

REGISTERED NUMBER: 10397507 (England and Wales)

**Directors' Report and
Audited Financial Statements for the Year Ended 31 March 2019
for
Edge Orbital Holdings Limited**

Edge Orbital Holdings Limited (Registered number: 10397507)

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for the Year Ended 31 March 2019**

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Edge Orbital Holdings Limited

Company Information for the Year Ended 31 March 2019

Directors:	A P Bhuwania R Parekh J S Gordon R D Knight B Millsom P A Skerman C M Meseg
Registered office:	3rd Floor 3 - 5 Charlotte Street Manchester M1 4HB
Registered number:	10397507 (England and Wales)
Independent auditors:	Mazars LLP One St Peter's Square Manchester M2 3DE
Bankers:	Royal Bank of Scotland Devonshire Square London EC2M 4XJ

Edge Orbital Holdings Limited (Registered number: 10397507)

**Directors' Report
for the Year Ended 31 March 2019**

The directors present their report with the financial statements of the company for the year ended 31 March 2019.

Principal activity

The principal activity of the company in the year under review was that of a holding company for an investment in Connect Plus (M25) Holdings Limited.

Review of business

The results of the company for the period are set out in the profit and loss account on page 7.

The profit for the period retained in the company is £3,878,000 (2018: loss £7,666,000). This was in line with directors' expectations given the financing structure of the company; £14,914,000 was received in dividends in year.

Dividends

The directors do not recommend the payment of a dividend.

Directors

The directors during the year under review were:

R G Ammoun	- resigned 7.12.18
A P Bhuwania	
R Parekh	- appointed 7.12.18
J S Gordon	
R D Knight	
J D Matallana Mendez	- resigned 7.12.18
J McDonagh	- resigned 19.11.18
B Millsom	- appointed 19.11.18
P A Skerman	- appointed 23.10.18
C M Meseg	- appointed 7.12.18

The directors holding office at 31 March 2019 did not hold any beneficial interest in the issued share capital of the company at 1 April 2018 (or date of appointment if later) or 31 March 2019.

Financial instruments

The company's principal financial instruments comprise unsecured loan notes which have been issued to its investors. The company does not undertake financial instrument transactions which are speculative or unrelated to the company's activities. The loan notes have been issued at fixed rates of interest so there is no interest rate risk.

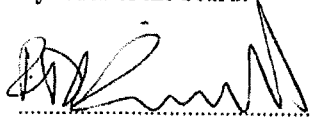
Small entity exemption

The company has taken advantage of the exemption under section 414B of the Companies Act 2006 not to present a Strategic Report. The Directors' Report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) 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 in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board:


.....
R D Knight - Director

Date: 26/02/2020

Edge Orbital Holdings Limited (Registered number: 10397507)

**Statement of Directors' Responsibilities
for the Year Ended 31 March 2019**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulation.

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 United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 year. 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.

Independent auditor's report to the members of Edge Orbital Holdings Limited

Opinion

We have audited the financial statements of Edge Orbital Holdings Limited (the 'company') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Audited Financial Statements, 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 this regard.

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.



Timothy Hudson (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Mazars LLP
One St Peter's Square
Manchester
M2 3DE

Date:

26 February 2020

Edge Orbital Holdings Limited (Registered number: 10397507)

**Statement of Comprehensive Income
for the Year Ended 31 March 2019**

	Notes	2019 £'000	2018 £'000
Turnover		-	-
Administrative expenses		(54)	(62)
		<u>(54)</u>	<u>(62)</u>
Other operating income		27	49
Operating loss	4	<u>(27)</u>	<u>(13)</u>
Income from shares in group undertakings		14,914	-
Interest receivable and similar income	5	9,674	10,086
Interest payable and similar expenses	6	(19,766)	(19,770)
Profit/(loss) before taxation		<u>4,795</u>	<u>(9,697)</u>
Tax on profit/(loss)	7	(917)	2,031
Profit/(loss) for the financial year		<u>3,878</u>	<u>(7,666)</u>
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		<u><u>3,878</u></u>	<u><u>(7,666)</u></u>

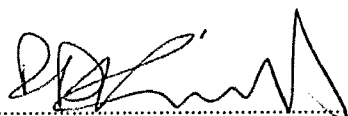
The notes on pages 11 to 17 form part of these financial statements

Edge Orbital Holdings Limited (Registered number: 10397507)

Balance Sheet
31 March 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Investments	8	264,413	272,431
Current assets			
Debtors: amounts falling due within one year	9	1,138	2,054
Cash at bank		89	28
		<u>1,227</u>	<u>2,082</u>
Creditors: amounts falling due within one year	10	<u>(37)</u>	<u>(86)</u>
Net current assets		<u>1,190</u>	<u>1,996</u>
Total assets less current liabilities		<u>265,603</u>	<u>274,427</u>
Creditors: amounts falling due after more than one year	11	<u>(234,710)</u>	<u>(247,412)</u>
Net assets		<u><u>30,893</u></u>	<u><u>27,015</u></u>
Capital and reserves			
Called up share capital	14	36,414	36,414
Retained earnings	15	(5,521)	(9,399)
Shareholders' funds		<u><u>30,893</u></u>	<u><u>27,015</u></u>

The financial statements were approved by the Board of Directors on 26/02/2020 and were signed on its behalf by:



R D Knight - Director

The notes on pages 11 to 17 form part of these financial statements

Edge Orbital Holdings Limited (Registered number: 10397507)

**Statement of Changes in Equity
for the Year Ended 31 March 2019**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2017	36,414	(1,733)	34,681
Changes in equity			
Total comprehensive loss	-	(7,666)	(7,666)
Balance at 31 March 2018	36,414	(9,399)	27,015
Changes in equity			
Total comprehensive income	-	3,878	3,878
Balance at 31 March 2019	36,414	(5,521)	30,893

The notes on pages 11 to 17 form part of these financial statements

Edge Orbital Holdings Limited (Registered number: 10397507)

**Cash Flow Statement
for the Year Ended 31 March 2019**

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Cash generated from operations	1	(77)	19
Net cash from operating activities		(77)	19
Cash flows from investing activities			
Loan stock capital redemption		8,018	-
Interest received		9,674	4,548
Dividends received		14,914	-
Net cash from investing activities		32,606	4,548
Cash flows from financing activities			
Unsecured loan note repayment		(12,702)	-
Interest paid on unsecured loan notes		(19,766)	(4,539)
Net cash from financing activities		(32,468)	(4,539)
Increase in cash and cash equivalents		61	28
Cash and cash equivalents at beginning of year	2	28	-
Cash and cash equivalents at end of year	2	89	28

The notes on pages 11 to 17 form part of these financial statements

Edge Orbital Holdings Limited (Registered number: 10397507)

**Notes to the Cash Flow Statement
for the Year Ended 31 March 2019**

1. Reconciliation of profit/(loss) before taxation to cash generated from operations

	2019 £'000	2018 £'000
Profit/(loss) before taxation	4,795	(9,697)
Finance costs	19,766	19,770
Finance income	(24,588)	(10,086)
	(27)	(13)
Increase in trade and other debtors	(1)	(23)
(Decrease)/increase in trade and other creditors	(49)	55
Cash generated from operations	(77)	19

2. Cash and cash equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2019

	31/3/19 £'000	1/4/18 £'000
Cash and cash equivalents	89	28

Year ended 31 March 2018

	31/3/18 £'000	1/4/17 £'000
Cash and cash equivalents	28	-

The notes on pages 11 to 17 form part of these financial statements

Edge Orbital Holdings Limited (Registered number: 10397507)

Notes to the Financial Statements for the Year Ended 31 March 2019

1. Statutory information

Edge Orbital Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

All amounts in the financial statements have been rounded to the nearest £1,000.

2. Accounting policies

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Investments in Associates

Equity investments in associated companies are held at cost less impairment.

Classification of financial instruments issued by the company

In accordance with FRS 102.22, financial instruments issued by the company are treated as equity 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.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Edge Orbital Holdings Limited (Registered number: 10397507)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

2. Accounting policies - continued

Going concern

The company currently has £235m (2018: £247m) of loans outstanding, this includes accrued interest which has been rolled up into capital (see note 11). The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current debt obligations which are all due to its shareholders. The company has no external debt.

There is a mismatch between the expected maturity date of the company's fixed asset investments and the maturity of the company's debt which funded the acquisition of the fixed asset investments. However, latest projections show that cash generated from the fixed asset investments will be sufficient to repay the company's debt within the fixed asset investment's expected maturity period.

At the end of the period, the company had net current assets of £1,190,000 (2018: £1,996,000).

Cash received in the form of interest on loan stock investments has been used to pay interest payable and other ancillary costs. As the directors can determine the amount and timing of interest payments on the company's shareholder debt, there is a high degree of control over retaining sufficient cash to pay creditors as they fall due.

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 adopt the going concern basis in preparing the annual report and accounts.

Basic financial instruments

Loan receivables

Loan receivables are recognised initially at cost and subsequently at amortised cost using the effective interest rate method.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Interest receivable and payable

Interest payable and similar expenses include interest payable on borrowings.

Other interest receivable and similar income include interest receivable on funds invested and interest recognised on loan notes in associated undertakings.

Interest payable is recognised as it accrues, using the effective interest method. Other interest receivable and similar income is recognised as it accrues.

Edge Orbital Holdings Limited (Registered number: 10397507)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

3. Judgements and key sources of estimation uncertainty

Critical judgements of the directors include the following:

(a) Assessment of control/influence

The company has an equity investment of 40% in Connect Plus (M25) Holdings Limited. It does not control and, therefore, does not consolidate the results of that company into its own financial statements. However, it does exercise significant influence over the operating and financial policies of Connect Plus (M25) Holdings Limited through representation on the Board of directors of that company and accordingly accounts for its investment as investments in associated undertakings.

(b) Assessing for indicators of impairment

The directors assess the carrying value of the investments against the present value of shareholder cash flows in the latest Connect Plus (M25) Holdings Limited project operating model. This assessment has demonstrated that there are no indicators of impairment so the directors have not considered it necessary to perform any sensitivity analysis on key assumptions.

(c) Determination and allocation of initial cost of investment in prior period

The initial cost of investments was determined by the acquisition price paid for the equity and the loan stock. Subsequent to the acquisition date, the allocation of acquisition price was reviewed and re-allocated to recognise the company's entitlement to loan stock interest which had accrued at the date of acquisition and the order of allocation of total consideration set out within the Sale and Purchase Agreement.

(d) Recognition of current tax asset

Recognition of the current tax asset is conditional upon the availability of consortium relief. The directors have taken steps to establish that there are sufficient taxable profits in the Connect Plus (M25) Holdings Limited group and have recognised a current tax asset accordingly. The tax asset included in the accounts is limited to de-minimus £2,000,000 per annum net interest allowable.

The directors consider that there are no other sources of significant estimation uncertainty.

4. Operating loss

The operating loss is stated after charging:

	2019	2018
	£'000	£'000
Auditor's remuneration	19	18

Auditor's remuneration was £15,350 (2018: £15,000) net of irrecoverable VAT.

5. Interest receivable and similar income

	2019	2018
	£'000	£'000
12% on unsecured loan notes	9,674	10,086

6. Interest payable and similar expenses

	2019	2018
	£'000	£'000
On 6.5% unsecured loan notes	10,085	10,005
On 11.85% unsecured loan note	9,681	9,765
	19,766	19,770

Edge Orbital Holdings Limited (Registered number: 10397507)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

7. Taxation

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	2019 £'000	2018 £'000
Current tax:		
UK corporation tax	(385)	(1,686)
Prior year	1,302	(345)
	<u>917</u>	<u>(2,031)</u>
Tax on profit/(loss)	<u>917</u>	<u>(2,031)</u>

UK corporation tax has been charged at 19%.

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £'000	2018 £'000
Profit/(loss) before tax	4,795	(9,697)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	911	(1,842)
Effects of:		
Income not taxable for tax purposes	(2,834)	-
Creation of losses	-	156
Prior year adjustment	1,302	(345)
Interest not allowed for tax purposes	1,538	-
Total tax charge/(credit)	<u>917</u>	<u>(2,031)</u>

The UK corporation tax rate was 19% throughout the year. A further reduction to 17% from 1 April 2020 was substantively enacted on 6 September 2016.

The directors have assessed the potential recognition of a current tax asset. Whilst the company is forecast to make accounting profits in future years, a significant portion of the income is from non-taxable dividends which results in no taxable profits against which to set off the losses at 31 March 2019. However, the directors have established that consortium relief is available (see note 3d).

Edge Orbital Holdings Limited (Registered number: 10397507)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

8. Fixed asset investments

	Shares in associated undertakings £'000	Loan notes £'000	Totals £'000
Cost			
At 1 April 2018	183,884	88,547	272,431
Loan note repayment	-	(8,018)	(8,018)
At 31 March 2019	183,884	80,529	264,413
Net book value			
At 31 March 2019	183,884	80,529	264,413
At 31 March 2018	183,884	88,547	272,431

Equity investments comprise investments in the equity share capital and loan notes issued by companies in the Connect Plus (M25) Holdings Limited group. The loan notes were acquired at par with interest accruing at 12% per annum. The loan notes balance of £80,528,552 (2018: £88,547,000) comprises capital of £75,854,000 (2018:£78,189,000) and accrued interest rolled up into capital of £4,674,552 (2018:£10,358,000).

Based on the analysis of change taken from the Connect Plus (M25) Holdings Limited consolidated financial statements, which also apply FRS102 with the provisions of IFRS 9 to measure and recognise financial instruments, the effect of including the investment, had it been accounted for using the equity method, is as follows:

	2019 £'000	2018 £'000
Opening equity accounting carrying amount of investment	289,759	265,197
Plus share of (loss)/profits for the year	(12,772)	7,429
Plus share of other comprehensive income for the year	807	17,133
Less share of dividends received	(14,914)	-
Closing equity accounting carrying amount of investment	262,880	289,759

9. Debtors: amounts falling due within one year

	2019 £'000	2018 £'000
Current tax asset	1,114	2,031
Prepayments and accrued income	24	23
	1,138	2,054

Edge Orbital Holdings Limited (Registered number: 10397507)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

10. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	7	27
Accruals and deferred income	30	59
	<u>37</u>	<u>86</u>

11. Creditors: amounts falling due after more than one year

	2019 £'000	2018 £'000
Loans (see note 12)	<u>234,710</u>	<u>247,412</u>

12. Loans

An analysis of the maturity of loans is given below:

	2019 £'000	2018 £'000
Amounts falling due in more than five years:		
Repayable by instalments		
6.5% unsecured loan stocks	155,378	159,422
11.85% unsecured loan stocks	79,332	87,990
	<u>234,710</u>	<u>247,412</u>

The unsecured loan notes are denominated in sterling and bear interest at a fixed rate of 6.5% and 11.85% and fall due for redemption in March 2033. Interest is payable half yearly in arrears on 31 March and 30 September. Priority is given to payment of accrued interest before current period interest. Capital repayments can be made at the company's option subject to having sufficient cash.

The unsecured loan notes are listed on TISE and are stapled to the equity. The loan notes are not therefore freely transferable in their own right.

The loan notes balance of £234,710,000 (2018: £247,412,000) comprises capital of £226,872,000 (2018: £228,784,000) and accrued interest rolled up into capital of £7,838,000 (2018: £18,628,000).

13. Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and financial liabilities include:

	2019 £'000	2018 £'000
Assets measured at amortised cost	80,529	88,547
Liabilities measured at amortised cost	<u>(234,710)</u>	<u>(247,439)</u>

Financial risk management

The company has issued financial instruments for the purpose of financing the company's investment activity.

Edge Orbital Holdings Limited (Registered number: 10397507)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2019**

14. Called up share capital

Allotted, issued and fully paid:		Nominal value:	2019 £	2018 £
Number:	Class:			
3,641,366,093	Ordinary Shares	£0.01	<u>36,413,661</u>	<u>36,413,661</u>

15. Reserves

	Retained earnings £'000
At 1 April 2018	(9,399)
Profit for the year	<u>3,878</u>
At 31 March 2019	<u>(5,521)</u>

16. Ultimate parent company

The company is controlled by its shareholders: Equitix Orbital Holdings Limited (50%), Dalmore Highway Investment Holdings Limited (15.09%) and GCM Infrastructure Holdings II LLC (34.91%). None of the investors consolidates Edge Orbital Holdings Limited into its own financial statements.

17. Related party disclosures

The 11.85% and 6.5% loan notes are owed to the shareholders in the same proportion as their equity shareholdings and are thus considered to be related party balances. The associated interest payable is, therefore, also to related parties.

Other operating income comprises directors' fees charged to Connect Plus (M25) Limited which is part of the group of companies in which the company holds an investment (details of which are given in note 8).