

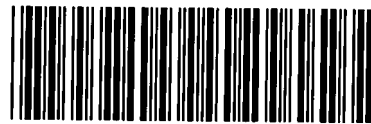
Registration number: 09904708

# Daytona JV Limited

Annual report and financial statements

for the year ended 30 June 2017

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## **Daytona JV Limited**

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## **Daytona JV Limited**

### **Company information**

<b>Directors</b>	G B Bourke J J Cowin D J Meij R C E Osborne A C Rennie D J Wild
<b>Registered office</b>	3rd floor 1 Ashley road Altrincham Cheshire WA14 2DT
<b>Bankers</b>	HSBC Bank plc 8 Canada Square London United Kingdom E14 5HQ
<b>Auditor</b>	Deloitte LLP Statutory Auditor 2 Hardman Street Manchester United Kingdom M3 3HF

## **Daytona JV Limited**

### **Strategic report For the year ended 30 June 2017**

The Directors present their strategic report for the year ended 30 June 2017.

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

The principal activity of the company is special purpose financing and investing. The company has no branch operations.

#### **Review of the business**

The company made a profit after tax for the year of £22,732 (2016: loss of £618,802). The results and transfers from reserves for the period are set out on pages 10 and 13.

#### **Principal risks and uncertainties**

##### *Cash flow risk*

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The company does not use foreign exchange forward contracts and interest rate swap contracts to hedge these exposures. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

##### *Credit risk*

The company's principal financial assets are bank balances, related party and other receivables, and investments. The company's credit risk is primarily attributable to its related party receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds is limited because funding is made through related parties with sufficient access to credit lines and profitable operations. The company has significant concentration of credit risk, with exposure concentrated within group companies.

##### *Interest rate risk*

The company is subject to interest rate risk on intercompany loans. Domino's Pizza Enterprises Limited (ultimate parent) treasury department monitors interest rates on behalf of the company.

Management does not believe the company is any more exposed to financial statement risk factors than others in the industry and has a system of internal controls and procedures that attempt to mitigate such risk.

#### **Future Developments**

The directors aim to continue the current activities as a special purpose financing and investing company. The directors anticipate that its investment and intellectual property assets will be maintained and profits earned from interest on the continued extension of loans to related parties.

Approved by the Board on 20 April 2018 and signed on its behalf by:



A C Rennie  
Director

## **Daytona JV Limited**

### **Directors' report**

**For the year ended 30 June 2017**

The directors present their annual report and the audited financial statements for the year ended 30 June 2017.

#### **Principal activity**

The principal activity of the company was special purpose financing and investing. The company has no branch operations.

The company has no employees.

#### **Future developments**

Details of future developments can be found in the Strategic report on page 2 and form part of this report by cross-reference.

#### **Going concern**

The company has an excess of assets over liabilities. The company intends to support its operational cost base through the receipt of interest revenue from loans extended and royalties. As a consequence, the directors believe that the company is well placed to manage its business risks and future operations.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual financial report and accounts.

#### **Directors**

The directors, who served throughout the year except as noted, were as follows:

GB Bourke

JJ Cowin

DJ Meij

RCE Osborne (appointed 20 January 2017)

AC Rennie

DJ Wild

B Gibbes (resigned 9 December 2016)

None of the directors who held office at the end of the period had any disclosable interests in ordinary shares or debentures of the company or any group companies.

#### **Directors' indemnities**

During the period, the company has maintained cover for its directors and officer under a directors' and officers' liability insurance policy and the third party indemnity which were made during the period and were in force at the date of this report.

#### **Dividend**

The directors do not recommend the payment of a dividend (2016: £nil).

## **Daytona JV Limited**

### **Directors' report (continued)**

**For the year ended 30 June 2017**

#### **Post balance sheet events**

In January 2018, Daytona Holdco, a 66.67% shareholder of the company subscribed for 10,553,124 fully paid ordinary shares at par value of GBP 1.00 each in the capital of the company in consideration for EUR 12,000,000 in cash. It was also resolved that Daytona Holdco lent EUR 12,000,000 to the company.

At the same date, Domino's Pizza Group plc, a 33.33% shareholder of the company subscribed for 5,276,562 fully paid ordinary shares at par value of GBP 1.00 each in the capital of the company in consideration for EUR 6,000,000 in cash. It was also resolved that Domino's Pizza Group plc lent EUR 6,000,000 to the company. These additional contributions were made in relation to the acquisition of all issued shares in Hallo Pizza GmbH by Daytona Germany GmbH, a fully owned subsidiary of the company.

#### **Financial risk management objectives and policies**

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

##### **Cash flow risk**

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The company does not use foreign exchange forward contracts and interest rate swap contracts to hedge these exposures. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

##### **Credit risk**

The company's principal financial assets are bank balances, related party and other receivables, and investments. The company's credit risk is primarily attributable to its related party receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds is limited because funding is made through related parties with sufficient access to credit lines and profitable operations. The company has significant concentration of credit risk, with exposure concentrated within group companies.

##### **Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term financing obtained from the group.

**Daytona JV Limited**

**Directors' report (continued)  
For the year ended 30 June 2017**

**Auditor**

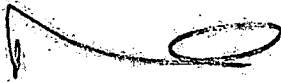
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Companies Act 2006 does not require private limited companies to hold an annual general meeting, or to lay financial statements before the shareholders, or to reappoint the auditors on an annual basis, unless a company's articles of association contain specific provisions requiring it to do so. No such provisions are included in the company's articles of association.

Approved by the Board on 20 April 2018 and signed on its behalf by:



**A C Rennie  
Director**

## **Daytona JV Limited**

### **Directors' responsibilities statement**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## **Independent auditor's report to the members of Daytona JV Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Daytona JV Limited (the 'company') which comprise:

- the profit and loss account;
- the statement of other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **Independent auditor's report to the members of Daytona JV Limited (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

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.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in [the strategic report or] the directors' report.

**Independent auditor's report to the members of Daytona JV Limited (continued)**

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Carl Acton

Carl Acton BA (Hons) ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Manchester, United Kingdom

20 April 2018

**Daytona JV Limited****Profit and loss account****For the year ended 30 June 2017**

	Note	2017 £	2016 £
Turnover	4	357,042	56,745
Administrative expenses		<u>(1,538,905)</u>	<u>(1,063,500)</u>
Operating loss		(1,181,863)	(1,006,755)
Interest receivable and similar income	5	2,599,919	853,658
Interest payable and similar charges	6	<u>(1,133,050)</u>	<u>(368,717)</u>
Profit/(loss) before tax	7	285,006	(521,814)
Tax on profit/(loss)	11	<u>(262,274)</u>	<u>(96,988)</u>
Profit/(loss) for the financial year		<u>22,732</u>	<u>(618,802)</u>

The above results were derived from continuing operations.

The notes on pages 14 to 24 form an integral part of these financial statements.

**Daytona JV Limited**

**Statement of comprehensive income  
For the year ended 30 June 2017**

	2017 £	2016 £
Profit/(loss) for the year	22,732	(618,802)
Foreign currency translation gains	3,407,049	5,430,381
Other comprehensive income	3,407,049	5,430,381
Total comprehensive income	3,429,781	4,811,579

The notes on pages 14 to 24 form an integral part of these financial statements.

# Daytona JV Limited

## Balance sheet As at 30 June 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	12	26,455,557	26,234,820
Investments	13	21,085,656	18,809,505
		<u>47,541,213</u>	<u>45,044,325</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	14	59,795,205	53,142,000
Debtors: amounts falling due with one year	15	949,590	907,998
Cash at bank and in hand		300,466	-
		<u>61,045,261</u>	<u>54,049,998</u>
Creditors: amounts falling due within one year	16	(270,929)	(1,154,978)
Net current assets		<u>60,774,332</u>	<u>52,895,020</u>
Total assets less current liabilities		108,315,545	97,939,345
Creditors: amounts falling due after more than one year	17	(39,073,225)	(34,594,400)
Net assets		<u>69,242,320</u>	<u>63,344,945</u>
<b>Capital and reserves</b>			
Called-up share capital	18	35,929,452	33,338,052
Share premium reserve	18	994,821	994,821
Capital contribution reserve	18	24,076,687	24,200,493
Profit and loss account	18	8,241,360	4,811,579
Shareholders' funds		<u>69,242,320</u>	<u>63,344,945</u>

The financial statements of Daytona JV Limited (registration number: 09904708) were approved by the Board of directors and authorised for issue on 20 April 2018.

They were signed on its behalf by:



A C Rennie  
Director

The notes on pages 14 to 24 form an integral part of these financial statements.

**Daytona JV Limited**

**Statement of changes in equity  
For the year ended 30 June 2017**

	<b>Called-up share capital £</b>	<b>Share premium reserve £</b>	<b>Capital contribution reserve £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>At incorporation 7 December 2015</b>	-	-	-	-	-
Loss for the period	-	-	-	(618,802)	(618,802)
Translation adjustments	-	-	-	5,430,381	5,430,381
<b>Total comprehensive income</b>	-	-	-	4,811,579	4,811,579
New share capital subscribed	33,338,052	-	-	-	33,338,052
Other share premium reserve movements	-	994,821	-	-	994,821
Other capital redemption reserve movements	-	-	24,200,493	-	24,200,493
<b>At 30 June 2016</b>	<b>33,338,052</b>	<b>994,821</b>	<b>24,200,493</b>	<b>4,811,579</b>	<b>63,344,945</b>
	<b>Called-up share capital £</b>	<b>Share premium reserve £</b>	<b>Capital contribution reserve £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>At 1 July 2016</b>	<b>33,338,052</b>	<b>994,821</b>	<b>24,200,493</b>	<b>4,811,579</b>	<b>63,344,945</b>
Profit for the year	-	-	-	22,732	22,732
Translation adjustments	-	-	-	3,407,049	3,407,049
<b>Total comprehensive income</b>	-	-	-	3,429,781	3,429,781
New share capital subscribed	2,591,400	-	-	-	2,591,400
Other capital redemption reserve movements	-	-	(123,806)	-	(123,806)
<b>At 30 June 2017</b>	<b>35,929,452</b>	<b>994,821</b>	<b>24,076,687</b>	<b>8,241,360</b>	<b>69,242,320</b>

The notes on pages 14 to 24 form an integral part of these financial statements.

## **Daytona JV Limited**

### **Notes to the financial statements For the year ended 30 June 2017**

#### **1 General information**

Daytona JV Limited (the company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales.

The address of its registered office is:

3rd floor  
1 Ashley road  
Altrincham  
Cheshire  
WA14 2DT  
United Kingdom

The nature of the company's operations and its principal activities are set out in the Strategic report on page 2.

#### **2 Accounting policies**

##### **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', issued by the Financial Reporting Council.

##### **Basis of accounting**

These financial statements have been prepared under the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Daytona JV Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

##### **Basis of consolidation**

These financial statements are separate financial statements. The company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of Domino's Pizza Enterprises Limited. The group accounts of Domino's Pizza Enterprises Limited are available to the public and can be obtained as set out in note 19.

##### **Functional currency**

The directors have decided that the presentational currency should be in Pound Sterling. The functional currency of the company is Euros. The company maintains its accounting records in Euros as this is the currency of the majority of the transactions. These financial statements are presented in UK sterling using the average rate for the period in the profit and loss account (1 Euro = 0.85976 GBP) (2016: 1 Euro = 0.7837 GBP) and the exchange rate ruling at the balance sheet date for the balance sheet (1 Euro = 0.87805 GBP) (2016: 1 Euro = 0.8336 GBP), except equity which is translated at the historical rate. Differences arising on the translation are accounted for in other comprehensive income.



## **Daytona JV Limited**

### **Notes to the financial statements (continued)**

**For the year ended 30 June 2017**

#### **2 Accounting policies (continued)**

##### **Going concern**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### **Foreign currency**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in other comprehensive income.

##### **Administrative expenses**

Expenses are accounted for on an accruals basis. Administrative expenses comprise normal business administration expenditure for book keeping and other administrative filings. Also included in administrative expenses are costs of incorporating and establishing the current business operations. These costs are expensed immediately as incurred.

##### **Investments in controlled entities**

Investments in controlled entities are recorded at cost. Cost is the fair value of consideration provided and liabilities assumed. Investments are tested for impairment on an annual basis and impaired to their recoverable value where required.

##### **Intangible assets**

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets acquired as part of an acquisition are not recognised where they arise from legal or other contractual rights, and where there is no history of exchange transactions. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

##### **Amortisation**

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

##### **Asset class**

German market access rights

##### **Amortisation method and rate**

27 years

## **Daytona JV Limited**

### **Notes to the financial statements (continued) For the year ended 30 June 2017**

#### **2 Accounting policies (continued)**

##### **Impairment of non-financial assets**

The company assesses at each reporting date whether an asset may be impaired. If any such indication exists the group estimates recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the group estimates, the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating units is the higher of its fair value less costs to sell and its value in use. If the recoverable is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in profit and loss unless the asset is carried at a revalued amount where the impairment loss of a revalued asset is a revaluation decrease. An impairment loss recognised for all assets, including goodwill, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

##### **Tax**

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## **Daytona JV Limited**

### **Notes to the financial statements (continued) For the year ended 30 June 2017**

#### **2 Accounting policies (continued)**

##### **Tax (continued)**

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets 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 or assets are expected to be settled or recovered.

##### **Revenue recognition**

Interest revenue is recognised as interest accrues using the effective interest method.

Royalty revenue is recognised over the period for which intellectual property is licensed to the ultimate user of the intellectual property.

##### **Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

##### **Trade debtors**

Debtors due within one year are stated in the balance sheet at estimated net realisable value. Net realisable value is the invoiced amount less provisions for bad and doubtful debtors. Provisions are made specifically against debtors where there is evidence of a dispute or an inability to pay. An additional provision is made based on an analysis of balances by age, previous losses experienced and general economic conditions.

Debtors due after one year are basic financial instruments and are initially recorded at the present value of future payments discounted at a market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using the effective interest method.

## **Daytona JV Limited**

### **Notes to the financial statements (continued) For the year ended 30 June 2017**

#### **2 Accounting policies (continued)**

##### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Interest-bearing borrowings**

All interest-bearing loans which are basic financial instruments are initially recognised at the present value of cash payable to the lender (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method. The effective interest rate amortisation is included in interest expense.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **3 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### ***Critical judgements in applying the company's accounting policies***

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

##### **Recoverability of Financial Assets**

At each balance date the company assesses the recoverability of its investments and loans extended to assess whether these assets are recorded in excess of their recoverable amounts. An impairment loss is recognised for all assets where the assets recoverable value is below is recorded carrying value.

## Daytona JV Limited

### Notes to the financial statements (continued)

For the year ended 30 June 2017

#### 3 Critical accounting judgements and key sources of estimation uncertainty (continued)

##### *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

##### Useful Life of Intangible Assets

The company establishes a reliable estimate of the useful life of intangible assets acquired. This estimate is based on a variety of factors such as the expected use of the acquired assets, the expected usual life of the cash generating units to which the intangible is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

#### 4 Turnover

The analysis of the company's turnover is as follows:

	2017	2016
	£	£
Royalties received	<u>357,042</u>	<u>56,745</u>

#### 5 Interest receivable and similar income

	2017	2016
	£	£
Interest received from controlled entities	<u>2,599,919</u>	<u>853,658</u>

#### 6 Interest payable and similar charges

	2017	2016
	£	£
Interest paid to shareholding entities	<u>1,133,050</u>	<u>368,717</u>

#### 7 Profit/(Loss) before tax

Profit/(loss) before taxation is stated after charging:

	2017	2016
	£	£
Amortisation of intangible assets	<u>1,056,107</u>	<u>386,597</u>

#### 8 Staff costs

The company does not have any employees.

## Daytona JV Limited

### Notes to the financial statements (continued) For the year ended 30 June 2017

#### 9 Directors' remuneration

The directors of the company are also directors of fellow subsidiaries within the group. The directors are remunerated by other group companies and do not receive any emoluments from this company. 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 fellow subsidiary companies.

#### 10 Auditor's remuneration

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

	2017 £	2016 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	13,984	9,500
<b>Total audit fees</b>	<b>13,984</b>	<b>9,500</b>

#### 11 Tax on profit/(loss)

The tax charge comprises:

	2017 £	2016 £
<b>Current taxation</b>		
UK corporation tax	262,274	96,988

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2016: higher than the standard rate of corporation tax in the UK) of 19.75% (2016: 20%).

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit/loss before tax is as follows:

	2017 £	2016 £
<b>Profit/(loss) before tax</b>	<b>285,006</b>	<b>(521,814)</b>
<b>Tax on profit/(loss) at standard UK corporation tax rate of 19.75% (2016: 20%)</b>	<b>56,291</b>	<b>(104,363)</b>
<b>Effects of:</b>		
Expense not deductible	5,980	201,351
Amortisation of intangibles	200,003	-
<b>Tax charge for the year</b>	<b>262,274</b>	<b>96,988</b>

## **Daytona JV Limited**

### **Notes to the financial statements (continued) For the year ended 30 June 2017**

#### **11 Tax on profit/(loss) (continued)**

##### **Factors affecting future tax charges**

The standard rate of tax applied to reported profit is 19.75% and reflects the reduction in the UK corporation tax rate from 20% to 19% from 1 April 2017. A further reduction to the standard rate of UK corporation tax to 17% from 1 April 2020 had been substantively enacted by the balance sheet date.

#### **12 Intangible assets**

	German market access rights £
<b>Cost</b>	
At 1 July 2016	26,646,024
Foreign exchange movements	<u>1,400,650</u>
At 30 June 2017	<u>28,046,674</u>
<b>Amortisation</b>	
At 1 July 2016	411,204
Amortisation charge	1,056,107
Impairment	<u>123,806</u>
At 30 June 2017	<u>1,591,117</u>
<b>Net book value</b>	
At 30 June 2017	<u>26,455,557</u>
At 30 June 2016	<u>26,234,820</u>

During the prior period the shareholders contributed an intangible asset which allows access to operate a franchise system in the geography of Germany. The initial recognition of this asset was recorded against the capital contribution reserve. The intangible has been licenced for a royalty return to a controlled entity. The useful life of the intangible has been assessed as 27 years. There were no impairment adjustments assessed as being required by the directors.

## Daytona JV Limited

### Notes to the financial statements (continued) For the year ended 30 June 2017

#### 13 Investments in controlled entities

	2017 £	2016 £
Investments in subsidiaries	<u>21,085,656</u>	<u>18,809,505</u>
Subsidiaries		£
Cost		
At 1 July 2016		18,809,505
Additions		1,273,172
Foreign exchange movement		<u>1,002,979</u>
At 30 June 2017		<u>21,085,656</u>
Net book value		
At 30 June 2017		<u>21,085,656</u>
At 30 June 2016		<u>18,809,505</u>

The company holds 100% of the issued capital stock in Daytona Germany HRB, a German registered company. The investment was acquired in the period ended 30 June 2016 via cash and marketable securities.

During the year, Daytona Germany HRB, increased its share capital. As a result, the investments in subsidiaries held by the company increased accordingly.

#### Details of undertakings

Details of the investments in which the company holds 100% of the nominal value of share capital are as follows:

Undertaking	Country of incorporation	Principal activity	Registered office	Holding %
<b>Subsidiary undertakings</b>				
Daytona Germany GmbH	Germany	German holding company owning the operational company Domino's Pizza Deutschland GmbH.	Holzdammer 57, 20099 Hamburg, Germany	100%



## Daytona JV Limited

### Notes to the financial statements (continued) For the year ended 30 June 2017

#### 14 Debtors: amounts falling due after more than one year

	2017 £	2016 £
Amounts owing by group companies	<u>59,795,205</u>	<u>53,142,000</u>

Interest is charged at 4.5% per annum on amounts outstanding. The directors expect recovery of the loan to remain outstanding for a period in excess of 12 months from 30 June 2017. The loan is measured at amortised cost using the effective interest rate. The effective interest rate used for loans currently outstanding was 4.5% as the directors determined that the interest charged in cash on the loan represented the effective interest rate. For the year to 30 June 2017 interest of £2,599,919 (2016: £853,658) accrued.

#### 15 Debtors: amounts falling due within one year

	2017 £	2016 £
Amounts owing by group companies	<u>949,590</u>	<u>907,998</u>

Amounts owing by group companies are unsecured and are repayable upon demand. No interest is charged on these amounts.

#### 16 Creditors: amounts falling due within one year

	2017 £	2016 £
Amounts due to group companies	96,701	708,510
Corporation tax	148,902	96,988
Accruals and other creditors	<u>25,326</u>	<u>349,480</u>
	<u>270,929</u>	<u>1,154,978</u>

Amounts due to group companies are unsecured and are repayable upon demand. No interest is charged on these amounts.

#### 17 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Amounts owed to group undertakings	<u>39,073,225</u>	<u>34,594,400</u>

Interest is charged at 3% per annum on amounts outstanding. The maturity date is the earlier of the shareholder no longer holding shares in the company, 8 years, or an earlier date in accordance with the agreement. The loan is measured at amortised cost using the effective interest rate. The effective interest rate used for loans currently outstanding was 3% as the directors determined that the interest charged in cash on the loan represented the effective interest rate. For the year to 30 June 2017 interest of £1,133,050 (2016: £389,165) accrued.

## Daytona JV Limited

### Notes to the financial statements (continued) For the year ended 30 June 2017

#### 18 Called-up share capital and reserves

##### Allotted, called-up and fully paid shares

	No.	2017 £	No.	2016 £
Ordinary share of £1 each	35,929,452	35,929,452	33,338,052	33,338,052

The company has one class of ordinary shares which carry no right to fixed income.

The company's other reserves are as follows:

##### *Share Premium*

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

##### *Profit and loss account*

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

##### *Capital contribution reserve*

The capital contribution reserve represents capital contributions made by a shareholder company

#### 19 Parent and ultimate parent undertaking

The company's immediate parent is Daytona Holdco Limited. Daytona Holdco Limited holds 66.6% of the issued capital. The remaining capital is held by Domino's Pizza Group Limited a company registered in the United Kingdom.

The largest and smallest group for which consolidated financial statements are prepared is that headed by Domino's Pizza Enterprises Limited.

The consolidated accounts of the group are available to the public and may be obtained from Domino's Pizza Enterprises Limited, Kingsford Smith Drive, Hamilton, Queensland, Australia.

#### 20 Post balance sheet events

In January 2018, Daytona Holdco, a 66.67% shareholder of the company subscribed for 10 553 124 fully paid ordinary shares at par value of GBP 1.00 each in the capital of the company in consideration for EUR 12,000,000 in cash. It was also resolved that Daytona Holdco lent EUR 12,000,000 to the company.

At the same date, Domino's Pizza Group plc, a 33.33% shareholder of the company subscribed for 5 276 562 fully paid ordinary shares at par value of GBP 1.00 each in the capital of the company in consideration for EUR 6,000,000 in cash. It was also resolved that Domino's Pizza Group plc lent EUR 6,000,000 to the company. These additional contributions were made in relation to the acquisition of all issued shares in Hallo Pizza GmbH by Daytona Germany GmbH, a fully owned subsidiary of the company.