Forward Sound Limited

Directors' report and financial statements

Registered number 06723693

31 May 2009

Contents

Directors' report

The directors present their first directors' report and financial statements for the period from 14 October 2008 to 31 May 2009

Principal activities and business review

The company was incorporated on 14 October 2008

The principal activity of the company is a holding company

The company has not yet traded

Proposed dividend

No dividends have been paid during the period

Directors and directors' interests

The directors who held office during the period, and subsequently were as follows

DH Ball	(appointed 30 July 2009)
KJS Dougan	(appointed 12 November 2008)
G Lewis	(appointed 21 January 2009)
IAC Parkin	(appointed 21 January 2009)
DJ Davies	(appointed 21 January 2009, resigned 30 July 2009)
SN Macquarrie	(appointed 12 November 2008, resigned 21 January 2009)
JC Round	(appointed 14 October 2008, resigned 12 November 2008)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

KPMG Audit Plc were appointed as the company's first auditors during the period

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board

KJS Dougan
Director

West Terrace
Esh Winning
Co Durham
DH7 9PT

26 February 2010

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 then apply them consistently,
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

KPMG Audit Plc
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Independent auditors' report to the members of Forward Sound Limited

We have audited the financial statements of Forward Sound Limited for the period ended 31 May 2009 set out on pages 5 to 9 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB s) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/UKNP

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2009 and of its result for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the requirements of the Companies Act 2006

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

M.R. Thompson.

MR Thompson (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

26 February 2010

Profit and loss account

for the period from 14 October 2008 to 31 May 2009

The company was incorporated on 14 October 2008 and the results are for the period from incorporation to 31 May 2009

During the current financial period, the company did not trade and received no income and incurred no expenditure Consequently, during that period the company made neither a profit nor a loss and had no other recognised gains or losses

Balance sheet

at 31 May 2009

	Note	31 May 2009 £000	31 May 2009 £000
Fixed assets			
Intangible assets	3		1,000
Creditors amounts falling due within one year	4	(500)	
Net current liabilities			(500)
Net assets			500
Capital and reserves			
Called up share capital	5		500
Shareholders' funds	6		500

These financial statements were approved by the board of directors on 26 February 2010 and were signed on its behalf by

KJS Dougan
Director

Registered number 06723693

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

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

The current economic conditions create an element of uncertainty over demand for the company's products but the company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company is expected to have a sufficient level of financial resources available through current banking and other facilities and therefore the directors believe that the company is well placed to manage its business risks successfully despite the economic uncertainty After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to prepare the financial statements on a going concern basis

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably Concessions, patents, licences and trademarks purchased by the Company are amortised to nil by equal annual instalments over their useful economic lives, generally their respective unexpired periods

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Pension scheme

The company operates a defined contribution group personal pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period

Stocks

Stocks are stated at the lower of cost and net realisable value In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19

Notes *(continued)*

1 Accounting policies *(continued)*

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i e forming part of shareholders' funds) only to the extent that they meet the following two conditions

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers

Dividends on shares presented within shareholders' funds

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

2 Staff numbers and costs

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

	Number of employees 2009
Directors	**3**

No directors are employed by the company The services of directors are provided by the two parent companies

Notes *(continued)*

3 Intangible fixed assets

	Exclusivity agreement £000	Total £000
Cost		
At beginning of period	-	-
Additions	1,000	1 000
At end of period	1 000	1 000
Amortisation		
At beginning and end of period	-	-
Net book value		
At 31 May 2009	**1,000**	**1,000**
At 14 October 2008	-	-

On 21 January 2009 Forward Sound paid £1,000,000 to Tower Colliery Limited, granting them sole partner status in the advancement of coal surface remediation at the former Tower Colliery deep mine site This intangible asset will be amortised over the life of the remediation project, which is expected to be 7 years Amortisation will commence when remediation work begins

4 Creditors: amounts falling due within one year

	2009 £000
Amounts owed to undertakings which have a participating interest in the company	500

5 Called up share capital

	2009 £000
Authorised	
10 000 000 ordinary shares of £1 each	10,000
1 000 000 deferred ordinary shares of £1 each	1,000
	11,000
Allotted, called up and fully paid	
500 000 ordinary shares of £1 each	500

Notes *(continued)*

6 Reconciliation of movements in shareholders' funds

	2009 £000
Issue of equity share capital	**500**
Net increase in shareholders' funds	**500**
Opening shareholders funds	-
Closing shareholders' funds	**500**

7 Related party disclosures

As at 31 May 2009 the company s equity was owned 100% by Hargreaves Services plc, however 50% of the voting rights were held by Evans and Reid Coal Company Limited There was no single controlling party

	Sales to £000	Purchases from £000	Balance owed (to)//by £000
Hargreaves Services plc	-	-	(500)

8 Post balance sheet events

On 31 October 2009, the voting rights held by Evans and Reid Coal Company Limited were surrendered to Hargreaves Services Plc, in line with the joint venture agreement