Company Registration No. 06995899

TOWER REGENERATION LIMITED

Annual Report and Consolidated Financial Statements

For the year ended 31 May 2017

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 2017

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K J S Dougan	(resigned 1 December 2017)
S L Anson	
G N Davies	
V R James	(resigned 18 August 2016)
T O'Sullivan	
G J Roberts	(resigned 28 June 2017)
A Shott	
J D Wilson	(resigned 25 December 2017)
D T Pearce	
W Thomas	(appointed 18 August 2016)
C Philpotts	(appointed 28 June 2017)

SECRETARY

S MacQuarrie

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 the operation of a surface coal mine. The production phase of the mine came to an end and site restoration and regeneration began in the second half of the year. Coal trading ceased during the year.

The site operations for restoration and regeneration 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:

	2017 £'000	2016 £'000
Revenue	38,026	35,996
Operating loss	(3,128)	(5,898)
Operating cash flow	13,001	6,557
Health and safety incidents	-	1

RISKS AND UNCERTAINTIES

Mining and operational risk
The group's operations are subject to all of the hazards and risks normally encountered with restoration of 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.

Markets and commodities
The business ceased trading in coal at the end of the financial year and is therefore no longer at risk associated with moving commodity price.

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.

Credit risk
Credit risk arises from the possibility that customers may not be able to pay their debts. The company closely monitors customer debt levels.

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)

FUTURE DEVELOPMENTS

The restoration phase of the mine will continue utilising the bond held by the local authority.

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.

DTPea

D T Pearce
Director

Date: 7/1/2019

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended 31 May 2017.

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 £5,082,000 (2016 – £9,321,000). The directors do not recommend the payment of a dividend for the current financial year (2016 - £nil).

GOING CONCERN

During the year under review Tower Regeneration moved into 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. The decision has therefore been made to prepare the financial statements on a basis other than that of a going concern. No adjustments were identified from ceasing to apply the going concern basis. More information on the future outlook of the company is provided within the strategic report under principal activity and review of the business.

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

D T Pearce
Director

Date: 7/2/2018

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

We have audited the financial statements of Tower Regeneration Limited for the year ended 31 May 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (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.

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 auditor

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. Our responsibility is to audit and express an opinion on 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Opinion 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 company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

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 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.

David Hedditch

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

7 February 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 May 2017

	Note	2017 £'000	2016 £'000
REVENUE	2	38,026	35,996
Cost of sales		(39,262)	(40,950)
GROSS LOSS		(1,236)	(4,954)
Administrative expenses		(1,892)	(944)
OPERATING LOSS		(3,128)	(5,898)
Interest income		24	75
Finance cost	7	(1,978)	(3,498)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(5,082)	(9,321)
Tax on loss on ordinary activities	8	367	1,402
LOSS FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE LOSS	16	(4,715)	(7,919)
Attributable to			
Equity holders of the company		(4,715)	(7,919)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 May 2017

	Note	2017 £'000	2016 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	7,833	37,467
Other non-current assets	11	17,581	20,977
		25,414	58,444
CURRENT ASSETS			
Inventories	12	-	3,033
Trade and other receivables	13	6,693	7,318
Assets held for sale	14	11,579	-
Cash and cash equivalents	15	3,607	-
TOTAL CURRENT ASSETS		21,879	10,351
TOTAL ASSETS		47,293	68,795
CURRENT LIABILITIES			
Trade and other payables	17	(2,564)	(33,392)
Amounts due under finance leases	20	(797)	(6,514)
		(3,361)	(39,906)
NON-CURRENT LIABILITIES			
Creditors: Amounts falling due after more than one year	18	(20,457)	-
Deferred tax liabilities	19	(590)	(258)
Provisions	21	(20,727)	(20,977)
Amounts due under finance leases	20	-	(780)
		(41,774)	(22,015)
TOTAL LIABILITIES		(45,135)	(61,921)
NET ASSETS		2,159	6,874
EQUITY			
Issued capital	23	-	-
Retained earnings	16	2,159	6,874
TOTAL EQUITY	24	2,159	6,874

The financial statements of Tower Regeneration Limited, registered number 06995899, were approved by the Board of Directors and authorised for issue on 7/2/2018

Signed on behalf of the Board of Directors

D T Pearce
Director

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 May 2017

	Note	2017 £'000	2016 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,101	15,245
Investments	10	-	-
Other non-current assets	11	17,581	20,977
Deferred tax assets	19	-	725
		18,682	36,947
CURRENT ASSETS			
Inventories	12	-	3,033
Trade and other receivables	13	24,251	22,022
Cash and cash equivalents	15	3,564	-
TOTAL CURRENT ASSETS		27,815	25,055
TOTAL ASSETS		46,497	62,002
CURRENT LIABILITIES			
Trade and other payables	17	(3,116)	(34,432)
NON-CURRENT LIABILITIES			
Creditors: Amounts falling due after more than one year	18	(20,457)	-
Provisions	21	(20,727)	(20,977)
		(41,183)	(20,977)
TOTAL LIABILITIES		(44,299)	(55,409)
NET ASSETS		2,198	6,593
EQUITY			
Share capital	23	-	-
Retained earnings	16	2,198	6,593
TOTAL EQUITY	24	2,198	6,593

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 £4,393,000 for the financial year (2016 – loss of £8,026,000).

The financial statements of Tower Regeneration Limited, registered number 06995899, were approved by the Board of Directors and authorised for issue on 7/2/2018

Signed on behalf of the Board of Directors

D T Pearce
Director

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY
As at 31 May 2017

	Share capital £'000	Retained earnings £'000	Total equity £'000
Group			
Balance as at 1 June 2015	-	14,793	14,793
Loss for the year and total comprehensive loss	-	(7,919)	(7,919)
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 31 May 2017	-	2,159	2,159

	Share capital £'000	Retained earnings £'000	Total equity £'000
Company			
Balance as at 1 June 2015	-	14,619	14,619
Loss for the year and total comprehensive loss	-	(8,026)	(8,026)
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 31 May 2017	-	2,198	2,198

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 May 2017

	Note	2017 £'000	2016 £'000
Net cash flows from operating activities	26	13,001	6,557
Investing activities			
Purchase of property, plant and equipment		(2,127)	(2,733)
Interest received		24	75
Net cash used in investing activities		(2,103)	(2,658)
Financing activities			
Repayment of obligations under finance leases		(6,324)	(6,355)
Net cash used in financing activities		(6,324)	(6,355)
Net increase/(decrease) in cash and cash equivalents		4,574	(2,456)
Cash and cash equivalents at beginning of year	15	(967)	1,489
Cash and cash equivalents at end of year	15	3,607	(967)

COMPANY STATEMENT OF CASH FLOWS
For the year ended 31 May 2017

	Note	2017 £'000	2016 £'000
Net cash flows from operating activities	26	6,657	164
Investing activities			
Purchase of property, plant and equipment		(2,127)	(2,733)
Interest received		73	75
Net cash used in investing activities		(2,054)	(2,658)
Financing activities			
Repayment of obligations under finance leases		-	-
Net cash used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		4,603	(2,494)
Cash and cash equivalents at beginning of year	15	(1,039)	1,455
Cash and cash equivalents at end of year	15	3,564	(1,039)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2017

1. STATEMENT OF ACCOUNTING POLICIES

General information

The company is a 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 2017 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*
Clarifications to IFRS 15 (April 2016)	Clarification to IFRS 15 Revenue from Contracts with Customers
IFRS 16	*Leases*
IAS 7	*Disclosure Initiative*
IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
IFRIC 23	*Uncertainty over Income Tax Treatments*

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 disclosures 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.

Revenue

Revenue from the sale of coal is recognised when the risks and rewards of ownership have passed to the customer. This is usually when the coal is delivered to the location specified by the customer, generally on loading into transport where the customer is responsible for the transportation. Revenue is measured at the fair value of the consideration received or receivable and is shown net of discounts and VAT.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2017

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Going concern

During the year under review Tower Regeneration moved into 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. The decision has therefore been made to prepare the financial statements on a basis other than that of a going concern. No adjustments were identified from ceasing to apply the going concern basis. More information on the future outlook of the company is provided within the strategic report under principal activity and review of the business.

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.

Mining assets

Surface mine development asset

Costs incurred in preparing and developing sites are referred to as 'surface mine development costs' and are capitalised within 'property, plant and equipment' as part of the 'mining assets'. Surface mine development costs principally comprise:

- the costs associated with achieving necessary planning permission and consents, licences and permits required to operate the site;
- drilling, geology and mine design costs;
- site development and infrastructure costs.

This asset is amortised to the statement of comprehensive income on a units of production method. Production is deemed to commence when work to extract coal from the first production box cut begins.

Income from incidental coal that is extracted during the development phase is included within the consolidated statement of comprehensive income together with the associated direct costs.

Stripping costs

The company has chosen to adopt IFRIC 20 (stripping costs in the production phase of a surface mine).

During the production phase, a non-current "stripping activity asset" will be recognised within 'mining assets' to capitalise costs of removing overburden to gain access to or improve access to coal deposits. To the extent that future economic benefits are probable, the deposit of coal to which access has been improved can be identified, and costs reliably measured. The stripping activity asset will be initially measured at cost and subsequently carried at cost or its revalued amount less amortisation and impairment. The stripping activity asset will be amortised over the units of production of the coal deposit identified as being made more accessible as a result of the stripping activity.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2017

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

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, is 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.

Depreciation is recorded over the useful life of the asset, as follows:

	Basis
Freehold land	not depreciated
Plant and equipment	
- plant and equipment	2 to 12 years
- motor vehicles	3 to 5 years
Mining assets	
- surface mine development	units of production coal
- restoration asset	units of production coal from the specific box cut to which the stripping relates
- stripping activity asset	units of production coal from the specific box cut to which the stripping relates

Restoration and rehabilitation costs

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, is recognised as a provision as it arises.

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 and 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2017

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

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.

Inventories

Inventories relate to coal stocks and are valued at the lower of cost and net realisable value. Cost is primarily on the basis of average production costs and compromises direct materials, plant costs, labour and relevant overheads or, with regard to purchased coal, cost of acquisition, and includes transport and port costs where applicable. Appropriate allowances are made for slow-moving and obsolete inventories.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2017

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

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

In the application of the company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 21) and the impairment of the property, plant and equipment (note 9).

2. **REVENUE**

The analysis of revenue by geographical area is as follows:

	2017	**2016**
	£'000	**£'000**
United Kingdom	38,026	35,996

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2017

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2017 £'000	2016 £'000
The loss on ordinary activities before taxation is stated after charging:		
Auditor's remuneration – audit fees	34	34
Depreciation of property, plant and equipment	20,331	20,224
Operating lease rentals – land and buildings	-	226
Costs of inventories recognised as an expense	39,436	40,727

4. AUDITOR'S REMUNERATION

	2017 £'000	2016 £'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	31	31
- The audit of the company's subsidiary	3	3
Total audit fees	34	34

The audit fee of the subsidiary of £3,000 (2016 - £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
For the year ended 31 May 2017

6. STAFF COSTS

	2017 No.	2016 No.
Group and Company		
Average number of persons employed by the group, including directors, during the year		
Directors	9	9
Administration	5	6
Security	3	8
	17	23

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

	£'000	£'000
Wages and salaries	235	371
Social security costs	23	36
Other pension costs	3	3
	261	410

7. FINANCE COST

	2017 £'000	2016 £'000
Related party loan interest	1,727	1,846
Bank and external finance lease interest	251	610
Unwinding of discount on provisions	-	1,042
	1,978	3,498

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2017

8. TAX ON LOSS ON ORDINARY ACTIVITIES

	2017 £'000	2016 £'000
United Kingdom corporation tax:		
Corporation tax	(699)	(1,296)
Deferred taxation (see note 19)	332	(106)
Tax credit	(367)	(1,402)

Reconciliation of tax charge	**£'000**	**£'000**
Loss on ordinary activities before taxation	(5,082)	(9,321)
Tax at the UK corporation tax rate of 19.83% (2016 – 20%)	(1,008)	(1,864)
Expenses not deductible for tax purposes	40	30
Other tax adjustments, reliefs and transfers	(13)	(1,282)
Losses carried back	(90)	1,236
Origination and reversal of temporary differences	704	478
Total tax credit	(367)	(1,402)

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2017

9. PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold land £'000	Mining assets £'000	Plant, equipment & motor vehicles £'000	Total £'000
Cost				
At 1 June 2016	1,101	49,564	41,873	92,538
Additions	-	2,127	-	2,127
Disposals	-	-	(3,242)	(3,242)
Transfer	-	-	(20,224)	(20,224)
At 31 May 2017	1,101	51,691	18,407	71,199
Accumulated depreciation				
At 1 June 2016	-	(37,398)	(17,673)	(55,071)
Charge for the year	-	(14,293)	(4,279)	(18,572)
Eliminated on disposal	-	-	1,760	1,760
Eliminated on transfer	-	-	8,517	8,517
At 31 May 2017	-	(51,691)	(11,675)	(63,366)
Net book value				
At 31 May 2017	1,101	-	6,732	7,833
At 31 May 2016	1,101	12,166	24,200	37,467

The group's obligations under finance leases (see note 20) are secured by the lessor's title to the leased assets, which have a carrying amount of £18,437,000 (2016 - £22,221,000). During the year, fixed assets with a net book value of £11,706,107 were reclassified as assets held for sale. The directors have written these down to residual value, which resulted in an impairment of £126,899. This was recognised through profit and loss account.

Company

	Freehold land £'000	Mining assets £'000	Plant, equipment & motor vehicles £'000	Total £'000
Cost				
At 1 June 2016	1,101	49,564	4,418	55,083
Additions	-	2,127	-	2,127
At 31 May 2017	1,101	51,691	4,418	57,210
Accumulated depreciation				
At 1 June 2016	-	(37,398)	(2,440)	(39,838)
Charge for the year	-	(14,293)	(1,978)	(16,271)
At 31 May 2017	-	(51,691)	(4,418)	(56,109)
Net book value				
At 31 May 2017	1,101	-	-	1,101
At 31 May 2016	1,101	12,166	1,978	15,245

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2017

10. INVESTMENTS

Details of the company's subsidiary at 31 May 2017 is as follows:

	Place of incorporation 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 (2016 - £1).

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

11. OTHER NON-CURRENT ASSETS

The other non-current asset of £17,581,000 (2016 - £20,977,000) 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. INVENTORIES

	2017 £'000	2016 £'000
Group and Company		
Finished goods	-	3,033

13. TRADE AND OTHER RECEIVABLES

	2017 £'000	2016 £'000
Group		
Trade receivables	598	2,643
Receivables from related parties	4,094	2,440
Corporation tax receivable	2,001	1,106
Prepayments and accrued income	-	1,129
	6,693	7,318

	£'000	£'000
Company		
Trade receivables	598	2,643
Receivables from related parties	2,441	2,000
Corporation tax receivable	2,001	1,106
Prepayments and accrued income	-	1,129
Amounts receivable from group company	19,212	15,144
	24,251	22,022

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2017

14. ASSETS HELD FOR SALE

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

	2017 £'000	2016 £'000
Group		
Plant and machinery	11,579	-

15. CASH AND CASH EQUIVALENTS

	2017 £'000	2016 £'000
Group		
Cash at bank and in hand	3,607	-
Bank overdraft	-	(967)

	£'000	£'000
Company		
Cash at bank and in hand	3,564	-
Bank overdraft	-	(1,039)

16. RETAINED EARNINGS

	2017 £'000	2016 £'000
Group		
Balance at beginning of year	6,874	14,793
Loss and total comprehensive expense for the financial year	(4,715)	(7,919)
Balance at end of year	2,159	6,874

	£'000	£'000
Company		
Balance at beginning of year	6,593	14,619
Loss for the financial year and total comprehensive expense	(3,675)	(8,026)
Balance at end of year	2,918	6,593

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2017

17. TRADE AND OTHER PAYABLES

	2017	2016
Group	**£'000**	**£'000**
Bank overdraft	-	967
Trade payables	56	181
Amounts owed to related parties	1,021	30,723
Other taxation and social security	405	304
Other creditors and accruals	1,082	1,217
	2,564	33,392

Company	**£'000**	**£'000**
Bank overdraft	-	1,039
Trade payables	56	181
Amounts owed to related parties	1,021	30,723
Group relief payable	950	1,265
Other taxation and social security	6	7
Other creditors and accruals	1,083	1,217
	3,116	34,432

Amounts payable to Forward Sound Limited carry interest of 10% (2016 - 10%) per annum charged on the outstanding loan balances (see note 28). 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.

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

	2017	2016
	£'000	**£'000**
Group and Company		
Amounts owed to related party	20,457	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2017

19. 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	**2017**	**2016**
	£'000	**£'000**
Deferred taxation		
Accelerated capital allowances	(590)	(258)

All deferred taxation has been fully provided and the liability has been included within non-current liabilities.

	£'000
At 1 June 2016	(258)
Credit to statement of comprehensive income	(332)
At 31 May 2017	(590)

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

Company	**2017**	**2016**
	£'000	**£'000**
Deferred taxation		
Decelerated capital allowances	-	725

The deferred tax asset has been included within current assets.

	£'000
At 1 June 2016	725
Credit to statement of comprehensive income	(725)
At 31 May 2017	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2017

20. 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 2017, the average effective borrowing rate was 5.1% (2016 - 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 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	
	2017	**2016**
	£'000	**£'000**
Amounts payable under finance leases		
Within one year	797	6,514
In the second to fifth years inclusive	-	780
Present value of lease obligations	797	7,294

21. PROVISIONS

Group and Company	**2017**	**2016**
	£'000	**£'000**
Provisions in respect of surface mine restoration		
Carrying amount at the beginning of the year	20,977	19,187
Provisions (utilised)/made during the year	(250)	748
Unwinding of discount	-	1,042
Carrying amount at the end of the year	20,727	20,977
Amounts due in less than one year	14,743	-
Amounts due in more than one year	5,984	20,977
Carrying amount at the end of the year	20,727	20,977

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2017

22. 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:

	2017 £'000	2016 £'000
Land and buildings		
Within one year	131	226
In the second to fifth years inclusive	524	903
After five years	262	678
	917	1,807

23. SHARE CAPITAL

	2017 £	2016 £
Group and Company		
Authorised, issued and fully paid – 200 ordinary shares of £1 each	200	200

24. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2017 £'000	2016 £'000
Group		
Opening shareholders' funds	6,874	14,793
Loss and total comprehensive expense for the financial year	(4,715)	(7,919)
Closing shareholders' funds	2,159	6,874
	£'000	£'000
Company		
Opening shareholders' funds	6,593	14,619
Loss and total comprehensive expense for the financial year	(3,675)	(8,026)
Closing shareholders' funds	2,918	6,593

25. COMPANY STATEMENT OF COMPREHENSIVE INCOME

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 £4,393,000 for the financial year of (2016 – loss of £8,026,000).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2017

26. NOTES TO THE CASH FLOW STATEMENT

	2017 £'000	2016 £'000
Group		
Loss for the year	(4,715)	(7,919)
Adjustment for:		
Depreciation	20,331	20,224
Interest income	(24)	(75)
Finance costs	1,978	3,498
Income tax credit	(367)	(1,402)
Loss on disposal	274	
Operating cash flows before movements in working capital	17,477	14,326
Decrease in inventories	3,033	6,390
Decrease/(increase) in receivables	4,121	(3,530)
Decrease in payables	(9,652)	(7,426)
Cash generated by operations	14,979	9,760
Income tax received	-	295
Interest paid	(1,978)	(3,498)
Net cash from operating activities	13,001	6,557

	£'000	£'000
Company		
Loss for the year	(3,675)	(8,026)
Adjustment for:		
Depreciation	16,271	16,347
Interest income	(73)	(75)
Finance costs	1,726	2,801
Interest tax expense	623	(1,294)
Operating cash flows before movements in working capital	14,872	9,753
Decrease in inventories	3,033	6,390
Decrease/(increase) in receivables	1,266	(6,031)
Decrease in payables	(10,070)	(7,442)
Cash generated by operations	9,101	2,670
Income tax received	-	295
Interest paid	(1,726)	(2,801)
Net cash from operating activities	7,375	164

27. 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
For the year ended 31 May 2017

27. FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments

Group	**2017 £'000**	**2016 £'000**
Financial assets at fair value through profit or loss		
Other non-current asset	17,581	20,977
Cash	3,607	(967)
Amount owed by related party	4,094	2,440
Trade receivables	598	2,643
Corporation tax receivable	1,900	1,106
	27,781	26,199
Financial liabilities at amortised cost		
Trade payables	56	181
Other taxation and social security	6	304
Finance leases	797	7,294
Amounts owed to related parties	21,477	30,723
	22,336	39,719

Company		
Financial assets at fair value through profit or loss		
Other non-current asset	17,581	20,977
Cash	3,564	(1,039)
Trade receivables	598	2,643
Amounts receivable from group company	19,212	15,144
Corporation tax receivable	2,720	1,106
Amounts owed by related parties	2,440	2,000
	46,116	40,831
Financial liabilities at amortised cost		
Trade payables	56	181
Other creditors and accruals	1,083	1,217
Other taxation and social security	6	7
Amounts owed to related parties	21,477	30,723
Amounts owed to group company	950	1,205
	23,572	33,333

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
For the year ended 31 May 2017

27. FINANCIAL INSTRUMENTS (continued)

Financial risks (continued)

Group **At 31 May 2017**	**<1 year** **£'000**	**1-2 years** **£'000**	**2-5 years** **£'000**	**>5 years** **£'000**
Non-interest-bearing				
Amounts due to related parties (non-interest-bearing)	1,020	6,861	-	-
Amounts due to related parties (interest-bearing)	-	13,596	-	-
Finance lease liability	797	-	-	-
Total	1,817	20,457	-	-

At 31 May 2016	**<1 year** **£'000**	**1-2 years** **£'000**	**2-5 years** **£'000**	**>5 years** **£'000**
Non-interest-bearing				
Amounts due to related parties (non-interest-bearing)	12,989	-	-	-
Amounts due to related parties (interest-bearing)	17,734	-	-	-
Finance leases	6,514	780	-	-
Total	37,237	780	-	-

Company **At 31 May 2017**	**<1 year** **£'000**	**1-2 years** **£'000**	**2-5 years** **£'000**	**>5 years** **£'000**
Non-interest-bearing				
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	-	-

At 31 May 2016	**< 1 year** **£'000**	**1-2 years** **£'000**	**2-5 years** **£'000**	**>5 years** **£'000**
Non-interest-bearing				
Amounts due to group (non-interest-bearing)	1,205	-	-	-
Amounts due to related parties (non-interest-bearing)	12,989	-	-	-
Amounts due to related parties (interest-bearing)	17,734	-	-	-
Total	31,928	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2017

27. **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 GBP 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	**2017**	**2016**
	£'000	**£'000**
Fixed rate instruments		
Financial liabilities	14,393	25,028
Variable rate instruments		
Financial liabilities	-	-

Company	**2017**	**2016**
	£'000	**£'000**
Fixed rate instruments		
Financial liabilities	13,596	17,734
Variable rate instruments		
Financial liabilities	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2017

28. 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	2017 Purchases/ Interest charges from £'000	2017 Balance owed to £'000	2016 Purchases/ Interest charges from £'000	2016 Balance owed to £'000
Forward Sounds Limited	(1,726)	(13,596)	(1,718)	(14,862)
Tower Colliery Limited*	(182)	(3,476)	(120)	(8,060)
Hargreaves Surface Mining Limited	(26,326)	(575)	(28,612)	(1,179)
Hargreaves Services Plc	-	-	-	(2,872)
Hargreaves (UK) Services Limited	(67)	(1,718)	-	(1,638)
Hargreaves (UK) Limited	-	(2,113)	-	(2,112)
Blackwell Plant	(1,338)	-	-	-
	(29,638)	(21,477)	(30,450)	(30,723)

	2017 Sales to £'000	2017 Balance due from £'000	2016 Sales to £'000	2016 Balance due from £'000
Hargreaves Surface Mining Limited	3,940	113	4,574	440
Tower Colliery Limited	-	-	-	2,000
Hargreaves (UK) Services Limited	3,221	2,399	-	-
Maxibrite	96	41	-	-
Blackwell Plant	1,210	1,542	-	-
	8,466	4,094	4,574	2,440

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 May 2017

28. RELATED PARTY TRANSACTIONS (continued)

Company	2017 Purchases/ Interest charges from £'000	2017 Balance owed to £'000	2016 Purchases/ Interest charges from £'000	2016 Balance owed to £'000
Forward Sounds Limited	(1,726)	(13,596)	(1,718)	(14,862)
Tower Colliery Limited*	(182)	(3,476)	(120)	(8,060)
Hargreaves Surface Mining Limited	(26,326)	(575)	(28,612)	(1,179)
Hargreaves Services Plc	-	-	-	(2,872)
Hargreaves (UK) Services Limited	(67)	(1,718)	-	(1,638)
Hargreaves (UK) Limited	-	(2,113)	-	(2,113)
Tower Regeneration Leasing Limited	-	-	-	(1,205)
	(28,301)	(40,690)	(30,450)	(31,929)

Company	2017 Sales to £'000	2017 Balance owed from £'000	2016 Sales to £'000	2016 Balance owed from £'000
Hargreaves (UK) Services Limited	3,221	2,399	-	-
Tower Colliery Limited	-	-	-	2,000
Tower Regeneration Leasing Limited	-	19,212	-	12,640
Maxibrite	96	41		
	3,316	21,652	-	14,640

*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 2017 is £19,212,000 (2016 - £15,144,000).

29. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company is owned 50% by Forward Sound Limited and 50% by Tower Colliery Limited. Both entities are incorporated in the United Kingdom. There is, therefore, no controlling party.