate stores

The Company carried out analysis to test for impairment in the carrying value of property, plant and equipment that related to the 15 corporate stores (prior to the transition detailed below).

A value in use calculation was performed on the Corporate Stores CGU as noted below, using the revised five year sales budgets referred to above and factoring in cost increases in a number of areas, as a result of certain costs (notably labour costs) being higher than originally expected. These cash flows were not extrapolated beyond the initial ten year period, given the expected useful life of the assets concerned.

The discount rate used to discount the forecast cash flows was 13%.

As a result of this analysis, the Company has recognised an impairment charge of €5,944,000 against the carrying value of its tangible and intangible fixed assets in the 15 stores.

##### Tangible fixed assets and goodwill

Given the reduced sales, profit and cash flow expectations for the Corporate Stores CGU, management has also assessed the carrying value of its tangible fixed assets and goodwill for impairment, using the revised budgets referred to above. As a result of this assessment, management considers the carrying value of its Supply Chain Centre assets and also a number of assets at its Dusseldorf head office to be fully impaired and has recorded an impairment charge of €3,245,000.

##### Website and domain costs

Management has also assessed the carrying value of capitalised website and development costs, given the reduced cash flow expected to be generated by the business. Following this review, management has determined that these assets are fully impaired and has recorded an impairment charge of €349,000.

### 4. Exceptional costs (continued)

## Notes to the financial statements

at 29 December 2013

### Transition of German corporate stores

In July 2013, the Company took a decision to transition all but one of the corporate stores held in Germany to franchisees, given the poor performance of the corporate stores. One of these negotiations was with an existing franchisee of both the UK and Germany to sell five of the poorest performing stores in Dusseldorf. As part of this negotiation and in recognition that the Company was exiting loss making stores, the Company has entered into a contract that is considered onerous in nature due to the financial commitments made to the franchisee.

The Company has also recognised a further onerous service contract with a supplier in Germany. Following the transition of the corporate stores, it has been recognised that the current contract is not suitable for the remaining business and, as such, the Company will seek to exit from the contract as soon as possible. Therefore, the Company has recognised a charge through the exceptionals line.

The Company has also recognised other exceptional costs predominantly in respect of adviser fees on the transition of the stores.

### Restructuring and reorganisation costs

In 2012, the Company undertook a review of the business in order to create efficiencies and streamline processes. This was largely driven by the decision to seek to transition all but one of the corporate stores across to franchisee ownership and to move the business to a fully franchised model which has allowed the Group to rationalise the German structure in a number of areas.

### Onerous lease provision

A provision of €609,000 relating to onerous leases has been recognised in relation to seven properties. Two of the properties were occupied by poorly performing stores, which had been closed by the end of the period and management is not confident that sub-tenants will be identified who are willing to take on these properties at full rent. The remaining five properties have previously been identified as sites for new stores, but the Group has not yet secured franchisees for these sites since the decision to have franchisees open new stores. As a result, there is a risk that the sites will need to be sub-let and management is not confident that sub-leases will be secured at full rent. As a result, a provision has been made to cover the potential shortfall in rent.

### Amounts Receivable in Germany

Management has also undertaken a review of amounts receivable in Germany, in light of the poor performance of this business compared to initial expectations and the issues faced by certain operators in the territory.

Following this review, management is not confident of recovering balances totalling €4,286,000 and has therefore established a provision for this amount.

## 5. Staff costs

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Period ended      Period ended

## Notes to the financial statements

at 29 December 2013

	29 December 2013 €	30 December 2012 €
Wages and salaries	4,249,867	1,419,389
Social security costs	1,158,969	240,549
Other pension costs	1,788	9,223
	<u>5,410,624</u>	<u>1,669,161</u>

Included in wages and salaries is a total expense of share-based payments of €125,685 (2012: €nil) which arises from transactions, accounted for as equity-settled share-based payment transactions.

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

	Year ended 29 December 2013 No.	Period ended 30 December 2012 No.
Production and distribution staff	6	6
Corporate store staff	349	222
Administrative staff	27	12
	<u>382</u>	<u>240</u>

### 6. Directors' emoluments

The following disclosures relate to the total amounts paid to the directors of Domino's Pizza Germany 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 29 December 2013 €	Period ended 30 December 2012 €
Emoluments	<u>1,747,596</u>	<u>2,057,460</u>
Company contributions paid to individual personal pension plan	<u>140,586</u>	<u>140,880</u>

	Period ended 29 December 2013 No.	Period ended 30 December 2012 No.
Members of money purchase pension schemes	<u>4</u>	<u>3</u>

### 6. Directors' emoluments (continued)

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



## Notes to the financial statements

at 29 December 2013

	<i>Year ended 29 December 2013</i>	<i>Period ended 30 December 2012</i>
	€	€
Emoluments	<u>560,196</u>	<u>1,044,047</u>
Company contributions paid to individual personal pension plan	<u>76,608</u>	<u>79,651</u>

### 7. Interest payable

	<i>Year ended 29 December 2013</i>	<i>Period ended 30 December 2012</i>
	€	€
Shareholder loan interest payable	<u>949,680</u>	<u>245,176</u>
	<u>949,680</u>	<u>245,176</u>

### 8. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities  
The tax charge is made up as follows:

	<i>Year ended 29 December 2013</i>	<i>Period ended 30 December 2012</i>
	€	€
<i>Current tax:</i>		
UK corporation tax	-	-
Total current tax (note 7(b))	-	-
<i>Deferred tax:</i>		
Current year origination and reversal of timing differences (note 14)	(35,588)	15,404
Prior year origination and reversal of timing differences (note 14)	20,184	-
Tax on profit on ordinary activities	<u>(15,404)</u>	<u>15,404</u>

## Notes to the financial statements

at 29 December 2013

### 8. Tax on profit on ordinary activities (continued)

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is different from the standard rate of corporation tax in the UK of 23.3% (2012: 24.5%). The differences are reconciled below:

	<i>Period ended 29 December 2013 €</i>	<i>Period ended 30 December 2012 €</i>
Loss on ordinary activities before tax	(28,425,486)	(4,577,230)
Loss on ordinary activities at the standard rate of tax	(6,623,138)	(1,121,421)
Non-qualifying depreciation	21,224	52,766
Other non-qualifying expenditure	483,779	11,382
Accelerated capital allowances	938,271	(15,404)
Short term timing differences	609,942	-
Group relief surrender for no charge	4,569,922	1,072,677
Total current tax (note 8(a))	-	-

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 Group'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 April 2014 and 20% from April 2015 had been substantively enacted during the year. The effect of these changes to the UK tax system have been reflected in the Company's financial statements for the 52 weeks ending 29 December 2013 to the extent that they had been substantively enacted by that date.

## Notes to the financial statements

at 29 December 2013

### 9. Intangible fixed assets

	<i>Goodwill</i>	<i>Franchise fee</i>	<i>Total</i>
	€	€	€
Cost:			
At 31 December 2012	712,131	60,000	772,131
Impairment	(712,131)	(60,000)	(772,131)
	<hr/>	<hr/>	<hr/>
At 29 December 2013	-	-	-
	<hr/>	<hr/>	<hr/>
Amortisation:			
At 31 December 2012	22,242	-	22,242
Provided during the year	23,608	-	23,608
Impairment	(45,850)	-	(45,850)
	<hr/>	<hr/>	<hr/>
At 29 December 2013	-	-	-
	<hr/>	<hr/>	<hr/>
Net book value:			
At 29 December 2013	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2012	689,889	60,000	749,889
	<hr/>	<hr/>	<hr/>

## Notes to the financial statements

at 29 December 2013

### 10. Tangible fixed assets

	<i>Assets under construction</i>	<i>Commissary equipment</i>	<i>Fixtures and fittings</i>	<i>Interest in leases</i>	<i>Total</i>
	€	€	€	€	€
Cost:					
At 31 December 2012	711,096	96,855	2,997,879	252,475	4,058,305
Additions	1,295,812	4,328	3,804,424	21,589	5,126,153
Disposals	-	-	(10,618)	-	(10,618)
Impairment	(2,006,908)	(101,183)	(6,791,685)	-	(8,899,776)
At 29 December 2013	-	-	-	274,064	274,064
Depreciation:					
At 31 December 2012	-	3,245	270,437	-	273,682
Provided during the year	-	10,568	360,790	-	371,358
Impairment	-	(13,813)	(631,227)	-	(645,040)
At 29 December 2013	-	-	-	-	-
Net book value:					
At 29 December 2013	-	-	-	274,064	274,064
At 31 December 2012	711,096	93,610	2,727,442	252,475	3,784,623

### 11. Stocks

	<i>At 29 December 2013</i>	<i>At 30 December 2012</i>
	€	€
Raw materials and goods for resale	165,625	85,693

### 12. Debtors

	<i>At 29 December 2013</i>	<i>At 30 December 2012</i>
	€	€
Trade debtors	989,474	630,024
Amounts owed by group undertakings	4,444,368	4,444,368
Other taxes and social security	-	241,579
Other debtors	1,005,803	1,451,003
Prepayments and accrued income	181,326	427,382
	6,620,971	7,194,356

## Notes to the financial statements

at 29 December 2013

### 13. Creditors amounts falling due within one year

	At 29 December 2013 €	At 30 December 2012 €
Trade creditors	306,291	226,107
Other creditors	11,214	119,386
Accruals and deferred income	2,279,399	582,730
Amounts owed to Group undertakings	32,177	15,646,822
	<u>2,629,081</u>	<u>16,575,045</u>

### Creditors amounts falling after one year

	At 29 December 2013 €	At 30 December 2012 €
Other creditors	25,772	-
Amounts owed to Group undertakings	35,316,772	-
	<u>35,342,544</u>	<u>-</u>

### 14. Provisions for liabilities and charges

	Restructurin g provision €	Onerous lease provision €	Deferred tax (see below) €	Total €
At 30 December 2012	-	-	15,404	15,404
Arising during the period	2,063,592	608,970	(15,404)	2,657,158
At 29 December 2013	<u>2,063,592</u>	<u>608,970</u>	<u>-</u>	<u>2,672,562</u>

#### Deferred tax:

	Accelerated capital allowances €
At 30 December 2012	15,404
Arising during the period	(15,404)
At 29 December 2013	<u>-</u>

## Notes to the financial statements

at 29 December 2013

### 15. Commitments under operating leases

At 29 December 2013 the company had annual commitments under non-cancellable operating leases as set out below:

	Assets other than land and buildings At 29 December 2013 €	Assets other than land and buildings At 30 December 2012 €
Operating leases which expire:		
Within one year	-	-
In two to five years	732,904	722,730
Over five years	728,306	204,012
	<u>1,461,210</u>	<u>926,742</u>

### 16. Share capital

	At 29 December 2013 £	Authorised At 30 December 2012 £
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
	At 29 December 2013	At 30 December 2012
	No. £	No. £
Ordinary shares of £1 each	<u>100</u> <u>100</u>	<u>100</u> <u>100</u>
		€
Euro equivalent at £1.00 to €1.1975	<u>120</u>	<u>120</u>

### 17. Reconciliation of shareholders' funds and movement on reserves

	Share capital €	Profit and loss account €	Total share-holders' funds €
At 23 January 2012	120	-	120
Loss for the period	-	(4,592,634)	(4,592,634)
At 30 December 2012	<u>120</u>	<u>(4,592,634)</u>	<u>(4,592,514)</u>
Loss for the year	-	(28,410,084)	(28,410,084)
Share based payment credit	-	125,685	125,685
At 29 December 2013	<u>120</u>	<u>(32,877,033)</u>	<u>(32,876,913)</u>

## Notes to the financial statements

at 29 December 2013

### 18. Share-based payments plans

The expense recognised for share-based payments in respect of employee services received is €125,685 (2012: €nil). This all arises on equity-settled share-based payment transactions.

#### Employee Share-option

In 2009 Domino's Pizza Group Plc (the ultimate parent company) established the Domino's Pizza UK and Irl plc Company Share Option Plan 2009 (Domino's Pizza CSOP Scheme) which enables the grant of both approved and unapproved options.

All employees are eligible for grants of options under these schemes, which are approved by the Board. 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 29 December 2013.

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

Date of grant	Exercise Price	Outstanding at 30 December 2012 No.	Granted during the period No.	Exercised during the period No.	Lapsed During the period No.	Outstanding at 29 December 2013 No.
<b>Domino's Pizza (unapproved) Scheme</b>						
26 July 2011	482.40p	8,247	-	-	-	8,247
2 April 2012	431.60p	50,883	-	-	(725)	50,158
		59,130	-	-	(725)	58,405
Weighted average exercise price		438.7p	-	-	431.6p	438.8p

#### As at 30 December 2012, the following share options were outstanding:

Date of grant	Exercise Price	Outstanding at 25 December 2011 No.	Granted during the period No.	Exercised during the period No.	Lapsed During the period No.	Outstanding at 30 December 2012 No.
<b>Domino's Pizza (unapproved) Scheme</b>						
26 July 2011	482.40p	9,039	-	-	(792)	8,247
2 April 2012	431.60p	-	54,551	-	(3,668)	50,883
		9,039	54,551	-	(4,460)	59,130
Weighted average exercise price		482.4p	431.6p	-	440.6p	438.7p

The weighted average remaining contractual life of the options outstanding at 29 December 2013 is 8.2 years (2012: 9.2 years). The share options exercised during the year totalled nil shares (2012: nil shares).

The fair value of both options and reversionary interests granted is estimated at the date of granting using a Black-Scholes model, taking into account the terms and conditions upon which they were granted.

As no options were granted during the period to 29 December 2013 no fair value calculations have been required.

## Notes to the financial statements

at 29 December 2013

### 19. Related Party Transactions

During the period the Company entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and trading balances outstanding with related parties are as follows:

	Sales to related party €	Sales from related party €	Amounts owed by related party €	Amounts owed to related party €
<b>Related party</b>				
Joint Ventures				
	1,337,78			
2013	6	-	-	-
2012	686,887	-	473,231	-
<b>Group Companies</b>				
2013	-	329,543	4,444,368	35,316,772
2012	-	204,127	4,444,368	15,646,822
	1,337,78			
<b>Total</b>	6	329,543	4,444,368	35,316,772

### 20. Parent company and controlling party

In the opinion of the directors the immediate parent company is Domino's Pizza Germany (Holdings) Limited a company incorporated in the United Kingdom which is a 75% owned subsidiary of Domino's Pizza Group plc, the ultimate parent company and controlling party. 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.

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

### 21. Post Balance Sheet Event

On 26 February 2014 the Domino's Pizza Group plc entered into an agreement to purchase the minority 25% shareholding from our non-controlling interest partner, Briskas Limited. From this date the Company became a wholly owned subsidiary of Domino's Pizza Group plc.