

Dundee PikCo Limited

Annual report and financial statements
for the year ended 31 December 2017

Registered Number: 06123931

Dundee PikCo Limited

Annual report and financial statements for the year ended 31 December 2017

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Dundee PikCo Limited

Strategic report for the year ended 31 December 2017

The directors present their strategic review on the Company for the year ended 31 December 2017.

Review of the business

The Company acts as a holding company within the Doncasters group of companies (Doncasters Group Limited and its subsidiaries, the "Group"). The Company is expected to continue to act as a holding company. The company is a private company limited by shares and is incorporated and domiciled in England.

The results for the Company show a pre-tax loss of £4.5 million (2016: £47.6 million). The Company has net liabilities of £440.9 million (2016: £435.9 million).

As the Company is in a net liabilities position and is an obligor to the loan facilities of the Group the directors consider the going concern assessment of the Company is dependent on the going concern assessment of the Group. The Group has substantial loan arrangements with a number of financial institutions with maturity dates between 2020 and 2021.

The Directors have performed a going concern assessment by reviewing the latest forecasts and trading prospects of the Group. The forecasts for 2018 have been formally reviewed and adopted by the Board. Additionally the Directors have considered longer range forecasts into 2019. These forecasts indicate a further improvement in operating performance in 2018 and 2019 which is linked to the increasing order book, generally favourable markets and improving operational performance as new products are industrialised. The Directors have also considered available headroom under the Group's facilities which are secured until April 2020 and are satisfied that sufficient headroom exists and levers are available to the Group to manage a number of reasonable down side sensitivities in terms of trading and cash performance. Furthermore the Directors have noted that the Group's facilities fall due for repayment during 2020 and expect to begin initial discussions with lenders in early 2019 to extend those facilities. The Group is committed to a programme of deleveraging and has significantly reduced its overall net debt since 31 December 2017 with plans to continue to do so during 2018 and 2019. While there can be no certainty that these forecasts can be achieved, the Directors can see no reasonable outcome where the Group would not have sufficient financial resources to meet financial obligations as they fall due.

Dubai International Capital LLC ("DIC"), the majority owner of the Group, had certain debt facilities which matured, but remain unpaid, on 31 December 2016 for which the shares in the Group are held as collateral. DIC has agreed commercial terms with the majority of its lenders to extend these debt facilities until 31 December 2020 with the option to further extend them to 31 December 2021. DIC expects to formally complete this extension of the debt facilities before the end of 2019. The Directors are confident that these debt facilities will be extended without any disruption to the Group. However there is no absolute certainty as to the actions of DIC's lenders.

The conditions outlined and as described within the financial statements indicate the existence of a material uncertainty, which may cast significant doubt on the Company's ability to continue as a going concern. However, in consideration of all of the relevant factors the Directors have concluded that it is appropriate to prepare the accounts on a going concern basis. Therefore, the financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern. There have been no required revaluations of investments during 2016 or 2017.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed within the Report of the directors of the Doncasters Group Limited annual report which does not form part of this report.

Key performance indicators

The key performance indicators of the business are integrated with Doncasters Group Limited. The directors of Doncasters Group Limited manage the Group's operations on a divisional basis. Further discussion of the performance of the Group, which includes the Company, is provided within the Report of the directors of the Doncasters Group Limited annual report which does not form part of this report.

By Order of the Board



D Hinks
Director
13 November 2018

Dundee PikCo Limited

Directors' report for the year ended 31 December 2017

The Company's registered number is 06123931.

The directors submit their report together with the audited financial statements for the year ended 31 December 2017.

Financial risk management

Financial risk management objectives and policies, including the policy for hedging and managing exposure to price, credit, liquidity and cash flow risk, are set for the Group as a whole. As a result the financial risk management policy is disclosed in the Group financial statements and so no separate disclosure is included within this report.

Directors

The directors who have served during the year and up to the date of signing this report are as follows:

D Hinks
I Molyneux

The Company maintains directors' and officers' liability insurance which gives appropriate cover for legal action brought against its directors. The Company has also provided an indemnity for its directors, which is a qualifying third party indemnity provision for the purpose of section 234 ((2) – (6)) of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Dividends

No dividends are proposed (2016: £Nil).

Future developments

The strategic report on page 1 provides an indication of the future developments of the Company.

Auditors

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Dundee PikCo Limited

Directors' report for the year ended 31 December 2017 (continued)

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 law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

Statement of disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have 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 auditors are aware of that information.

By order of the board:



D Hinks
Director

13 November 2018

Registered Office:

Millennium Court
First Avenue
Burton-upon-Trent
Staffordshire
DE14 2WH

Dundee PikCo Limited

Independent auditors' report to the members of Dundee PikCo Limited

Report on the audit of the financial statements

Opinion

In our opinion, Dundee PikCo Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2017; the Profit and loss account, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company's ability to continue as a going concern, as a subsidiary and obligor to the debt of Doncasters Group Limited ("the Group") is dependent on the Group's going concern assessment. There exists uncertainty over actions that may be taken by the lenders to the parent company of the group, where there is debt that has matured but remains unpaid, in the event that a formal debt restructuring cannot be agreed. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Explanation of material uncertainty

Note 1 to the annual accounts details the directors' disclosures of the material uncertainties relating to going concern. As described in Note 1, the going concern status of the company is subject to the actions that may be taken by the lenders to the parent of the group, where there is debt that has matured but remains unpaid, in the event that a formal debt restructuring cannot be agreed.

Given the risks associated with uncertainty, the directors have drawn attention to this in disclosing a material uncertainty relating to going concern in the basis of preparation to the annual accounts.

What audit procedures we performed

In concluding there is a material uncertainty, our audit procedures included obtaining the director's approved papers in which they considered the going concern of the group. In reviewing these papers we have considered the financial liquidity of the Group by agreeing cash flows forecasts to the most recently approved trading forecasts for the group, and assessing the impact of expected significant cash outflows due to debt repayments and cash inflows due to potential divestments. We obtained and re-performed the director's calculations of headroom available under current and expected facilities and assessed if the likely scenarios that have been considered covered reasonable outcomes to anticipate and reasonable sensitivities. We also discussed with the directors and obtained any corroborative evidence for the current situation of the debt due to be repaid to lenders of the parent company of the group to ensure no actions had been taken at the time of approval of the financial statements but the debt arrangements had yet to be formally restructured.

Dundee PikCo Limited

Independent auditors' report to the members of Dundee PikCo Limited (continued)

Our audit approach

Overview



- Overall materiality: £858,000 (2016: £833,000), based on 1% of Total assets.
- The company has one significant liability (loan notes) listed on the Channel Islands Stock Exchange and a number of intercompany balances. Interest is accrued on the loans notes at the effective rate and is paid at maturity quarterly. Intercompany balances relate to the amounts transferred to other group companies. These balances are repayable on demand with some of these amounts being interest bearing.
- Carrying value of investments and recoverability of intercompany balances.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Carrying value of investments and recoverability of intercompany balances The company has significant intercompany receivables and investment in subsidiaries to which an assessment of recoverability of these balances is performed. The equity value of the direct and indirect subsidiaries held is assessed to determine if it supports the carrying value of the investment. The recoverability of intercompany balances shall be assessed through considering the net assets of the counterparty and their ability to be able to repay balances.	The equity value of the investment has been assessed using the latest net present value of discounted cash flows based on the most recently approved director's forecast for the related subsidiaries, adjusted for the net debt within those subsidiaries. The net assets of the entities who are counterparties to the intercompany receivable have been assessed to ensure that no impairment of intercompany balances is required within the company.

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Independent auditors' report to the members of Dundee PikCo Limited (continued)

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The company has one significant liability (loan notes) listed on the Channel Islands Stock Exchange and a number of intercompany balances. Interest is accrued on the loans notes at the effective rate and is paid at maturity quarterly. Intercompany balances relate to the amounts transferred to other group companies. These balances are repayable on demand with some of these amounts being interest bearing.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£858,000 (2016: £833,000).
How we determined it	1% of Total assets.
Rationale for benchmark applied	Company is not revenue or profit generating and therefore asset based metric is most appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £43,000 (2016: £42,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Dundee PikCo Limited

Independent auditors' report to the members of Dundee PikCo Limited (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



David Teager (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
13 November 2018

Dundee PikCo Limited

Profit and loss account for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Administrative expenses		-	(28,314)
Other operating income		15,165	-
Operating profit/(loss)	2	15,165	(28,314)
Net interest payable and similar charges	3	(19,666)	(19,240)
Loss on ordinary activities before taxation		(4,501)	(47,554)
Taxation on loss on ordinary activities	5	(458)	(431)
Loss for the financial year		(4,959)	(47,985)

The above results arose entirely from continuing activities.

The Company had no other comprehensive income for the financial years ended 2017 and 2016. Therefore no separate statement of comprehensive income has been presented.

Dundee PikCo Limited

Balance sheet as at 31 December 2017

	Note	2017 £000	2016 £000
Fixed assets			
Investments	6	-	-
Current assets			
Debtors - receivable within one year	7	85,640	83,138
Debtors – receivable after one year	7	150	171
Creditors: amounts falling due within one year	8	(173,759)	(152,468)
Net current liabilities		(87,969)	(69,159)
Total assets less current liabilities		(87,969)	(69,159)
Creditors: amounts falling due after more than one year	9	(352,883)	(366,734)
Net liabilities		(440,852)	(435,893)
Capital and reserves			
Called up share capital		30	30
Profit and loss account		(440,882)	(435,923)
Revaluation reserve		-	-
Total shareholders' deficit		(440,852)	(435,893)

The financial statements on pages 8 to 19 were approved by the board of directors on 13 November 2018 and were signed on its behalf by:



D Hinks
Director

13 November 2018

Dundee PikCo Limited

Statement of changes in equity for the year ended 31 December 2017

	Called up share capital	Revaluation reserve	Profit and loss account	Total
	£000	£000	£000	£000
Balance at 1 January 2016	30	-	(387,938)	(387,908)
Loss for the year ended 31 December 2016	-	-	(47,985)	(47,985)
Balance at 31 December 2016	30	-	(435,923)	(435,893)
Loss for the year ended 31 December 2017	-	-	(4,959)	(4,959)
Balance at 31 December 2017	30	-	(440,882)	(440,852)

Share capital is comprised of 3,000,000 ordinary shares of 1 pence each which are all allotted, called up and fully paid.

Dundee PikCo Limited

Notes to the financial statements for the year ended 31 December 2017

1 Accounting policies

Basis of preparation of the financial statements

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The Board has reviewed the accounting policies adopted in the financial statements and consider them to be the most appropriate for the Company.

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The principal accounting policies are set out below and have been applied consistently to all years presented.

The Company's functional and presentational currency is the pound sterling.

The individual financial statements of Dundee Pikco Limited have also adopted the following disclosure exemptions:

- categories of financial instruments;
- key management personnel disclosure;
- items of income, expenses, gains or losses relating to financial instruments;
- exposure to and managements of financial risks;
- the requirement to present a statement of cash flows and related notes; and
- related party disclosures relating to transactions entered into between two or more wholly owned members of the group.

As the Company is in a net liabilities position and is an obligor to the loan facilities of the Group the directors consider the going concern assessment of the Company is dependent on the going concern assessment of the Group. The Group has substantial loan arrangements with a number of financial institutions with maturity dates between 2020 and 2021.

The Directors have performed a going concern assessment by reviewing the latest forecasts and trading prospects of the Group. The forecasts for 2018 have been formally reviewed and adopted by the Board. Additionally the Directors have considered longer range forecasts into 2019. These forecasts indicate a further improvement in operating performance in 2018 and 2019 which is linked to the increasing order book, generally favourable markets and improving operational performance as new products are industrialised. The Directors have also considered available headroom under the Group's facilities which are secured until April 2020 and are satisfied that sufficient headroom exists and levers are available to the Group to manage a number of reasonable down side sensitivities in terms of trading and cash performance. Furthermore the Directors have noted that the Group's facilities fall due for repayment during 2020 and expect to begin initial discussions with lenders in early 2019 to extend those facilities. The Group is committed to a programme of deleveraging and has significantly reduced its overall net debt since 31 December 2017 with plans to continue to do so during 2018 and 2019. While there can be no certainty that these forecasts can be achieved, the Directors can see no reasonable outcome where the Group would not have sufficient financial resources to meet financial obligations as they fall due.

Dubai International Capital LLC ("DIC"), the majority owner of the Group, had certain debt facilities which matured, but remain unpaid, on 31 December 2016 for which the shares in the Group are held as collateral. DIC has agreed commercial terms with its lenders to extend these debt facilities until 31 December 2020 with the option to further extend them to 31 December 2021. DIC expects to formally complete this extension of the debt facilities before the end of 2019. The Directors are confident that these debt facilities will be extended without any disruption to the Group. However there is no absolute certainty as to the actions of DIC's lenders.

The conditions outlined and as described within the financial statements indicate the existence of a material uncertainty, which may cast significant doubt on the Company's ability to continue as a going concern. However, in consideration of all of the relevant factors the Directors have concluded that it is appropriate to prepare the accounts on a going concern basis. Therefore, the financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern. There have been no required revaluations of investments during 2016 or 2017.

Dundee PikCo Limited

1 Accounting policies (continued)

Consolidation

Consolidated financial statements have not been prepared on the basis of the exemption under section 400 of the Companies Act 2006 and FRS 102 paragraph 9.3. The Company is wholly owned by another Company incorporated in Great Britain, Doncasters Group Limited, which prepares its own consolidated financial statements. The financial statements therefore present information about the Company and not its group.

Investments

Investments in subsidiary undertakings are stated at cost, less any provision for diminution in value.

Cash flow statement

A consolidated cash flow statement is included in the financial statements of Doncasters Group Limited. Accordingly, as per FRS 102 paragraph 1.12, no cash flow statement is included within these accounts

Foreign currencies

Transactions in foreign currency are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling on the balance sheet date. Exchange differences arising on the retranslation of hedged assets and liabilities are taken to reserves with any unhedged portion charged or credited to the profit and loss account. All other exchange differences are included in the profit and loss account.

Taxation

Current tax is the expected tax payable for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxes, where applicable, are provided in full at expected tax rates on differences arising from the recognition of income and expenditure in different periods for tax purposes from those for accounting purposes. Deferred tax assets are recognised to the extent that they are regarded as recoverable.

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and amounts owed by group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost using the effective interest method.

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1 Accounting policies (continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost unless they are part of a fair value hedge accounting relationship; any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Those borrowings that are part of a fair value hedge accounting relationship are also recorded on an amortised cost basis, plus or minus the fair value attributable to the risk being hedged with a corresponding entry in the income statement.

Critical accounting judgements and estimation uncertainty

The directors do not consider there to be any critical accounting judgements. The following is a summary of all critical accounting estimates the directors have considered in preparing the financial statement.

Impairment of investments

Investments in subsidiary undertakings are stated at cost, less any provision for diminution in value. Investments are tested for impairment annually by comparing the value of the investments to the net assets of the subsidiary that the investment is held in. If these net assets are not sufficient then a comparison to the forecast discounted future cash flows of the entity is performed to assess whether this is sufficient to support the level of the asset. In cases where the full amount of the asset is not supported by this forecasted amount then a provision is recorded for the value of the asset that is not supportable.

Recoverability of amounts owed by group undertakings

The recoverability of amounts owed by group undertakings is assessed by comparing the value of the debtor to the net assets of the company which owes the debt. If these net assets are not sufficient then a comparison to the forecast discounted future cash flows of the entity is performed to assess whether this is sufficient to support the level of the asset. In cases where the full amount of the asset is not supported by this forecasted amount then a provision is recorded for the value of the asset that is not supportable.

2 Operating profit/(loss)

	2017	2016
	£000	£000
Foreign exchange (gains)/losses	(15,165)	28,314

Foreign exchange gains have been included within 'Other operating income' and foreign exchange losses are included within 'Administrative expenses'.

Audit fees of £4,000 (2016: £4,000) in respect of the audit of the company are borne by Doncasters Limited, a fellow group subsidiary, and are not recharged to the Company.

No fees were payable to the Company's auditors for other services (2016: £Nil).

Dundee PikCo Limited

3 Net interest payable and similar charges

	2017	2016
	£000	£000
Inter-company interest receivable	2,502	2,486
Inter-company interest payable	(20,854)	(20,412)
Debt issue costs amortised	(1,314)	(1,314)
Interest payable and similar charges	(22,168)	(21,726)
Net interest payable and similar charges	(19,666)	(19,240)

4 Directors and employees

None of the directors received any remuneration specifically in respect of their services to the Company (2016 £Nil). The Company had no employees during the year (2016: Nil), other than the directors.

5 Taxation on loss on ordinary activities

	2017	2016
	£000	£000
Taxation on loss on ordinary activities		
Current taxation	437	399
Total current tax	437	399
Origination and reversal of timing differences	21	21
Effect of decrease in tax rate – prior period adjustment	-	11
Total deferred tax charge	21	32
Total tax charge	458	431

Dundee PikCo Limited

5 Taxation on loss on ordinary activities (continued)

Tax reconciliation:

The tax assessed for the year is higher than (2016: higher) the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

	2017	2016
	£000	£000
Loss on ordinary activities before taxation	(4,501)	(47,554)
Loss on ordinary activities multiplied by the standard rate of corporation tax in UK of 19.25% (2016: 20%)	(866)	(9,510)
Transfer pricing adjustments	(1,590)	(1,438)
Taxable income in respect of overseas subsidiaries	437	398
Prior period adjustment - tax rate change	-	11
Revaluation of investments	-	-
Timing differences	(3)	(4)
Group relief surrendered for no consideration	2,480	10,974
Total tax charge	458	431

Deferred income tax assets comprise the following:

	2017	2016
	£000	£000
Debt issue costs – FRS 102 transition	150	171

The movement in the deferred tax balance was as follows:

	2017	2016
	£000	£000
Asset at beginning of the year	(171)	(203)
Amount charged to profit and loss account	21	32
Asset at end of the year (note 7)	(150)	(171)

On 6 September 2016 the UK Parliament substantively enacted the Finance Act 2016, including a further reduction of the UK corporate tax rate to 17% effective from 1 April 2020. Since these rates have been substantively enacted by the balance sheet date, they have been applied in calculation of the tax position of the company.

Dundee PikCo Limited

6 Investments

	Shares	Loans	Total
	£000	£000	£000
As at 31 December 2016 and 31 December 2017	-	-	-

The investments at 31 December 2017 are in the wholly-owned subsidiaries Dundee Holdco 3 Limited and Doncasters US Finance LLC, incorporated in the UK and US respectively, both of which act as holding companies for other subsidiaries within the Doncasters Group.

During 2015, the carrying values of the investments were revalued downwards by the Directors. Of the £790.1 million investment revaluation, £510.5 million was recognised through the revaluation reserve as a reversal of prior revaluations, whilst the remaining £279.6 million was recognised through the profit and loss account. There has been no changes in carrying value in 2016 or 2017.

A full list of subsidiaries is included in note 12.

7 Debtors

	2017	2016
	£000	£000
Amounts receivable within one year		
Inter-company interest receivable	36,960	34,458
Amounts owed by group undertakings	48,680	48,680
	85,640	83,138
Amounts receivable after more than one year		
Deferred tax (note 5)	150	171
	85,790	83,309

The amounts owed by group undertakings are unsecured, repayable on demand and bear interest at the average cost of borrowing rate for Doncasters Group Limited, being 5.17% at 31 December 2017 (31 December 2016: 5.12%). They are valued at amortised cost using the effective interest method.

8 Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Amounts owed to group undertakings	173,528	152,288
Corporation tax	231	180
	173,759	152,468

Amounts owed to group undertakings are unsecured, have no fixed repayment date and are non-interest bearing. They are valued at amortised cost using the effective interest method.

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9 Creditors: amounts falling due after more than one year

	Currency	2017	2016
		£000	£000
Amounts owed to group undertakings	Sterling	194,263	193,640
Amounts owed to group undertakings	US Dollar	158,620	173,094
		352,883	366,734

The amounts owed to group undertakings are unsecured and repayable in April 2020. They are listed on the Channel Islands Securities Exchange. The Sterling amounts bore interest at 4.825% at 31 December 2017 (2016: 4.825%). £65.8 million of the US Dollar amount bore interest at 9.58% at 31 December 2017 (2016: £71.8 million at 9.575%) and £92.8 million bore interest at 4.83% (2016: £101.3 million at 4.575%) and are valued at amortised cost using the effective interest method. Interest is accrued on a monthly basis, and is settled every quarter. There are no regular repayments, with the principal to be repaid at the end of the loan.

10 Guarantees

The Company has given a guarantee in respect of the borrowings of Doncasters Group Limited which amounted to £1,232.0 million at 31 December 2017 (2016: £1,208.7 million).

The Company is a participant in the group banking arrangement under which all surplus cash balances are held as collateral for bank facilities advanced to group members. In addition, the Company has issued an unlimited guarantee to the banks to support these group facilities.

11 Parent company and ultimate controlling party

The immediate parent company is Dundee Holdco 2 Limited a company registered in England and Wales. The ultimate parent company and controlling party is Dubai Holding LLC, a company registered in the United Arab Emirates.

The results of Dundee PikCo Limited are consolidated into the financial statements of Doncasters Group Limited a company registered in England and Wales, being the smallest entity into which these results are consolidated. The consolidated financial statements of Doncasters Group Limited may be obtained from Millennium Court, First Avenue, Burton-upon-Trent, Staffordshire, DE14 2WH.

As permitted by FRS 102 paragraph 33.1A, the Company is not required to disclose transactions with group companies qualifying as related parties. The results of Doncasters Group Limited are ultimately consolidated into the financial statements of Dubai Holding LLC, P.O. Box 66000, Dubai, United Arab Emirates, being the largest entity into which these results are consolidated.

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12 Subsidiary undertakings

The subsidiary undertakings are:

Subsidiary name	Function	Country of incorporation	Registered office address
Certified Alloy Products Inc	Trading company	United States	2710 Gateway Oaks Drive Suite 150N, Sacramento, CA
Deritend International Limited	Trading company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Doncasters Aerospace Limited	Trading company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Doncasters Inc	Trading company	United States	2711 Centerville Road Suite 400, Wilmington, DE
Doncasters Limited	Trading company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Doncasters Precision Castings – Bochum GmbH	Trading company	Germany	Bessemmerstrasse 80, 44793 Bochum
Erie Bolt Corporation	Trading company	United States	2595 Interstate Drive, Suite 103, Harrisburg, PA
Ferry Cap & Set Screw Company*	Trading company	United States	50 West Broad Street Suite 1800, Columbus, OH
Integrated Energy Technologies Inc	Trading company	United States	2711 Centerville Road Suite 400, Wilmington, DE
Nelson (Tianjin) International Trading Co. Ltd*	Trading company	China	18 Guomao Road, Free Zone, Tianjin
Nelson Bolzenschweiss-Technik GmbH & Co. KG *	Trading company	Germany	Flurstraße 7-19, 58285 Gevelsberg
Nelson Fastener Systems de Mexico SA de CV *	Trading company	Mexico	211 Calle Diego Deibarra Aguascalientes Mexico
Nelson Saldatura Perni S.r.l *	Trading company	Italy	Via Miraflores 20, Nichelino, (TO)
Nelson Soudage de Goujons SAS *	Trading company	France	8 Rue de l'Angoumois Zi du Chemin Vert 95100, Argenteuil
Nelson Stud Welding Canada Inc *	Trading company	Canada	6199A Danville Road, Mississauga, Ontario
Nelson Stud Welding Inc *	Trading company	United States	2711 Centerville Road Suite 400, Wilmington, DE
Nelson Stud Welding India Private Limited *	Trading company	India	D-68A, First Floor, Freedmon Fighter Enclave, Neb Sarai, New Delhi, Delhi
Nelson Stud Welding International Inc *	Trading company	United States	2711 Centerville Road Suite 400, Wilmington, DE
Nelson Stud Welding (Tianjin) Company Ltd	Trading company	China	DEDA Industrial Park, 39 Yijin Road, Dongli Economic Development Area, Tianjin
Paralloy Limited	Trading company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Ross & Catherall Limited	Trading company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Settas SA	Trading company	Belgium	Allee Centrale, Zone Industrielle, B6040 Jumet
Southern Tool LLC	Trading company	United States	150 South Perry Street, Montgomery, AL
Specialty Bar Products Company*	Trading company	United States	2595 Interstate Drive, Suite 103, Harrisburg, PA
Spiegelberg Manufacturing Inc*	Trading company	United States	50 West Broad Street Suite 1800, Columbus, OH
TOG Manufacturing Company Inc.*	Trading company	United States	84 State Street, Boston, MA
Triplex Lloyd Properties Limited	Trading company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Trucast (Europe) Limited	Trading company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Trucast (North America) LLC	Trading company	United States	2711 Centerville Road Suite 400, Wilmington, DE
Trucast de Mexico SA de CV	Trading company	Mexico	Blvd. Interamerican No. 302, Parque Finsa, 66600 Ciudad Apodaca
Trucast Limited	Trading company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Trucast LLC	Trading company	United States	2711 Centerville Road Suite 400, Wilmington, DE
Doncasters Blaenavon Limited	Holding company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Doncasters UK Finance Limited	Holding company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Doncasters US 2 LLC	Holding company	United States	2711 Centerville Road Suite 400, Wilmington, DE
Doncasters US Holdings Inc	Holding company	United States	2711 Centerville Road Suite 400, Wilmington, DE
Dundee Holdco 4 Limited	Holding company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Dundee Holdco GmbH	Holding company	Germany	Bessemmerstrasse 80, 44793 Bochum
Fabri-Steel CV*	Holding company	Netherlands	Prins Bernhardplein 200, 1097 JB Amsterdam
Nelson Bolzenschweiss-Technik Verwaltungs GmbH *	Holding company	Germany	Flurstrasse 7-19, 58285 Gevelsberg
Nelson Stud Welding Holdings Inc*	Holding company	Mauritius	PO Box 80, Felix House, 24 Dr Joseph Riviere Street, Port Louis
NSW Fabristeel Netherlands B.V.*	Holding company	Netherlands	Prins Bernhardplein 200, 1097 JB Amsterdam
TOG Holdings Inc*	Holding company	United States	2711 Centerville Road Suite 400, Wilmington, DE
Triplex Lloyd Limited	Holding company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Doncasters US Finance LLC	Financing company	United States	2711 Centerville Road Suite 400, Wilmington, DE
Doncasters US LLC	Financing company	United States	2711 Centerville Road Suite 400, Wilmington, DE

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12 Subsidiary undertakings (continued)

Subsidiary name	Function	Country of incorporation	Registered office address
Dundee Holdco 3 Limited	Financing company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Anodic Machining Technologies Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Bulldog Barrels LLC*	Dormant company	United States	2595 Interstate Drive, Suite 103, Harrisburg, PA
Clovepark Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Cranford 1040 Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Cranford 1041 Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Daniel Doncaster & Sons Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Deritend Lloyd Pension Trustees Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Doncasters 456 Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Doncasters Ceramics Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Dynamic Casting Company Sa de CV (formerly Doncasters de Mexico SA de CV)	Dormant company	Mexico	Blvd. Interamericana No. 302, Parque Finsa, 66600 Ciudad Apodaca
Doncasters International Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Doncasters LLC	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Doncasters Middle East Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Doncasters Monk Bridge Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Doncasters Pension Trustees Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Doncasters Precision Castings – Deritend Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Doncasters Precision Forgings Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Doncasters Structures Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Doncasters UK Holdings Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
E. D. H. Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Doncasters 1516 Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
IEP Structures Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Leatherbay Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
RCG Holdings Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Ross Catherall (Holdings) Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Ross Catherall (US Holdings) Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Ross Catherall Castings Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Ross Catherall Group Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Ross Catherall Metals (Holdings) Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Ross Catherall Metals Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Ross Catherall Superalloys Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Sterling International Technology Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Triplex Lloyd Building Products Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Triplex Lloyd Corporate Services Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Triplex Lloyd Nominees Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire
Triplex Lloyd Pensions Management Limited	Dormant company	United Kingdom	Millennium Court, First Avenue, Burton-Upon-Trent, Staffordshire

* These entities were disposed of in April 2018

All are wholly owned indirect subsidiaries other than Dundee Holdco 3 Limited which is a wholly owned direct subsidiary. All are incorporated in the United Kingdom unless otherwise indicated.

13 Events after the reporting period

On 2 April 2018, the assets and liabilities related to the Fasteners division of the Doncasters Group (detailed in note 12), excluding the Nelson automotive stud and equipment business, were sold to Stanley Black and Decker Inc. for a consideration of £325m.