

Registration number: 06723693

Forward Sound Limited

Annual Report and Financial Statements

for the Year Ended 31 May 2021

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Forward Sound Limited

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Forward Sound Limited

Company Information

Directors	G Banham Hargreaves Corporate Director Limited D Anderson
Registered office	West Terrace Esh Winning Durham DH7 9PT
Independent auditors	PricewaterhouseCoopers LLP 5th and 6th Floor Central Square South Orchard Street Newcastle Upon Tyne NE1 3AZ

Forward Sound Limited

Directors' Report for the Year Ended 31 May 2021

The directors present their report and the audited financial statements for the year ended 31 May 2021.

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 for the year of £19,000 (2020: loss of £59,000).

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 (2020: £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 2021 (continued)

Going concern

The Group's financing is no longer dependent on bank borrowings, there is no longer any debenture or financial covenants to comply with. Notwithstanding that, a rigorous review of cash flow forecasts including testing for a range of challenging downside sensitivities has been undertaken. These sensitivities include testing without utilising the Group's £12m invoice discounting facility which was put in place on 27 July 2021. 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.

As a result of the above, the financial statements of the Company have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

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.

Those forecasts are dependent on Hargreaves Services plc not seeking repayment of the amounts currently due to the group and providing additional financial support during that period. 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, for the period covered by the forecasts.

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.

Disclosure of information to the auditors

Each director has taken 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. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of independent auditors

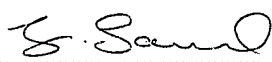
In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

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 10 September 2021 and signed on its behalf by:



Hargreaves Corporate Director Limited
Director

Forward Sound Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), comprising FRS 101 'Reduced Disclosure Framework' ('FRS 101'), 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 these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

Directors' confirmations

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.

Approved by the Board on 10 September 2021 and signed on its behalf by:



Hargreaves Corporate Director Limited
Director

Independent auditors' report to the members of Forward Sound Limited

Report on the audit of the financial statements

Opinion

In our opinion, Forward Sound Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2021 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 101 "Reduced Disclosure Framework", 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 May 2021; the Profit and Loss Account and 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

Independent auditors' report to the members of Forward Sound Limited (continued)

Reporting on other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify 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 Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 May 2021 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 Directors' Report.

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, 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.

Independent auditors' report to the members of Forward Sound Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health & safety regulations, environmental regulations and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to the profit and loss account, or through management bias in manipulation of accounting estimates with the aim of improving performance. Audit procedures performed by the engagement team included:

- Inquiry of management and those charged with governance around actual and potential litigation claims;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Identifying and testing journal entries, in particular any journal entries with unusual account combinations; and
- Challenging assumptions and judgements made by management in their significant accounting estimates in particular regarding the recoverability of amounts owed by undertakings in which the company has a participating interest and consideration of the impact of COVID-19 on going concern;

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

Independent auditors' report to the members of Forward Sound Limited (continued)

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 obtained 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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Mark Dawson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle
10 September 2021

Forward Sound Limited

Profit and Loss Account for the Year Ended 31 May 2021

	Note	2021 £ 000	2020 £ 000
Turnover		54	54
Administrative expenses		<u>(73)</u>	<u>(113)</u>
Operating loss		<u>(19)</u>	<u>(59)</u>
Loss before tax		(19)	(59)
Tax on loss		<u>4</u>	<u>11</u>
Loss for the year		<u><u>(15)</u></u>	<u><u>(48)</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

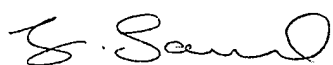
(Registration number: 06723693)

Balance Sheet as at 31 May 2021

	Note	31 May 2021 £ 000	31 May 2020 £ 000
Fixed assets			
Investments		-	-
Current assets			
Debtors		7,736	8,183
Cash at bank and in hand		9	1
		<u>7,745</u>	<u>8,184</u>
Creditors: Amounts falling due within one year		<u>(4,429)</u>	<u>(4,853)</u>
Net current assets		<u>3,316</u>	<u>3,331</u>
Net assets		<u>3,316</u>	<u>3,331</u>
Capital and reserves			
Called up share capital		3,084	3,084
Profit and loss account		<u>232</u>	<u>247</u>
Shareholders' funds		<u>3,316</u>	<u>3,331</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements on pages 9 to 21 were approved by the Board on 10 September 2021 and signed on its behalf by:



Hargreaves Corporate Director Limited
Director

Forward Sound Limited

Statement of Changes in Equity for the Year Ended 31 May 2021

	Called up share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 June 2019	3,084	295	3,379
Loss for the year	-	(48)	(48)
Total comprehensive expense	-	(48)	(48)
At 31 May 2020	3,084	247	3,331
	Called up share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 June 2020	3,084	247	3,331
Loss for the year	-	(15)	(15)
Total comprehensive expense	-	(15)	(15)
At 31 May 2021	3,084	232	3,316

Forward Sound Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

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
Co Durham
DH7 9PT

These financial statements were authorised for issue by the Board on 10 September 2021.

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.

Forward Sound Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

2 Accounting policies (continued)

Going concern

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

The company has net assets of £3,316,000 (2020: £3,331,000 net assets) including a £4,426,000 (2020: £4,851,000) creditor due to group undertakings. The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

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, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's ultimate parent company, Hargreaves Services plc not seeking repayment of the amounts currently due to the group, which at 31 May 2021 amounted to £4,426,000 (2020: £4,851,000). Hargreaves Services plc has provided a letter of support stating that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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 2020 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 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 2021 (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 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.

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.

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.

Forward Sound Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

2 Accounting policies (continued)

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:

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.

Forward Sound Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

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:

	2021 £ 000	2020 £ 000
Management fees	<u>54</u>	<u>54</u>

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

	2021 £ 000	2020 £ 000
Over time	<u>54</u>	<u>54</u>

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

	2021 £ 000	2020 £ 000
UK	<u>54</u>	<u>54</u>

5 Operating loss

Arrived at after charging/(crediting)

	2021 £ 000	2020 £ 000
Impairment loss relating to amounts due from subsidiary undertakings	<u>73</u>	<u>-</u>

6 Staff costs

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

	2021 No.	2020 No.
Directors	<u>3</u>	<u>3</u>

Forward Sound Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

6 Staff costs (continued)

The directors did not receive any remuneration for their services to the company (2020: £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.

Forward Sound Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

7 Auditors' remuneration

	2021 £ 000	2020 £ 000
Audit of the financial statements	<u>5</u>	<u>3</u>

Amounts receivable by the Company's auditors in respect of services to the Company and their associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Hargreaves Services plc.

8 Tax on profit/(loss)

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

	2021 £ 000	2020 £ 000
Current taxation		
Group relief	<u>(4)</u>	<u>(11)</u>

The tax on loss before tax for the year is the same as the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Loss before tax	<u>(19)</u>	<u>(59)</u>
Corporation tax at standard rate	<u>(4)</u>	<u>(11)</u>
Total tax credit	<u>(4)</u>	<u>(11)</u>

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 2021 and 31 May 2020 have been calculated based on the rate substantively enacted at the balance sheet date of 25% and 19% respectively.

Forward Sound Limited

Notes to the Financial Statements for the Year Ended 31 May 2021 (continued)

9 Investments

Joint ventures

	£
Cost or valuation	
At 1 June 2020	85
At 31 May 2021	85
Provision	
At 1 June 2020	85
Provision	-
At 31 May 2021	85
Carrying amount	
At 31 May 2021	-

Details of the joint ventures as at 31 May 2021 are as follows:

Name of joint ventures	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
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 Hargreaves Services plc

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 2021 (continued)

10 Debtors

	Note	31 May 2021 £ 000	31 May 2020 £ 000
Amounts owed by undertakings in which the company has a participating interest		7,732	8,167
Accrued income		-	5
Group relief receivable		4	11
		<u>7,736</u>	<u>8,183</u>

Amounts owed by undertakings in which the company has a participating interest are stated after provisions for impairment of £3,746,000 (2020: £3,673,000).

11 Creditors: amounts falling due within one year

	Note	31 May 2021 £ 000	31 May 2020 £ 000
Amounts due to group undertakings		4,426	4,851
Social security and other taxes		3	2
		<u>4,429</u>	<u>4,853</u>

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

12 Called up share capital

Allotted, called up and fully paid shares

	31 May 2021		31 May 2020	
	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>

13 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.

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 2021 (continued)

13 Related party transactions (continued)

Income and receivables from related parties

	Joint ventures £ 000
2021	
Receipt of services	54

	Joint ventures £ 000
2020	
Receipt of services	54

Loans to related parties

	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.

14 Contingent liabilities

The Company is party to a group composite debenture arrangement with certain of the companies in the Hargreaves Services plc group. This is in respect of the banking arrangements of Hargreaves Services plc (as outlined further in the Hargreaves Services plc group accounts) which are secured by means of both fixed and floating charges over all assets and undertakings of the Company. The total amount drawn on the group banking facility at 31 May 2021 was £nil (2020: £32,000,000).

15 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.