Company Registration No. 06995899

TOWER REGENERATION LIMITED

Annual Report and Consolidated Financial Statements

For the year ended 31 May 2018

TOWER REGENERATION LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 2018

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K J S Dougan	(appointed 2 December 2017)
S L Anson	
G N Davies	
T O'Sullivan	
G J Roberts	(resigned 28 June 2017)
A Shott	
J D Wilson	(resigned 25 December 2017)
D T Pearce	(resigned 28 February 2019)
W Thomas	
C Philpotts	(appointed 28 June 2017)

SECRETARY

S MacQuarrie (resigned 28 February 2019)

REGISTERED OFFICE

Tower Colliery
Tirherbert Road
Rhigos
Aberdare
Mid Glamorgan
CF44 9UF

BANKERS

Lloyds TSB Bank Plc
Black Horse House
91 Sandyford Road
Newcastle upon Tyne
NE99 1JW

SOLICITORS

Swinburne Maddison LLP
Venture House
Aykley Heads Business Centre
Durham
DH1 5TS

AUDITOR

Deloitte LLP
Statutory Auditor
Cardiff
United Kingdom

STRATEGIC REPORT

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the group and company in the year was that of the restoration of land now that coaling operations are discontinued. The site operations continue to be managed and operated under the contract with Hargreaves Surface Mining Limited.

KEY PERFORMANCE INDICATORS

We monitor our performance, implementing our strategy with reference to key targets set for the following financial and non-financial key performance indicators for the group are as follows:

	2018 £'000	2017 £'000
Revenue	-	38,026
Operating loss	(9,109)	(3,128)
Operating cash flow	(1,916)	13,001

Revenue has decreased by 100% and an increase in Operating Loss as the business ceased trading in 2017 and is now in the restoration phase of the mine.

RISKS AND UNCERTAINTIES

Mining and operational risk
The group's operations are subject to all of the hazards and risks normally encountered with the production of coal from a surface mine. The risks include adverse weather conditions, flooding, mechanical plant failure, and uncertain geological and challenging operating conditions. Appropriate levels of site investigation are undertaken to minimise the risks of flooding and to understand the site's geology. Investing in state-of-the-art operational equipment with a rigorous maintenance programme and employing highly skilled operatives mitigates these risks.

Health and safety
The working environment has numerous and varied risks which are mitigated through the provision of systems, training, equipment and supervision. Risk is evaluated and monitored by management to identify potential risks and ensure safe working practices.

Human resources and operations
People are the company's most important asset and are the key to ensuring its systems operate effectively. The company works hard at recruiting, training and developing staff to mitigate the risk of system or human error.

POLICY ON PAYMENT OF CREDITORS

The company does not follow any code or standard on payment practice. It is the company's policy:

(i) to settle the terms of payment with suppliers when agreeing the terms of transactions with that supplier;
(ii) to ensure that suppliers are made aware of the terms of payment; and
(iii) to abide by the terms of payment.

STRATEGIC REPORT (continued)

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEE CONSULTATION

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Approved by the Board of Directors
and signed on behalf of the Board

G N Davies
Director
Date: 30th April 2019

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended 31 May 2018.

Disclosures required by s416(4) which have been elevated to the Strategic Report:

- Risks and uncertainties

DIRECTORS

The directors of the company, who served throughout the year and subsequently to the date of this report, unless otherwise stated, are as shown on page 1.

RESULTS AND DIVIDENDS

The loss for the year, before taxation, amounted to £10,361,000 (2017 – £5,082,000). The directors do not recommend the payment of a dividend for the current financial year (2017 - £nil).

GOING CONCERN

During the year under review, Tower Regeneration Limited continued with the restoration phase of the project to restore the land to the condition agreed between the council and the entity, in accordance with the agreement held with the council. Management do not deem the restoration to be a trading activity and as such the entity is no longer seen to be a going concern. Therefore, the decision has been made by the directors to prepare the financial statements on a basis other than the going concern basis. Management believe the liabilities of the business will be met following post-restoration property development and sale of the land. More information on the future outlook of the company is provided within the strategic report under principal activity and review of the business. Given the funds held in escrow in relation to restoration activities exceed the forecasted costs to complete the restoration of the mine, the directors believe there are sufficient funds for the business to continue operating and meet the liabilities of the restoration phase of the mine.

BREXIT

The uncertainty of the final outcome to the Brexit discussions is constantly in the headlines. As far as TRL is concerned, the company carries out all of its activities within the UK and has no import/export activity with the EU. As a result, the Board does not expect any material direct impact on the company whatever the final resolution of Brexit may be. Of course, it is impossible to assess with any degree of accuracy the broader macro-economic impact of Brexit on either the EU or the UK.

FUTURE DEVELOPMENTS

The restoration phase of the mine is planned to continue until July 2019 and once completed directors will decide operating activities therein.

AUDITOR

In the case of each of the persons who are directors of the company at the date when this report is approved:

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

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

Deloitte LLP have indicated their willingness to continue in office as the company's auditor and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board

G N Davies
Director
Date: 30th April 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOWER REGENERATION LIMITED

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Tower Regeneration Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company statements of cash flows; and
- the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

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

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

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOWER REGENERATION LIMITED (continued)

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Hedditch

David Hedditch (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Cardiff, United Kingdom

30 April 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 May 2018

	Note	2018 £'000	2017 £'000
REVENUE	2	-	38,026
Cost of sales		(8,094)	(39,262)
GROSS LOSS		(8,094)	(1,236)
Administrative expenses		(1,015)	(1,892)
OPERATING LOSS		(9,109)	(3,128)
Profit on asset disposal		59	-
Interest income		19	24
Finance cost	7	(1,330)	(1,978)
LOSS BEFORE TAXATION	3	(10,361)	(5,082)
Tax on loss	8	136	367
LOSS FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE LOSS	15	(10,225)	(4,715)
Attributable to			
Equity holders of the company		(10,225)	(4,715)

All amounts in the current and prior financial year relate to discontinued operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 May 2018

	Note	2018 £'000	2017 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	6,107	7,833
Other non-current assets	11	10,146	17,581
		16,253	25,414
CURRENT ASSETS			
Trade and other receivables	12	3,309	6,693
Assets held for sale	13	7,355	11,579
Cash and cash equivalents	14	793	3,607
TOTAL CURRENT ASSETS		11,457	21,879
TOTAL ASSETS		27,710	47,293
CURRENT LIABILITIES			
Trade and other payables	16	(1,868)	(2,564)
Amounts due under finance leases	19	-	(797)
		(1,868)	(3,361)
NON-CURRENT LIABILITIES			
Creditors: Amounts falling due after more than one year	17	(20,284)	(20,456)
Deferred tax liabilities	18	(580)	(590)
Provisions	20	(13,044)	(20,727)
		(33,908)	(41,773)
TOTAL LIABILITIES		(35,776)	(45,134)
NET (LIABILITIES) / ASSETS		(8,066)	2,159
EQUITY			
Issued capital	22	-	-
Retained earnings	15	(8,066)	2,159
TOTAL (DEFICIT) / EQUITY	23	(8,066)	2,159

The financial statements of Tower Regeneration Limited, registered number 06995899, were approved by the Board of Directors and authorised for issue on 30th April 2019.

Signed on behalf of the Board of Directors

G N Davies
Director

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 May 2018

	Note	2018 £'000	2017 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,101	1,101
Investments	10	-	-
Other non-current assets	11	10,146	17,581
		11,247	18,682
CURRENT ASSETS			
Trade and other receivables	12	15,937	24,251
Cash and cash equivalents	14	698	3,564
TOTAL CURRENT ASSETS		16,635	27,815
TOTAL ASSETS		27,882	46,497
CURRENT LIABILITIES			
Trade and other payables	16	(2,080)	(3,116)
TOTAL CURRENT LIABILITIES		(2,080)	(3,116)
NON-CURRENT LIABILITIES			
Creditors: Amounts falling due after more than one year	17	(20,284)	(20,456)
Provisions	20	(13,044)	(20,727)
		(33,328)	(41,183)
TOTAL LIABILITIES		(35,408)	(44,299)
NET (LIABILITIES) / ASSETS		(7,526)	2,198
EQUITY			
Share capital	22	-	-
Retained earnings	15	(7,526)	2,198
TOTAL (DEFICIT) / EQUITY	23	(7,526)	2,198

As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented as part of these financial statements. The parent company achieved a loss of £9,725,000 for the financial year ended 31 May 2018 (2017 – loss of £4,393,000).

The financial statements of Tower Regeneration Limited, registered number 06995899, were approved by the Board of Directors and authorised for issue on 30th April 2019.

Signed on behalf of the Board of Directors

G N Davies

G N Davies
Director

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY
As at 31 May 2018

	Share capital £'000	Retained earnings £'000	Total equity £'000
Group			
Balance as at 1 June 2016	-	6,874	6,874
Loss for the year and total comprehensive loss	-	(4,715)	(4,715)
Balance as at 1 June 2017	-	2,159	2,159
Loss for the year and total comprehensive loss	-	(10,225)	(10,225)
Balance as at 31 May 2018	-	(8,066)	(8,066)

	Share capital £'000	Retained earnings £'000	Total equity £'000
Company			
Balance as at 1 June 2016	-	6,593	6,593
Loss for the year and total comprehensive loss	-	(4,393)	(4,393)
Balance as at 1 June 2017	-	2,198	2,198
Loss for the year and total comprehensive loss	-	(9,724)	(9,724)
Balance as at 31 May 2018	-	(7,526)	(7,526)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 May 2018

	Note	2018 £'000	2017 £'000
Net cash flows from discontinuing operations	24	(2,096)	13,001
Investing activities			
Purchase of property, plant and equipment		-	(2,127)
Proceeds from sale of property, plant and equipment		59	-
Interest received		20	24
Net cash used in investing activities		79	(2,103)
Financing activities			
Repayment of obligations under finance leases		(797)	(6,324)
Net cash used in financing activities		(797)	(6,324)
Net (decrease)/increase in cash and cash equivalents		(2,814)	4,574
Cash and cash equivalents at beginning of year	14	3,607	(967)
Cash and cash equivalents at end of year	14	793	3,607

COMPANY STATEMENT OF CASH FLOWS
For the year ended 31 May 2018

	Note	2018 £'000	2017 £'000
Net cash flows from discontinuing operations	24	(2,945)	6,657
Investing activities			
Purchase of property, plant and equipment		-	(2,127)
Proceeds from sale of property, plant and equipment		59	-
Interest received		20	73
Net cash used in investing activities		79	(2,054)
Financing activities			
Repayment of obligations under finance leases		-	-
Net cash used in financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(2,866)	4,603
Cash and cash equivalents at beginning of year	14	3,564	(1,039)
Cash and cash equivalents at end of year	14	698	3,564

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2018

1. STATEMENT OF ACCOUNTING POLICIES

General information

The company is a private limited company incorporated and domiciled in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the business review on page 2.

These financial statements are presented in pound sterling because that is the currency of the primary economic environment in which the group operates.

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as they apply to financial statements of the company for the year ended 31 May 2018 and applied in accordance with the Companies Act 2006.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 May each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Adoption of new and revised standards

At the date of authorisation of these financial statements, the group has not applied the following new and revised IFRSs that have been issued but are not yet effective and *in some cases* have not yet been adopted by the EU:

IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
IFRS 16	*Leases*
IAS 1	*Disclosure Initiative*
IAS 7	*Statement of cash flows*
IAS 12	*Income taxes*
IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
IAS 27	*Equity Method in Separate Financial Statements*

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the group in future periods, except that IFRS 9 will impact both the measurement and disclosure of financial instruments, IFRS 16 will impact the disclosure of assets held under operating leases and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of the new IFRSs until a detailed review has been completed.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

1. **STATEMENT OF ACCOUNTING POLICIES (continued)**

Going concern

During the year under review, Tower Regeneration Limited continue with the restoration phase of the project to restore the land to the condition agreed between the council and the entity, in accordance with the agreement held with the council. Management do not deem the restoration to be a trading activity and as such the entity is no longer seen to be a going concern. Therefore, the decision has been made by the directors to prepare the financial statements on a basis other than the going concern basis. Given the funds held in escrow in relation to restoration activities exceed the forecasted costs to complete the restoration of the mine, the directors believe there are sufficient funds for the business to continue operating and meet the liabilities of the restoration phase of the mine.

Property, plant and equipment

The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in accordance with agreed specifications. Plant and equipment is stated at historic cost less accumulated depreciation and impairment.

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Depreciation

The costs of surface mining and other plant and equipment are depreciated at varying rates depending upon their expected useful economic lives. Excluding freehold land, the cost of plant and equipment, less estimated residual value, are written off on a straight-line basis over the asset's expected useful economic life. Residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Changes to the estimated residual values or useful lives are accounted for prospectively.

No depreciation is provided on freehold land or mining assets. Depreciation is recorded over the useful lives of the other assets, as follows:

		Basis
Plant and equipment		
- plant and equipment	-	2 to 12 years
- motor vehicles	-	3 to 5 years

Restoration and rehabilitation costs

The activities of the company normally give rise to obligations for site restoration. Restoration works can include site decommissioning and dismantling and site and land rehabilitation. The extent of work required and the associated costs are dependent on the requirements of relevant authorities and the company's environmental policies.

An initial provision reflecting the current obligation for the cost of future site restoration is recognised at the commencement of the project as soon as the obligation to incur such costs arises. Costs for restoration of subsequent site damage, which is created on an ongoing basis, are recognised as a provision as they arise.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Restoration and rehabilitation costs (continued)

Restoration provisions are measured at the expected value of future cash flows, discounted to their present value applying an appropriate risk-adjusted rate. Significant judgements and estimates are involved in forming expectation of future activities and the amount and timing of the associated cash flows. Such expectations are based on existing planning requirements and management's future development plans which give rise to a constructive obligation.

Upon initial recognition of the restoration provision, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost is recognised as 'restoration assets' within 'mining assets'. This asset is amortised to the statement of comprehensive income on a units of production method over the life of the mine. Further 'restoration assets' are capitalised as additional provisions are created through production activities. These assets are amortised to the statement of comprehensive income on a units of production method over the coal from the area identified as giving rise to the additional restoration obligation.

The value of the provision is further increased over time as the effect of discounting unwinds, creating an expense recognised in 'other finance costs'.

Restoration provisions are also adjusted for changes in estimates, which are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the unamortised capitalised cost of the related assets, in which case the capitalised cost is reduced to nil and the remaining adjustment is recognised in the statement of comprehensive income. Changes to the capitalised cost result in an adjustment to future amortisation and financial charges.

Given the significant judgements and estimates involved, adjustments to the estimated amount and timing of future restoration and rehabilitation cash flows are a normal occurrence. Factors influencing those changes include but are not limited to: revisions to estimated reserves and site operations; planning requirements and management's development plans; changes in the estimated cost and scope of anticipated activities.

Leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Assets held under finance leases are recognised as assets of the group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Trade receivables

Trade receivables, which generally have 30 to 60-day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

1. **STATEMENT OF ACCOUNTING POLICIES (continued)**

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the relevant instrument. Financial assets are derecognised when the rights to receive benefits have expired or been transferred, and the company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation is extinguished.

Non-derivative financial assets are classified as either receivables or cash and cash equivalents. They are stated at amortised cost using the effective interest method, subject to reduction for allowances for estimated irrecoverable amounts. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of those receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, and is recognised in the statement of comprehensive income. For interest-bearing assets, their carrying value includes accrued interest receivable.

Cash and cash equivalents include cash in hand and deposits held on call, together with other short-term highly liquid investments.

Non-derivative financial liabilities are stated at amortised cost using the effective interest method. For borrowings, their carrying value includes accrued interest payable, as well as any unamortised issue costs.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the statement of financial position date.

Deferred taxation is provided in full on timing differences that result in an obligation at the statement of financial position date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Temporary differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as probable that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pensions

The company operates a defined contribution pension scheme. The amount charged to the statement of comprehensive income in respect of pension costs and other post-retirement benefits is the amount payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Critical accounting judgements

There were no critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies.

Key sources of estimation uncertainty

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

The key areas that the directors consider to represent estimation uncertainty are in relation to the provision for restoration (note 20) and the impairment of the property, plant and equipment (note 9).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

2. REVENUE

The analysis of revenue by geographical area is as follows:

	2018 £'000	2017 £'000
United Kingdom	-	38,026

3. LOSS BEFORE TAXATION

	2018 £'000	2017 £'000
The loss before taxation is stated after charging:		
Auditor's remuneration – audit fees	32	34
Depreciation of property, plant and equipment	1,579	20,331
Costs of inventories recognised as an expense	-	39,436
Loss on asset disposal	268	274
Impairment of assets held for sale	354	127

4. AUDITOR'S REMUNERATION

	2018 £'000	2017 £'000
The analysis of the auditor's remuneration is as follows:		
- Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	30	31
- The audit of the company's subsidiary	2	3
Total audit fees	32	34

The audit fee of the subsidiary of £2,000 (2017 - £3,000) was borne by the parent company in the current and the prior financial year.

5. DIRECTORS' REMUNERATION

The directors have been remunerated by their immediate employers. It is not practicable to allocate their services to the company from the services provided to their immediate employers and group companies of their immediate employers.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

6. STAFF COSTS

	2018 No.	2017 No.
Group and Company		
Monthly average number of persons employed by the group, including directors, during the year		
Directors	8	9
Administration	7	5
Security	-	3
	15	17

Staff costs incurred during the year in respect of these employees (excluding directors):

	£'000	£'000
Wages and salaries	172	235
Social security costs	16	23
Other pension costs	1	3
	189	261

7. FINANCE COST

	2018 £'000	2017 £'000
Related party loan interest	1,287	1,727
Bank and external finance lease interest	43	251
	1,330	1,978

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

8. TAX ON LOSS ON DISCONTINUED OPERATIONS

	2018 £'000	2017 £'000
United Kingdom corporation tax:		
Corporation tax:-		
Adjustment for prior year	(126)	11
Current tax credit	-	(710)
Total current tax credit	(126)	(699)
Deferred tax (see note 18)		
Origination and reversal of temporary differences	(106)	343
Adjustment to prior year	96	(11)
Total deferred tax (credit) / expense	(10)	332
Tax credit	(136)	(367)

Reconciliation of tax credit	**£'000**	**£'000**
Loss on discontinued operations before taxation	(10,361)	(5,082)
Tax at the UK corporation tax rate of 19% (2017 – 19.83%)	(1,969)	(1,008)
Taxes not deductible	-	40
Other tax adjustments, reliefs and transfers	(11)	(13)
Losses carried back	-	(90)
Deferred tax asset on losses not recognised	1,665	-
Other deferred tax movements	209	704
Deferred tax prior year adjustment	96	-
Current tax prior year adjustment	(126)	-
	(136)	(367)

The 2016 Budget included a planned reduction in corporation tax to 17% from 1 April 2020. The main rate of corporation tax will reduce to 19% effective from 1 April 2017 and 17% from 1 April 2020. These changes were substantively enacted at the statement of financial position date.

The blended rate of tax for the year, based on the UK standard rate of corporation tax, is 19% (2017 - 19.83%). This is: 23% up to 1 April 2014, 21% up to 1 April 2015 and 20% hereafter.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

9. PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold land £'000	Mining assets £'000	Plant, equipment & motor vehicles £'000	Total £'000
Cost				
At 1 June 2017	1,101	51,691	18,407	71,199
Disposals	-	-	(462)	(462)
At 31 May 2018	1,101	51,691	17,945	70,737
Accumulated depreciation				
At 1 June 2017	-	(51,691)	(11,675)	(63,366)
Charge for the year	-	-	(1,579)	(1,579)
Eliminated on disposal	-	-	315	315
At 31 May 2018	-	(51,691)	(12,939)	(64,630)
Net book value				
At 31 May 2018	1,101	-	5,006	6,107
At 31 May 2017	1,101	-	6,732	7,833

The group's obligations under finance leases (see note 19) are secured by the lessor's title to the leased assets, which have a carrying amount of £nil (2017 - £18,437,000).

Company

	Freehold land £'000	Mining assets £'000	Plant, equipment & motor vehicles £'000	Total £'000
Cost				
At 1 June 2017 and 31 May 2018	1,101	51,691	4,418	57,210
Accumulated depreciation				
At 1 June 2017 and 31 May 2018	-	(51,691)	(4,418)	(56,109)
Net book value				
At 31 May 2018	1,101	-	-	1,101
At 31 May 2017	1,101	-	-	1,101

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

10. INVESTMENTS

Details of the company's subsidiary at 31 May 2018 are as follows:

	Proportion of ownership and operation	Proportion of ownership interest %	Proportion of voting power held %
Tower Regeneration Leasing Limited	Great Britain*	100	100

The cost and carrying value of the investment is £1 (2017 - £1) being 1 ordinary share of £1.

* The registered address is Tirherbert Road, Rhigos, Aberdare, Mid Glamorgan, CF44 9UF.

11. OTHER NON-CURRENT ASSETS

The other non-current assets of £10,146,000 (2017 - £17,581,000) relates to cash held by the local authority on behalf of the company to finance the restoration of the Tower Surface Mine site to the required specifications when coaling operations cease.

12. TRADE AND OTHER RECEIVABLES

	2018 £'000	2017 £'000
Group		
Trade receivables	18	598
Receivables from related parties	3,086	4,094
Corporation tax receivable	-	2,001
Prepayments and accrued income	10	-
Social security and other taxation	195	-
	3,309	6,693
	£'000	**£'000**
Company		
Trade receivables	18	597
Receivables from related parties	-	2,441
Corporation tax receivable	-	2,001
Prepayments and accrued income	10	-
Amounts receivable from group company	15,714	19,212
Social security and other taxation	195	-
	15,937	24,251

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

13. ASSETS HELD FOR SALE

The major classes of assets and liabilities comprising the assets held for sale are as follows:

Group	**2018 £'000**	**2017 £'000**
Mining assets	7,355	11,579

During the year, the directors have written down assets held for sale to residual value, which resulted in an impairment of £353,708. This was recognised through the statement of comprehensive income.

14. CASH AND CASH EQUIVALENTS

	2018 £'000	**2017 £'000**
Group		
Cash at bank and in hand	793	3,607
	£'000	**£'000**
Company		
Cash at bank and in hand	698	3,564

15. RETAINED EARNINGS

	2018 £'000	**2017 £'000**
Group		
Balance at beginning of year	2,159	6,874
Loss and total comprehensive loss for the financial year	(10,225)	(4,715)
Balance at end of year	(8,066)	2,159
	£'000	**£'000**
Company		
Balance at beginning of year	2,198	6,593
Loss and total comprehensive loss for the financial year	(9,724)	(4,395)
Balance at end of year	(7,526)	2,198

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

16. TRADE AND OTHER PAYABLES

Group	**2018 £'000**	**2017 £'000**
Trade payables	23	56
Amounts owed to related parties	959	1,021
Other taxation and social security	3	405
Other creditors and accruals	883	1,082
	1,868	2,564

Company	**£'000**	**£'000**
Trade payables	23	56
Amounts owed to related parties	959	1,021
Group relief payable	1,062	950
Other taxation and social security	3	6
Other creditors and accruals	33	1,083
	2,080	3,116

Amounts payable to Forward Sound Limited carry interest of 10% (2017 - 10%) per annum charged on the outstanding loan balances (see note 26). All other related party and group balances accrue no interest and are repayable on demand.

The directors have obtained confirmation from Hargreaves Services Plc and Tower Colliery Limited that the related party liabilities will not be called for repayment within the next 12 months unless the company is able to fulfil all liabilities in an orderly manner.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £'000	**2017 £'000**
Group and Company		
Amounts owed to related party	20,284	20,456

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

18. DEFERRED TAX

The following are the deferred tax liabilities recognised by the group and the movements thereon during the current and prior reporting period.

Group	2018 £'000	2017 £'000
Deferred taxation		
Accelerated capital allowances	(580)	(590)

A deferred tax asset of £2,476,000 (2017 - £810,000) is not recognised as it is not considered to be recoverable. All deferred taxation has been fully provided and the liability has been included within non-current liabilities.

	£'000
At 1 June 2017	(590)
Credit to statement of comprehensive income	10
At 31 May 2018	(580)

19. OBLIGATIONS UNDER FINANCE LEASES

It is the group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is five years. For the year ended 31 May 2018, the average effective borrowing rate was 5.1% (2017 - 5.1%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in pound sterling. The fair value of the group's lease obligations is approximately equal to their carrying amount. The group's obligations under finance leases are secured by the lessors' rights over the leased assets disclosed in note 9.

	Present value of minimum lease payments	
	2018 £'000	2017 £'000
Amounts payable under finance leases		
Within one year	-	797
Present value of lease obligations	-	797

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

20. PROVISIONS

Group and Company	2018 £'000	2017 £'000
Provisions in respect of surface mine restoration		
Carrying amount at the beginning of the year	20,727	20,977
Provisions made during the year	8,585	4,200
Utilised during year	(16,268)	(4,450)
Carrying amount at the end of the year	13,044	20,727
Amounts due in less than one year	9,631	14,743
Amounts due in more than one year	3,413	5,984
Carrying amount at the end of the year	13,044	20,727

The above provision represents the restoration liability of the company to restore the Tower Surface Mine site to required specifications when coaling operations cease.

21. OPERATING LEASES

At 31 May, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £'000	2017 £'000
Land and buildings		
Within one year	131	131
In the second to fifth years inclusive	524	524
After five years	-	262
	655	917

22. SHARE CAPITAL

	2018 £	2017 £
Group and Company		
Authorised, issued and fully paid – 200 ordinary shares of £1 each	200	200

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

23. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' (DEFICIT)/FUNDS

	2018 £'000	2017 £'000
Group		
Opening shareholders' funds	2,159	6,874
Loss and total comprehensive loss for the financial year	(10,225)	(4,715)
Closing shareholders' (deficit)/funds	(8,066)	2,159
	£'000	**£'000**
Company		
Opening shareholders' funds	2,198	6,593
Loss and total comprehensive loss for the financial year	(9,724)	(4,395)
Closing shareholders' (deficit)/funds	(7,526)	2,198

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

24. NOTES TO THE CASH FLOW STATEMENT

	2018 £'000	2017 £'000
Group		
Loss for the year	(10,225)	(4,715)
Adjustment for:		
Depreciation	1,579	20,331
Interest income	(19)	(24)
Finance costs	1,330	1,978
Income tax credit	(136)	(367)
(Profit) / Loss on disposal	(59)	274
Operating cash flows before movements in working capital	(7,530)	17,477
Decrease in inventories	-	3,033
Decrease in receivables	13,468	4,121
Decrease in payables	(8,831)	(9,652)
Cash generated by operations	(2,893)	14,979
Income tax received	2,127	-
Interest paid	(1,330)	(1,978)
Net cash from operating activities	(2,096)	13,001

	£'000	£'000
Company		
Loss for the year	(9,725)	(4,393)
Adjustment for:		
Depreciation	-	16,271
Interest income	(20)	(73)
Finance costs	1,288	1,726
Income tax (credit)/paid	(15)	623
(Profit) / Loss on disposal	(59)	-
Operating cash flows before movements in working capital	(8,531)	14,154
Decrease in inventories	-	3,033
Decrease in receivables	10,618	1,266
Decrease in payables	(5,759)	(10,070)
Cash generated by operations	(3,672)	8,383
Income tax received	2,015	-
Interest paid	(1,288)	(1,726)
Net cash from operating activities	(2,945)	6,657

25. FINANCIAL INSTRUMENTS

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 1 to the financial statements. Categories of financial instruments comprise short-term receivables and payables, bank loans and obligations under finance leases. Neither the group nor the company uses derivative financial instruments. The main purpose of these financial instruments is to raise finance for the group's and the company's ongoing operations and manage the working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

25. FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments

Financial assets	**2018 £'000**	**2017 £'000**
Group		
Cash and cash balances	10,939	21,188
Loans and receivables (note 12)	3,299	6,693
	14,238	27,881
Company		
Cash and cash balances	10,844	21,145
Loans and receivables (note 12)	15,927	24,251
	26,771	45,396

Financial liabilities at amortised cost

Group		
Trade and other payables (note 16)	1,835	1,663
	1,835	1,663
Company		
Trade and other payables (note 16)	2,047	2,215
	2,047	2,215

Financial risks

The company's activities expose it to various financial risks - liquidity risk, credit risk, market risk, foreign currency risk and interest rate risk.

Liquidity risk

Liquidity risk is the risk that the group and company will not be able to access the necessary funds to finance their operations. They finance their operations through a mix of short and medium-term facilities. The group manages its liquidity risk by monitoring existing facilities and cash flows against forecast requirements based on rolling cash forecast. The table below analyses the group's and parent company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. With the exception of finance leases, all the amounts disclosed in the table are equal to their carrying balances as the impact of discounting is not significant. The amounts disclosed for finance leases are the contractual undiscounted cash flows including interest and hence will not agree to the amount disclosed on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

25. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Group **At 31 May 2018**	**<1 year** **£'000**	**1-2 years** **£'000**
Amounts due to related parties (non-interest-bearing)	959	5,573
Amounts due to related parties (interest-bearing)	-	14,711
Total	959	20,284

At 31 May 2017	**<1 year** **£'000**	**1-2 years** **£'000**
Amounts due to related parties (non-interest-bearing)	1,020	6,861
Amounts due to related parties (interest-bearing)	-	13,596
Finance leases	797	-
Total	1,817	20,457

Company **At 31 May 2018**	**<1 year** **£'000**	**1-2 years** **£'000**
Amounts due to group (non-interest-bearing)	1,062	-
Amounts due to related parties (non-interest-bearing)	959	5,573
Amounts due to related parties (interest-bearing)	-	14,711
Total	2,021	20,284

At 31 May 2017	**< 1 year** **£'000**	**1-2 years** **£'000**
Amounts due to group (non-interest-bearing)	950	-
Amounts due to related parties (non-interest-bearing)	1,021	6,861
Amounts due to related parties (interest-bearing)	-	13,596
Total	1,971	20,457

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

25. FINANCIAL INSTRUMENTS (continued)

Financial risks (continued)

Credit risk

The group and parent company are at the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the group's receivables from customers. The group's risk is influenced by the nature of its customers. New customers are analysed for creditworthiness before the group's standard payment terms and conditions are offered and appropriate credit limits set. The group does not have any financial assets that are past due or impaired.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the group's or company's income or the value of its holdings of financial instruments.

Foreign currency risk

The group and company operate within the UK in pound sterling and therefore are not exposed to foreign exchange risk arising from various currency exposures.

Interest rate risk

The group and company are exposed to interest rate risk as they borrow funds on three-month revolving credit with interest rates fixed at time of drawdown. The group and company have no loans or receivables which have floating interest rates.

At the statement of financial position date the interest rate profile of the group's interest-bearing financial instruments was:

Group	**2018** **£'000**	**2017** **£'000**
Fixed rate instruments		
Financial liabilities	14,711	14,393

Company	**2018** **£'000**	**2017** **£'000**
Fixed rate instruments		
Financial liabilities	14,711	13,596

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

26. RELATED PARTY TRANSACTIONS

Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in the group disclosure below. The company is owned 50% by Forward Sound Limited, a 100% owned subsidiary of the Hargreaves Services Plc group; the remaining 50% is owned by Tower Colliery Limited, a 100% owned subsidiary of Goitre Tower Anthracite Limited. During the financial periods the company provided services to or was provided services by members of the group headed by Hargreaves Services Plc and Goitre Tower Anthracite Limited as follows:

Companies entered into the following transactions with related parties:

Group	2018 Purchases/ Interest charges from £'000	2018 Balance owed to £'000	2017 Purchases/ Interest charges from £'000	2017 Balance owed to £'000
Forward Sound Limited	(1,288)	(14,776)	(1,726)	(13,596)
Tower Colliery Limited*	-	(2,546)	(182)	(3,476)
Hargreaves Surface Mining Limited	(15,456)	(621)	(26,326)	(575)
Hargreaves (UK) Services Limited	-	(1,638)	(67)	(1,718)
Hargreaves (UK) Limited	-	(1,662)	-	(2,113)
Blackwell Plant	947	(77)	(1,338)	-
	(15,797)	(21,320)	(29,639)	(21,478)

	2018 Sales to £'000	2018 Balance due from £'000	2017 Sales to £'000	2017 Balance due from £'000
Hargreaves Surface Mining Limited	2,570	230	3,940	113
Hargreaves (UK) Services Limited	-	-	3,221	2,399
Maxibrite	-	2,856	96	41
Blackwell Plant	-	-	1,210	1,542
	2,570	3,086	8,465	4,095

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 May 2018

26. RELATED PARTY TRANSACTIONS (continued)

	2018		2017	
Company	**Purchases/ Interest charges from £'000**	**Balance owed to £'000**	**Purchases/ Interest charges from £'000**	**Balance owed to £'000**
Forward Sound Limited	(1,288)	(14,776)	(1,726)	(13,596)
Tower Colliery Limited*	-	(2,546)	(182)	(3,476)
Hargreaves Surface Mining Limited	(15,456)	(621)	(26,326)	(575)
Hargreaves (UK) Services Limited	-	(1,638)	(67)	(1,718)
Hargreaves (UK) Limited	-	(1,662)	-	(2,113)
	(16,744)	(21,243)	(28,301)	(21,478)

	Sales to £'000	**Balance owed from £'000**	**Sales to £'000**	**Balance owed from £'000**
Hargreaves (UK) Services Limited	-	-	3,221	2,399
Tower Regeneration Leasing Limited	-	15,714	-	19,212
Maxibrite	-	-	96	41
	-	15,714	3,317	21,652

*All of the related parties listed above with the exception of Tower Colliery Limited are members of the group headed by Hargreaves Services Plc. Tower Colliery Limited is a member of the Goitre Tower Anthracite Limited group.

The company has provided a loan to a 100% subsidiary, Tower Regeneration Leasing Limited. Amounts repayable from Tower Regeneration Leasing Limited are short-term and non-interest-bearing. The outstanding amount at 31 May 2018 is £15,714,000 (2017 - £19,212,000).

27. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company is owned 50% by Forward Sound Limited and 50% by Tower Colliery Limited, which were incorporated in Durham, the United Kingdom, and Mid-Glamorgan, the United Kingdom, respectively. Both companies are registered in England & Wales, United Kingdom. Therefore, there is no controlling party.