

Registration number: 06723693

Forward Sound Limited

Annual Report and Financial Statements

for the Year Ended 31 May 2022



Forward Sound Limited

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Forward Sound Limited

Company Information

Directors	G Banham
	<i>Hargreaves Corporate Director Limited</i>
	D Anderson
Registered office	West Terrace Esh Winning County Durham DH7 9PT

Forward Sound Limited

Directors' Report for the Year Ended 31 May 2022

The directors present their report and the unaudited financial statements for the year ended 31 May 2022.

Principal activity

The principal activity of the company is a holding company to support and market the regeneration of the former Tower opencast site in Wales.

The results for the company show a loss before tax of £39,000 (2021: loss of £19,000).

The directors do not consider the use of KPI's appropriate given the nature of the business

Dividends

The directors do not recommend the payment of a dividend (2021: £nil)

Directors of the company

The directors of the company, who were in office during the year and up to the date of signing the financial statements, were as follows:

G Banham

Hargreaves Corporate Director Limited

D Anderson

Principal risks and uncertainties

The risks and uncertainties facing the Company are inherently linked to those of the Hargreaves Services plc Group. The principal risks and uncertainties of the Group which includes those of this company are discussed in detail in the Risk Management section of the Group financial statements.

Directors' liabilities

All of the Directors benefited from the Group's qualifying third party indemnity provisions.

Forward Sound Limited

Directors' Report for the Year Ended 31 May 2022 (continued)

Going concern

The Company relies on the Group for support. Hargreaves Services plc has provided a letter of support covering 12 months from the date the accounts were approved by the directors.

Hargreaves Services plc has indicated it will continue to make available such funds as are needed by the company, and that it will not seek repayment of the amounts due at the balance sheet date.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Hargreaves Services plc, to meet its liabilities as they fall due for that period.

The Group's financing is not dependent on bank borrowings, there is no debenture nor any financial covenants to comply with. Notwithstanding that, a rigorous review of cash flow forecasts including testing for a range of severe but plausible downside scenarios has been undertaken. The Group's £12m invoice discounting facility is committed for a period of 15 months from July 2022 and expires 31 October 2023, which has recently been extended to this date. The facility is secured against certain Group debtors and there is no debenture nor any covenants associated with this facility. Mitigating strategies to these sensitivities considered by the Board exclude any remedies which are not entirely within the Group's control.

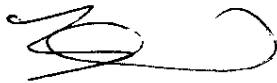
As a result, and after making appropriate enquiries including reviewing budgets and strategic plans, the Directors have a reasonable expectation that both the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing the Annual Report and Accounts of Hargreaves Services plc.

Small companies provision statement

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

The directors have also taken advantage of small company exemptions provided by section 414B of the Companies Act 2006 and have not prepared a Strategic Report.

Approved by the Board on 6 October 2022 and signed on its behalf by:



.....
John Samuel for and on behalf of
Hargreaves Corporate Director Limited
Director

Forward Sound Limited

Profit and Loss Account for the Year Ended 31 May 2022

	Note	2022 £ 000	2021 £ 000
Turnover	4	54	54
Administrative expenses		<u>(93)</u>	<u>(73)</u>
Operating loss	5	<u>(39)</u>	<u>(19)</u>
Loss before tax		(39)	(19)
Tax on loss	7	<u>7</u>	<u>4</u>
Loss for the year		<u><u>(32)</u></u>	<u><u>(15)</u></u>

The above results were derived from continuing operations.

There was no other comprehensive income in addition to the result for the year shown above.

Forward Sound Limited

(Registration number: 06723693)
Balance Sheet as at 31 May 2022

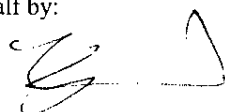
	Note	31 May 2022 £ 000	31 May 2021 £ 000
Fixed assets			
Investments	8	-	-
Current assets			
Debtors	9	9,430	7,736
Cash at bank and in hand		-	9
		<u>9,430</u>	<u>7,745</u>
Creditors: Amounts falling due within one year	10	<u>(6,146)</u>	<u>(4,429)</u>
Net current assets		<u>3,284</u>	<u>3,316</u>
Net assets		<u>3,284</u>	<u>3,316</u>
Capital and reserves			
Called up share capital	11	3,084	3,084
Profit and loss account		<u>200</u>	<u>232</u>
Shareholders' funds		<u>3,284</u>	<u>3,316</u>

For the financial year ending 31 May 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements on pages 4 to 16 were approved by the Board on 6 October 2022 and signed on its behalf by:



.....
John Samuel for and on behalf of
Hargreaves Corporate Director Limited
Director

Forward Sound Limited

Statement of Changes in Equity for the Year Ended 31 May 2022

At 1 June 2020	Called up share capital £ 000	Retained earnings £ 000	Total £ 000
Loss for the year	3,084	247	3,331
Total comprehensive expense	-	(15)	(15)
At 31 May 2021	3,084	232	3,316
At 1 June 2021	Called up share capital £ 000	Retained earnings £ 000	Total £ 000
Loss for the year	3,084	232	3,316
Total comprehensive expense	-	(32)	(32)
At 31 May 2022	3,084	200	3,284

Forward Sound Limited

Notes to the Financial Statements for the Year Ended 31 May 2022

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England within the UK.

The address of its registered office is:

West Terrace
Esh Winning
County Durham
DH7 9PT

These financial statements were authorised for issue by the Board on 6 October 2022.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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.

Basis of preparation

These financial statements were prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and are prepared under the historic cost modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Hargreaves Services plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Forward Sound Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis.

The company has net assets of £3,284,000 (2021: £3,316,000 net assets) including a £4,428,000 (2021: £4,426,000) creditor due to group undertakings. The company meets its day to day working capital requirements through support from related companies and the company's parent undertaking. Hargreaves Services plc, has indicated that it will continue to provide support to enable the company to trade for at least 12 months from the date of approval of these accounts.

The directors have prepared group cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the group will have sufficient funds, to meet its liabilities as they fall due for that period.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 June 2021 have had a material effect on the financial statements.

Revenue recognition

Recognition

The company earns revenue from the provision of services relating to management services. This revenue is recognised over time in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

The main performance obligations in contracts consist of the delivery of milestones or progress against the services described in the contract. For all contracts the stage of completion and delivery of performance obligations are measured at the balance sheet date using the input method of estimating progress of delivery at the reporting date. The stage of completion of a contract is assessed with reference to completion of a physical proportion of the contract work.

Forward Sound Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

2 Accounting policies (continued)

Transaction price

Turnover is recognised when control over a product or service is transferred to the Company's customer. The value attributed to turnover is measured based on the consideration specified in the contract and excludes any amounts collected on behalf of third parties. In circumstances where consideration is not clearly defined in the contract, the turnover is subject to variability. When turnover is variable, the Company estimates the amount of consideration to be recovered. Turnover is only recognised to the extent that it is highly probable that a significant reversal in a future period will not occur. When an amendment to an existing contract arises, the Company reviews the nature of the modification and whether or not it reflects a separate or new performance obligation to be satisfied, or whether it is an amendment to an existing performance obligation.

Turnover is measured excluding value added tax, for goods and services supplied to external customers in line with the fulfilment of contractual performance obligations. All directly attributable expenses in respect of goods supplied and services provided are recognised in the Profit and Loss Account in the period to which they relate. The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust its transaction price for the time value of money.

Depending on the nature of the product or service delivered and the timing of when control is passed onto the customer, the Company will account for turnover both over time and at a point in time. Where turnover is measured over time, the Company uses the input method to measure progress of delivery.

Tax

The tax expense for the period comprises current and deferred 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.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Investments

Investments in subsidiary undertakings are stated at cost less any impairment.

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 changes in value.

Forward Sound Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

2 Accounting policies (continued)

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.

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:

Forward Sound Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

2 Accounting policies (continued)

Derecognition

Financial assets

The company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

3 Critical accounting judgements and key sources of estimation uncertainty

There are no material judgements made by the directors, in the application of these accounting policies that are expected to have a significant effect on the financial statements or any estimates with a significant risk of material adjustment in the next year.

4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2022	2021
	£ 000	£ 000
Management fees	54	54

The analysis of the company's turnover for the year by class of business is as follows:

	2022	2021
	£ 000	£ 000
Over time	54	54

The analysis of the company's turnover for the year by market is as follows:

	2022	2021
	£ 000	£ 000
UK	54	54

Forward Sound Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

5 Operating loss

Arrived at after charging/(crediting)

	2022 £ 000	2021 £ 000
Impairment loss relating to amounts due from subsidiary undertakings	<u>63</u>	<u>73</u>

6 Staff costs

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

	2022 No.	2021 No.
Directors	<u>3</u>	<u>3</u>

The directors did not receive any remuneration for their services to the company (2021: £nil).

The remuneration of certain directors in the year was borne by a fellow subsidiary undertaking (Hargreaves UK Limited) of the ultimate holding company, Hargreaves Services plc, and the details of that remuneration are disclosed in Hargreaves Services plc's financial statements.

7 Tax on profit/(loss)

Tax charged/(credited) in the profit and loss account

	2022 £ 000	2021 £ 000
Current taxation		
Group relief	<u>(7)</u>	<u>(4)</u>

The tax on loss before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Loss before tax	<u>(39)</u>	<u>(19)</u>
Corporation tax at standard rate	<u>(7)</u>	<u>(4)</u>
Total tax credit	<u>(7)</u>	<u>(4)</u>

Forward Sound Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

7 Tax on profit/(loss) (continued)

Factors That May Affect Future Current and Total Tax Charges

Following the March 2021 budget, the corporate tax rate will increase from 19% to 25% with effect from 1 April 2025. The deferred tax balances at 31 May 2022 and 31 May 2021 have been calculated based on the rate substantively enacted at the balance sheet date of 25%.

8 Investments

Joint ventures

	£
Cost or valuation	
At 1 June 2021	85
At 31 May 2022	85
Provision	
At 1 June 2021	85
Provision	-
At 31 May 2022	85
Carrying amount	
At 31 May 2022	-

Details of the joint ventures as at 31 May 2022 are as follows:

Name of joint ventures	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2022	2021
Tower Regeneration Limited *	Coal Mining	Tower Colliery, Tirherbert Road, Rhigos, Aberdare, CF44 9UF UK	50%	50%
Tower Regeneration Leasing Limited	Lease of plant	Tower Colliery, Tirherbert Road, Rhigos, Aberdare, CF44 9UF UK	50%	50%

* indicates direct investment of Forward Sound Limited

In the opinion of the directors the investments are worth at least the amounts stated in the balance sheet.

Forward Sound Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

9 Debtors

	Note	31 May 2022 £ 000	31 May 2021 £ 000
Amounts owed by undertakings in which the company has a participating interest		9,421	7,732
Accrued income		2	-
Group relief receivable		7	4
		<u>9,430</u>	<u>7,736</u>

Amounts owed by undertakings in which the company has a participating interest are stated after provisions for impairment of £3,809,000 (2021: £3,746,000).

10 Creditors: amounts falling due within one year

	Note	31 May 2022 £ 000	31 May 2021 £ 000
Amounts due to group undertakings		4,428	4,426
Social security and other taxes		3	3
Bank overdraft		1,715	-
		<u>6,146</u>	<u>4,429</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The bank overdraft is denominated in sterling, does not attract interest and is repayable on demand. It is part of the group's banking facility.

Forward Sound Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

11 Called up share capital

Allotted, called up and fully paid shares

	31 May 2022		31 May 2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>3,083,876</u>	<u>3,083,876</u>	<u>3,083,876</u>	<u>3,083,876</u>

12 Related party transactions

Summary of transactions with other related parties

In these financial statements, the company has applied the exemption available under FRS 101 regarding disclosures in respect of transactions with wholly owned subsidiaries within the group. At the current and previous year end, the company had no balances outstanding with, or sales to/purchases from any other related parties.

All transactions and outstanding balances relate to general intercompany trade and working capital management.

Forward Sound Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

12 Related party transactions (continued)

Income and receivables from related parties

	Joint ventures £ 000
2022	
Receipt of services	54

	Joint ventures £ 000
2021	
Receipt of services	54

Loans to related parties

	Joint ventures £ 000
2022	
At start of period	7,732
Advanced	1,752
Impairment	(63)
At end of period	9,421

	Joint ventures £ 000
2021	
At start of period	8,167
Repaid	(362)
Impairment	(73)
At end of period	7,732

The loans to related parties is stated net of the provision as per Note 10.

13 Parent and ultimate parent undertaking

The company's immediate parent is Hargreaves Services plc.

The ultimate parent is Hargreaves Services plc. The only group in which the results of the Company are consolidated is that headed by Hargreaves Services plc. The consolidated financial statements of this company are available to the public and may be obtained from their registered address West Terrace, Esh Winning, Durham, DH7 9PT.