DPGS Limited

Directors' Report and Financial Statements

for the Period from 1 January 2007 to 3 April 2008

Registration number: 2888940

DPGS Limited

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DPGS Limited
Officers and Advisers

Director	S Kandola	(appointed 4 April 2008)
Secretary	K Kandola	(appointed 4 April 2008)

Registered office

32 St. David's Drive
Wentworth Gate
Englefield Green
Surrey
TW20 0BA

Joint Auditors

RSM Bentley Jennison
Chartered Accountants & Registered Auditors
Cedar House
Breckland
Linford Wood
Milton Keynes
MK14 6EX

Barnes Roffe
Chartered Accountants & Registered Auditors
3 Brook Business Centre
Cowley Mill Road
Uxbridge
Middlesex
UB8 2FX

DPGS Limited

Director's Report for the Period Ended 3 April 2008

The director presents his report and the audited financial statements for the period ended 3 April 2008.

Director's responsibilities

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

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure the financial statements comply with the Companies Act 1985. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The director has taken steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information. The director confirms that there is no relevant information that he knows of and which he knows the auditors are unaware of.

Principal activity

The principal activity of the company is that of the acquisition, operation, development and sales of Domino's Pizza delivery stores.

Business review

The director aims to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. This review is consistent with the size and level of complexity of the business and is written in the context of the risks and uncertainties faced by the business.

The company continues to operate a Domino's Pizza franchise based in and around East Anglia. The company currently has 15 stores.

The director considers that the key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross margin, net profit and net assets.

The results reported in these financial statements are for the 15 month and 3 day period to 3 April 2008. The comparative period is the year to 31 December 2007. On a like-for-like basis total sales for the 15 months to 3 April 2008 were £9,710,185 (equivalent to £7,768,148 per annum). This is an improvement of 5.8% on 2007.

The increase in turnover came at the expense of reductions in gross margin which fell from 25% in 2007 to 20%. The reasons were higher food costs and reduced efficiency in terms of waste. Wages costs also increased by 20%.

In net profit terms, the company was affected by increases in utility and energy costs. Overall, a £5,987 pre-tax profit for the year ended 31 December 2007 was reduced to a £416,958 pre-tax loss for the 15 month and 3 day period to 3 April 2008. After tax, the loss was £468,261. Partly due to the losses incurred, the group (including the company's parent Dough Trading Limited) was sold to a third party on 4 April 2008.

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Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the company has continued. Employees participate in a discretionary bonus scheme.

Results and dividend

The results for the company are set out in the financial statements.

An interim ordinary dividend of £675,000 was paid during the period.

Director

The director who held office during the period was as follows:

- M Halpern (resigned 4 April 2008)

The following director was appointed after the period end:

- S Kandola (appointed 4 April 2008)

Auditors

Barnes Roffe have been appointed as joint auditors together with RSM Bentley Jennison. RSM Bentley Jennison have indicated their willingness to resign and it is proposed that Barnes Roffe will continue as sole auditors.

Approved by the Board and signed on its behalf by:

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S Kandola
Director
Date: 4/12/08

Independent Joint Auditors' Report to the Members of DPGS Limited

We have audited the financial statements of DPGS Limited for the period ended 3 April 2008 set out on pages 5 to 20. These financial statements have been prepared in accordance with the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described in the statement of Director's responsibilities on page 2, the company's director is responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Director's Report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 3 April 2008 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Director's Report is consistent with the financial statements.

RSM Bentley Jennison
....
RSM Bentley Jennison
Chartered Accountants & Registered Auditors
Cedar House, Breckland, Linford Wood,
Milton Keynes, MK14 6EX
Date: 5 December 2008

....
Barnes Roffe
Chartered Accountants & Registered Auditors
3 Brook Business Centre, Cowley Mill Road,
Uxbridge, Middlesex UB8 2FX
Date: 9 December 2008

DPGS Limited

Profit and Loss Account for the Period Ended 3 April 2008

	Note	1 January 2007 to 3 April 2008 £	Year ended 31 December 2006 £
Turnover	2	9,710,185	7,337,341
Cost of sales		(7,804,885)	(5,505,105)
Gross profit		1,905,300	1,832,236
Administrative expenses		(2,240,727)	(1,824,737)
Operating (loss)/profit	3	(335,427)	7,499
Interest payable and similar charges	6	(81,531)	(1,512)
(Loss)/profit on ordinary activities before taxation		(416,958)	5,987
Tax on (loss)/profit on ordinary activities	7	(51,303)	(204,739)
Loss for the financial period	19	(468,261)	(198,752)

Turnover and operating (loss)/profit derive wholly from continuing operations.

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

The notes on pages 8 to 20 form an integral part of these financial statements.

DPGS Limited

Balance Sheet as at 3 April 2008

	Note	3 April 2008		31 December 2006	
		£	£	£	£
Fixed assets					
Intangible assets	9		480,740		324,863
Tangible assets	10		1,520,674		1,757,951
Investments	11		42,789		280,000
			2,044,203		2,362,814
Current assets					
Stocks	12	42,811		35,854	
Debtors	13	216,934		365,328	
Cash at bank and in hand		70,290		95,071	
		330,035		496,253	
Creditors: Amounts falling due within one year	14	(2,118,939)		(1,328,306)	
Net current liabilities			(1,788,904)		(832,053)
Total assets less current liabilities			255,299		1,530,761
Creditors: Amounts falling due after more than one year	15		-		(22,189)
Provisions for liabilities	17		(189,209)		(299,221)
Net assets			66,090		1,209,351
Capital and reserves					
Called up share capital	18		75,000		75,000
Profit and loss account	19		(8,910)		1,134,351
Equity shareholders' funds	20		66,090		1,209,351

These accounts were approved by the Director on 4/12/08

S Kandola
Director

The notes on pages 8 to 20 form an integral part of these financial statements.

DPGS Limited

Cash Flow Statement for the Period Ended 3 April 2008

		3 April 2008		31 December 2006	
	Note	£	£	£	£
Net cash flow from operating activities	23		361,292		115,847
Returns on investment and servicing of finance	24		(81,531)		(1,512)
Taxation paid			(201,799)		259
Capital expenditure and financial investment	24		(70,890)		(136,977)
Cash inflow/(outflow) before management of liquid resources and financing			7,072		(22,383)
Financing	24		(31,853)		(15,104)
Net cash flow			(24,781)		(37,487)

1 Accounting policies

Basis of preparation

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

Under section 248 of the Companies Act 1985 the group is exempt from the requirement to prepare group accounts by virtue of its size. Therefore the accounts present information about the company as an individual undertaking and not about its group.

Turnover

Turnover represents amounts invoiced, net of value added tax, in respect of the sale of goods and services to customers.

Intangible fixed assets

Franchise fees are amounts paid to the franchisor. Amortisation is provided at rates which aim to write off the cost of the assets over its useful economic life.

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

Interest in leases represents lease premiums paid to landlords, and is amortised over the lease term.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

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

Research and development expenditure

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Other fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Deferred taxation

Deferred tax is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

DPGS Limited

Notes to the Financial Statements for the Period Ended 3 April 2008

.... *continued*

Hire purchase and finance lease contracts

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, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Assets acquired under instalment finance agreements are treated as tangible fixed assets and depreciation is provided accordingly. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract.

Operating leases

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

2 Turnover

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

An analysis of turnover by geographical market is given below:

	1 January 2007 to 3 April 2008 £	Year ended 31 December 2006 £
Sales - UK	9,710,185	7,337,341

3 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	1 January 2007 to 3 April 2008 £	Year ended 31 December 2006 £
Hire of plant and machinery (Operating Leases)	1,200	88
The audit of the company's annual accounts	13,000	10,000
Loss on sale of tangible fixed assets	3,158	-
Depreciation of owned tangible fixed assets	305,008	227,495
Depreciation of leased tangible fixed assets	-	1,933
Amortisation of goodwill	81,334	40,642

.... continued

4 Particulars of employees

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	1 January 2007 to 3 April 2008 No.	Year ended 31 December 2006 No.
Production	361	321
Administration	5	4
	366	325

The aggregate payroll costs of these persons were as follows:

	1 January 2007 to 3 April 2008 £	Year ended 31 December 2006 £
Wages and salaries	3,510,830	2,329,916
Social security	184,691	131,483
	3,695,521	2,461,399

5 Director's emoluments

The director's emoluments for the period are as follows:

	1 January 2007 to 3 April 2008 £	Year ended 31 December 2006 £
Director's emoluments (including benefits in kind)	114,606	96,919

6 Interest payable and similar charges

	1 January 2007 to 3 April 2008 £	Year ended 31 December 2006 £
VAT surcharges	31,383	-
Other interest payable	50,148	1,512
	81,531	1,512

.... continued

7 Taxation

Analysis of current period tax charge

	1 January 2007 to 3 April 2008 £	Year ended 31 December 2006 £
Current tax		
(Over)/under provision in previous year	161,315	-
Group relief payable/(receivable)	-	253,951
UK Corporation tax	161,315	253,951
Deferred tax		
Origination and reversal of timing differences	(110,012)	(49,212)
Total tax on (loss)/profit on ordinary activities	51,303	204,739

Factors affecting current period tax charge

The tax assessed on the (loss)/profit on ordinary activities for the period is higher than (Year ended 31 December 2006 - higher than) the standard rate of corporation tax in the UK of 28.00% (Year ended 31 December 2006 - 20.00%).

The differences are reconciled below:

	1 January 2007 to 3 April 2008 £	Year ended 31 December 2006 £
(Loss)/profit on ordinary activities before taxation	(416,958)	5,987
Standard rate corporation tax (credit)/charge	(116,748)	1,197
Under provision in respect of prior years	161,315	-
Other non qualifying expenses	22,629	1,091
Accelerated capital allowances	80,631	73,897
Other timing differences	13,488	-
Group relief	-	177,766
Total current tax for the period	161,315	253,951

.... *continued*

8 Dividends

	1 January 2007 to 3 April 2008 £	Year ended 31 December 2006 £
Equity dividends		
Paid	675,000	-

.... *continued*

9 Intangible fixed assets

	Goodwill £	Franchise fees £	Total £
Cost			
As at 1 January 2007	333,936	82,184	416,120
Additions	237,211	-	237,211
As at 3 April 2008	571,147	82,184	653,331
Amortisation			
As at 1 January 2007	73,941	17,316	91,257
Charge for the period	71,178	10,156	81,334
As at 3 April 2008	145,119	27,472	172,591
Net book value			
As at 3 April 2008	426,028	54,712	480,740
As at 31 December 2006	259,995	64,868	324,863

Goodwill additions represent the goodwill element of the company's investment in Triple 'A' Pizza (Norwich) Limited which has been transferred from fixed asset investments.

.... *continued*

10 Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings and equipment £	Motor vehicles £	Other tangibles £	Total £
Cost					
As at 1 January 2007	1,258,086	1,515,518	20,248	43,364	2,837,216
Additions	1,522	72,568	-	-	74,090
Disposals	-	(12,096)	-	-	(12,096)
As at 3 April 2008	1,259,608	1,575,990	20,248	43,364	2,899,210
Depreciation					
As at 1 January 2007	240,635	813,837	17,861	6,932	1,079,265
Eliminated on disposals	-	(5,738)	-	-	(5,738)
Charge for the period	69,505	196,685	2,387	36,432	305,009
As at 3 April 2008	310,140	1,004,784	20,248	43,364	1,378,536
Net book value					
As at 3 April 2008	949,468	571,206	-	-	1,520,674
As at 31 December 2006	1,017,451	701,681	2,387	36,432	1,757,951

Hire purchase agreements

Included within the total net book value of tangible fixed assets is £nil (31 December 2006 - £40,355) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the period on these assets was £nil (31 December 2006 - £7,158).

.... *continued*

11 Fixed asset investments

	Group shares £
Cost	
As at 1 January 2007	280,000
Disposals	(237,211)
As at 3 April 2008	42,789
Net book value	
As at 3 April 2008	42,789
As at 31 December 2006	280,000

The disposal represents the goodwill element of the company's investment in Triple 'A' Pizza (Norwich) Limited which has been transferred to goodwill.

The company holds more than 20% of the share capital of the following company:

	Country of incorporation	Principal activity	Class	%	Year end
Subsidiary undertakings					
Triple 'A' Pizza (Norwich) Limited	United Kingdom	Dormant	Ordinary	100	31 March 2008

	Capital & reserves £	Profit/(loss) for the year £
Subsidiary undertakings		
Triple 'A' Pizza (Norwich) Limited	42,789	-

12 Stocks and work in progress

	3 April 2008 £	31 December 2006 £
Stocks	42,811	35,854

.... *continued*

13 Debtors

	3 April 2008	31 December 2006
	£	£
Other debtors	13,620	197,331
Prepayments and accrued income	203,314	167,997
	216,934	365,328

14 Creditors: Amounts falling due within one year

	3 April 2008	31 December 2006
	£	£
Obligations under finance leases and hire purchase contracts	-	9,664
Trade creditors	234,941	220,028
Amounts owed to group undertakings	674,898	639,375
Corporation tax	1,257	41,741
Social security and other taxes	438,798	341,989
Other creditors	112,961	4,024
Director current accounts	567,158	-
Accruals and deferred income	88,926	71,485
	2,118,939	1,328,306

15 Creditors: Amounts falling due after more than one year

	3 April 2008	31 December 2006
	£	£
Obligations under finance leases and hire purchase contracts	-	22,189

.... *continued*

16 Maturity of borrowings

Amounts repayable:

	Obligations under finance leases and HP contracts £
As at 3 April 2008	
	-
As at 31 December 2006	
In one year or less on demand	9,664
Between one and two years	9,664
Between two and five years	12,525
	31,853

17 Provisions for liabilities

	Deferred tax provision £
As at 1 January 2007	299,221
Deferred tax provision charged to the profit and loss account	(110,012)
As at 3 April 2008	189,209

Deferred tax

Deferred tax is provided at 28.00% (31 December 2006 - 30.00%).

	3 April 2008 £	31 December 2006 £
Accelerated capital allowances	189,209	299,221

.... *continued*

18 Share capital

	3 April 2008 £	31 December 2006 £
Authorised		
Equity		
100,000 Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
Equity		
75,000 Ordinary shares of £1 each	75,000	75,000

19 Reserves

	Profit and loss account £
Balance at 1 January 2007	1,134,351
Transfer from profit and loss account for the period	(468,261)
Dividends	(675,000)
Balance at 3 April 2008	(8,910)

20 Reconciliation of movements in shareholders' funds

	3 April 2008 £	31 December 2006 £
Loss attributable to members of the company	(468,261)	(198,752)
Dividends	(675,000)	-
	(1,143,261)	(198,752)
Opening equity shareholders' funds	1,209,351	1,408,103
Closing equity shareholders' funds	66,090	1,209,351

21 Contingent liabilities

The group has entered into an agreement to obtain bank loans and finance facilities. These are secured by a fixed and floating charge over the group's assets. At 3 April 2008 the balance due under these facilities was £3,652,000 (31 December 2006 - £4,222,000).

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22 Operating lease commitments

As at 3 April 2008 the company had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings	
	3 April 2008	31 December 2006
	£	£
Within one year	14,100	12,000
Within two and five years	57,000	34,100
Over five years	168,000	205,000
	239,100	251,100

23 Reconciliation of operating (loss)/profit to operating cash flows

	3 April 2008	31 December 2006
	£	£
Operating (loss)/profit	(335,427)	7,499
Depreciation, amortisation and impairment charges	386,343	279,094
Loss on disposal of fixed assets	3,158	-
Increase in stocks	(6,957)	(757)
Decrease/(increase) in debtors	148,394	(13,226)
Increase/(decrease) in creditors	165,781	(156,510)
Decrease in provisions	-	(253)
Net cash inflow from operating activities	361,292	115,847

24 Analysis of cash flows

	3 April 2008	31 December 2006
	£	£
Returns on investment and servicing of finance		
Other interest paid	(81,531)	(1,512)
Capital expenditure and financial investment		
Purchase of intangible fixed assets	-	(17,458)
Purchase of tangible fixed assets	(74,090)	(119,519)
Sale of tangible fixed assets	3,200	-
	(70,890)	(136,977)
Financing		
Capital element of hire purchase payments	(31,853)	(15,104)

.... *continued*

25 Post balance sheet events

On 4 April, Dough Trading Limited, the ultimate parent undertaking together with its subsidiaries (of which DPGS Limited is one) was acquired by a third party. In consequence, the company is no longer under the control of M Halpern.

26 Related parties

Controlling entity

The ultimate parent company is Dough Trading Limited, a company registered in England and Wales. The ultimate controlling party of Dough Trading Limited was M Halpern. As noted in post balance sheet events, ownership of the Dough Trading Limited group changed hands on 4 April 2008.

Related party transactions

During the period, Dough Trading Limited provided funds to the company. Interest was charged on these borrowings and the amount charged during the year was £10,000. At 3 April 2008 the amount due to Dough Trading Limited was £632,109 (31 December 2006 - £596,586).

During the period, the company provided funds to Triple 'A' Pizza (Norwich) Limited, a wholly owned subsidiary. The amount due to Triple 'A' Pizza (Norwich) Limited at 3 April 2008 was £42,789 (31 December 2006 - £42,789).

Director's loan account

The following balance owed to the director was outstanding at the period end:

	Maximum Balance £	3 April 2008 £	31 December 2006 £
M Halpern	-	567,158	-

Directors' loan accounts

Amounts shown above include £319,360 due to a trust fund of which M Halpern is a beneficiary and £247,798 due to M Halpern. Interest is payable on the loan from the trust fund. During the period interest charged in respect of the loan from the trust fund was £28,354. No interest was due or paid to M Halpern. Immediately following the period to which these financial statements have been drawn up, all loans were repaid.