

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and Financial Statements

Year ended 31 December 2016

THURSDAY



L6K9JGXM
LD6 30/11/2017 #144
COMPANIES HOUSE

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

Table of contents

General information.....	2
Strategic report.....	3
Directors' report.....	6
Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements.....	8
Independent auditors' report to the members of Guardian Digital Communications Limited.....	9
Profit and loss and other comprehensive income.....	11
Balance sheet.....	12
Statement of changes in equity.....	13
Notes to the financial statements.....	14

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

General Information

Directors

Ian McCullagh
John Wozniak
Vincent Kennedy
Ian Waddell

Company Secretary

Joanne Bamber

Registered Office

Nova South
160 Victoria Street
London
SW1E 5LB

Independent Auditors

KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD

Bankers

HSBC Bank Plc
8 Canada Square
London
E14 5HQ

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

Strategic report

The directors present their strategic report for Guardian Digital Communications Limited for year ended 31 December 2016.

Principal activities and business review

The principal activity of the Company during the year was investing in companies which develop and provide mobile information and communications technology to Public Safety Organisations, principally via its subsidiary Airwave Solutions Limited ("Airwave"). The Company's main source of income is dividends received from its subsidiary.

Airwave was incorporated in 2000 having successfully won a Home Office contract to design, build and operate a secure communications network for Police forces across England and Wales. The Airwave network has since been expanded to include all three blue light services and many more non-blue light Public Safety Organisations across Great Britain.

The Home Office commissioned the Airwave network as a Private Finance Initiative ("PFI"), whereby a private contractor develops or builds an asset up-front using their own funding, before being paid by the government for the use of that service over the long-term. The Company has invested £1.5 billion building, expanding and developing the Airwave network which is based around the established and open technology standard of Terrestrial Trunked Radio ("TETRA").

The operating loss was £6.3m for the twelve months ended 31 December 2016 compared to a loss of £4.8m for the six months ended December 2015.

Profit after interest and taxation was £1,089.6m for the twelve months ended 31 December 2016 compared to £27.8m for the six months ended December 2015.

Operating review

During the reporting period the Company received £111,000,000 of dividends from its subsidiary, Airwave compared to £81,700,000 for the six months ended December 2015.

On 19 February 2016, Motorola Solutions Inc. ("Motorola") completed a transaction to acquire the Company. The acquisition of the Company and its subsidiaries by Motorola is discussed in more detail in note 16 of the financial statements. Immediately prior to the Company's acquisition, the previous parent group made a capital contribution of £541,744,000. This represented the cancellation of £327,782,000 of intercompany loans in favour of Guardian Digital Communications Holdings Limited and £213,962,000 related to the Eurobond issued by the Company and held by Guardian Digital Communications Luxembourg S.à.r.l.

Immediately following the Company's acquisition by Motorola, the new parent group made a capital contribution of £752,598,000. These funds were used to partially repay the outstanding external bank loan held by the Company. Following the partial repayment, the remaining bank loan was cancelled and extinguished leading to a one-off gain on termination of the external bank loan of £1,027,162,000. As part of this transaction debt fees of £9,078,000 were written off and charged to the profit and loss account. Following the completion of the acquisition the Company had no external debt.

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

Strategic report (continued)

Principal risks and uncertainties

The management of the business and the execution of the Company strategy are subject to a number of risks and uncertainties. The key risks facing the business are set out below.

Operational risk management, policies and exposure

Investment risk

As the Company's main activity is investing in companies which develop and provide mobile information and communications technology to Public Safety Organisations, the Company's main risk is the ongoing performance of those entities. If performance is not in line with expectations then there is a risk of impairment in the value of that subsidiary. In order to mitigate this risk the performance of the Company's subsidiaries is continually monitored.

Financial risk management objectives, policies and exposure

Prior to the acquisition of the Company by Motorola, the Company's operations exposed it to a variety of financial risks that included the effects of changes in liquidity risk. The Company's overall risk management programme seeks to minimise potential adverse effects as noted below.

Liquidity risk

The Company has no external debt and generates dividend income from its investment in Airwave.

Exchange rate risk

Management monitors exchange rate risk but as yet there is no current significant foreign currency exchange exposure. This is because more than 99% of assets and liabilities are denominated in pounds sterling (GBP).

Interest rate risk

The Company has no immediate exposure to interest rate risk. At the beginning of the reporting period its bank and other funding facilities had fixed interest rates of 3.7% and 12%. During the reporting period, as part of the acquisition of the Company by Motorola, these facilities were fully settled so that at the end of the reporting period the Company has no exposure to interest rate risk.

Capital risk

At the beginning of the reporting period the Company was funded through a mix of external bank facilities, shareholder debt and equity which was determined during the shareholder acquisition process incorporating the Company's financial model and future strategy. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern whilst providing returns to shareholders, benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company's capital management policy is to ensure the availability of an adequate supply of reasonably priced funding to meet current and future requirements anticipated under Airwave's budget and strategic plan.

During the reporting period, as part of the acquisition of the Company by Motorola, these sources of funding were fully settled so that at the end of the reporting period the Company has no external borrowings and is consistently cash-generative. Consequently the Company's capital risk has been significantly reduced.

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

Strategic report (continued)

Principal risks and uncertainties (continued)

Future developments

The Company plans to continue holding its investments in Airwave.

Key performance indicators

As the principle activity of the Company is investing in companies which develop and provide mobile information and communications technology, key financial performance indicators include the monitoring of profitability, review of the net asset position and the ability to declare dividends from the cash returns on the Company's investments.

On behalf of the board



Ian Waddell
Director

14 November 2017

Guardian Digital Communications Limited
Nova South
160 Victoria Street
London
SW1E 5LB
Company number: 6143540

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2016.

The directors who held office during the period and up to the date of signing the financial statements were as follows:

Directors

Philip Bramwell	(resigned 19 February 2016)
Peter Dyer	(resigned 19 February 2016)
Stephen Hurrell	(resigned 19 February 2016)
Gerry Loftus	(resigned 19 February 2016)
Nathan Luckey	(resigned 19 February 2016)
Tetyana Vasylevska	(appointed 19 February 2016, resigned 10 March 2017)
Ian McCullagh	(appointed 19 February 2016)
John Wozniak	(appointed 19 February 2016)
Vincent Kennedy	(appointed 19 February 2016)
Ian Waddell	(appointed 10 March 2017)

The Company secretaries who held office during the period and up to the date of signing the financial statements was as follows:

Paul Boyle	(resigned 19 February 2016)
Joanne Bamber	(appointed 19 February 2016)

Directors' indemnities

The ultimate parent company, Motorola Solutions Inc., has granted an indemnity to the newly appointed Company's directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approval of the accounts.

Dividend

The directors have declared £140.0 million of dividends for the year ended 31 December 2016 (six months 31 December 2015: £nil).

Going concern

In making an assessment of the Company's ability to continue as a going concern, the Directors have reviewed the Company's liquid resources and expected returns from the Company. As a result of their review, the Directors have a reasonable expectation that the Company has adequate resources to continue as a going concern and to meet liabilities as they fall due, therefore these financial statements have been prepared on a going concern basis.

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

Directors' report (continued)

Employees

Our people

The Company recognises the benefits of keeping employees informed about the progress of the business and of involving them in the Company's performance. During the year, employees were provided with information on the performance of the Company and on other matters of concern to them as employees. Regular consultations take place with employees so that their views may be solicited on issues likely to affect their interests.

The Company policy for the employment of disabled persons is that full consideration is given to their applications and candidates are offered employment on the basis of their ability and aptitude. In the event of an individual becoming disabled whilst in employment, every effort is made that such employment is continued and, where necessary, appropriate retraining is provided. The training career development and promotion opportunities for disabled persons are in no way different to those of other employees and the Company makes every effort to employ disabled persons in excess of statutory requirements.

Post balance sheet events

In March 2017 the Company received a dividend of £85.0 million. Upon receipt of this dividend the Directors declared a dividend of £85.0 million.

In July 2017 the Company received a dividend of £65.0 million. Upon receipt of this dividend the Directors declared a dividend of £65.0 million.

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 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

Pursuant to Section 487(2) of the Companies Act 2006, the auditors will be deemed reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board



Ian Waddell
Director

Guardian Digital Communications Limited
Nova South
160 Victoria Street
London
SW1E 5LB
Company number: 6143540

14 November 2017

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, 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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including 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 the year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;

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.

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

Independent auditor's report

We have audited the financial statements of Guardian Digital Communications Limited as at 31 December 2016 set out on pages 11 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditor

As explained more fully in the directors' responsibilities statement set out on page 8, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 December 2016 and of the profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter[s] prescribed by the Companies Act 2006

In our opinion 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.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and Directors' report.

- We have not identified material misstatements in those reports: and
- In our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

Independent auditor's report to the members of Airwave Solutions Limited (continued)

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.



15 November 2017

Simon Baxter (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading
Berkshire
RG7 4SD

Date:

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

Profit and loss and other comprehensive income

		Year ended	Six months ended
		31 December	31 December
	Note	2016	2015
		£'000	£'000
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(7)	(11)
Exceptional items		(6,263)	(4,795)
Operating loss	2	(6,270)	(4,806)
Dividends received		111,000	81,700
Extinguishment of external loans	10	1,027,162	-
Interest receivable and other similar income	3	45	-
Interest payable and other similar expense	4	(21,398)	(62,418)
Profit before taxation		1,110,539	14,476
Tax on profit	5	(20,926)	13,361
Profit for the financial year / period		1,089,613	27,837
Other comprehensive income		-	-
Total comprehensive income attributable to the owners of the company		1,089,613	27,837

All results relate to continuing operations.

The notes on pages 14 to 22 form an integral part of these financial statements.

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

Balance sheet

		Year ended 31 December 2016	Six months ended 31 December 2015
	Note	£'000	£'000
Tangible assets			
Investments	11	563,409	563,409
Current assets			
Debtors (including £3,894,000 due after one year, 2015: £24,819,000)	7	3,894	47,411
Cash at bank and in hand		267	17,346
		<u>4,161</u>	<u>64,757</u>
Creditors: amounts falling due within one year	8	-	(239,110)
Net current assets / (liabilities)		4,161	(174,353)
Total assets less current liabilities		567,570	389,056
Creditors: amounts falling due after more than one year	9	-	(2,065,441)
Net assets / (liabilities)		567,570	(1,676,385)
Capital and reserves			
Called up share capital		-	-
Capital contribution	10	1,294,342	-
Share premium		-	-
Profit and loss account		(726,772)	(1,676,385)
Shareholders' funds / (deficit)		567,570	(1,676,385)

The notes on pages 14 to 22 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 14 November 2017 and were signed on its behalf by:



Ian Waddell
Director

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

Statement of changes in equity

		Capital contribution	Ordinary shares	Retained earnings	Total equity
	Note	£000	£'000	£'000	£'000
Balance at 1 July 2015		-	-	(1,704,222)	(1,704,222)
Profit for the period and total comprehensive income		-	-	27,837	27,837
Balance at 31 December 2015		-	-	(1,676,385)	(1,676,385)
Balance at 1 January 2016		-	-	(1,676,385)	(1,676,385)
Profit for the year and total comprehensive income		-	-	1,089,613	1,089,613
Capital contribution	10	1,294,342	-	0	1,294,342
Dividend	6	-	-	(140,000)	(140,000)
Balance at 31 December 2016		1,294,342	-	(726,772)	567,570

The notes on pages 14 to 22 form an integral part of these financial statements.

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

Notes to the financial statements

1 Summary of significant accounting policies

Accounting policies

Guardian Digital Communications Limited ("GDCL" or the "Company") is a private limited company incorporated, domiciled and registered in England and Wales under the number 06143540. The registered address is Nova South, 160 Victoria Street, London, SW1E 5LB.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

On 19 February 2016, Motorola Solutions Inc. completed a transaction to acquire GDCL and its subsidiaries. GDCL's ultimate parent company from this date is Motorola Solutions Inc., a publicly listed company domiciled in the United States of America whose shares are listed on the New York Stock Exchange (NYSE).

These financial statements were prepared in accordance with Financial Reporting Standards 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Motorola Solutions Inc. includes the Company in its consolidated financial statements. The consolidated financial statements of Motorola Solutions Inc. are prepared in a manner equivalent to consolidated accounts drawn up in accordance with the provisions of the EU Seventh Directive (83/349/EEC) and are available to the public and may be obtained from investors.motorolasolutions.com.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period
- Cash flow statement and related notes
- Key management personnel compensation
- Related party transactions

As the consolidated financial statements of Motorola Solutions Inc. include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS102.26 Share based payments

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102 the Company has not retrospectively changed any of its accounting policies adopted under IFRS.

(a) Measurement convention

The financial statements have been prepared under the historical cost accounting rules and on a going concern basis.

(b) Going concern

In making an assessment of the Company's ability to continue as a going concern, the Directors have reviewed the Company's liquid resources and expected returns from the Company. As a result of their review, the Directors have a reasonable expectation that the Company has adequate resources to continue as a going concern and to meet liabilities as they fall due, therefore these financial statements have been prepared on a going concern basis.

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

Notes to the financial statements (continued)

1 Summary of significant accounting policies

(c) Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings

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.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost, which is the fair value of the consideration paid, less any provision for impairment.

Impairment of financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(d) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(e) Borrowing costs

Borrowing costs at the inception of senior debt facilities were capitalised and offset against the corresponding liability. All other borrowing costs are written off as incurred and are not capitalised as part of qualifying assets.

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

Notes to the financial statements (continued)

1 Summary of significant accounting policies (continued)

(f) Foreign currencies

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss in finance cost or income held at fair value through profit and loss are reported as part of the fair value gain and loss.

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in pounds sterling (GBP), which is the Company's functional and presentational currency.

(ii) Transactions and balances

Transactions denominated in foreign currencies are translated, at the exchange rate on the day the transaction occurred, to the functional currency of the entity. Monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the balance sheet date. Foreign exchange differences arising on translation are recognised in the profit and loss. Non-monetary assets and liabilities denominated in foreign currency are translated at the foreign currency exchange rate prevailing at the dates the values were determined.

(g) Taxation

Tax on profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or 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 the 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 assets if and when all conditions for retaining the tax allowance 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 expenses are non-taxable or are disallowable are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of deferred tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

(h) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Derivative instruments that do not qualify for hedge accounting are therefore accounted for as derivatives at fair value through the profit and loss. Changes in the fair value of any of these derivative instruments are recognised immediately in the profit and loss within 'finance costs or income'.

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

Notes to the financial statements (continued)

1 Summary of significant accounting policies (continued)

(i) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(j) Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. A significant change in the facts and circumstances on which these estimates are based could have a material negative impact on the Company's earnings and financial position. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed below:

Investment impairment

The carrying amounts of the Company's investments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of an investment or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value of money and the risks specific to the investment. An impairment loss is recognised if the carrying amount of an investment exceeds its estimated recoverable amount. Impairment losses are recognised in the profit and loss.

Deferred tax assets and liabilities

The Company evaluates the recoverability of deferred tax assets based on estimates of future earnings. The ability to recover these taxes depends ultimately on the Company's ability to generate taxable earnings over the course of the period for which the deferred tax assets remain deductible. This analysis is based on the estimated reversal of deferred taxes as well as estimates of taxable earnings, which are sourced from internal projections and are updated to reflect the latest trends.

The appropriate classification of tax assets and liabilities depends on a series of factors including estimates as to the timing and materialisation of deferred tax assets and the forecast tax payment schedule. Actual income tax receipts and payments could differ from the estimates made by the Company as a result of changes in tax legislation or unforeseen transactions that could affect tax balances.

(k) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statement in the period in which the dividends are approved by the Company's shareholders.

2 Operating loss

The Company has no employees (December 2015: none).

The Directors received no emoluments from the Company for their services as the time spent on being a Director of the Company was not significant. The Directors received no emoluments from any subsidiaries of the Company for their services as the time spent on being a Director of the subsidiaries was not significant.

Three of the Directors who resigned on 19 February 2016 received £41,000 (December 2015: £106,000) of emoluments from a subsidiary company, Airwave Solutions Limited, in respect of services provided to that company.

The audit fee of £20,000 (December 2015: £7,000) has been borne by another group company.

Exceptional items charged to the profit and loss during the year ended 31 December 2016 were £6,263,000 (December 2015: £4,795,000). The exceptional items related to professional fees associated with the acquisition of the Company by Motorola.

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

Notes to the financial statements (continued)

3 Interest receivable and similar income

	Year ended 31 December 2016 £'000	Six months ended 31 December 2015 £'000
Interest income	45	-
	45	-

4 Interest payable and similar expenses

	Note	Year ended 31 December 2016 £'000	Six months ended 31 December 2015 £'000
Loan interest		-	15,379
Bank interest		8,766	33,753
Eurobond interest charge		2,416	9,074
Debt fees written off	10	9,078	-
Debt fees amortised		1,138	4,212
		21,398	62,418

5 Taxation

	Year ended 31 December 2016 £'000	Six months ended 31 December 2015 £'000
(a) Analysis of the credit in the year		
Current tax		
- Losses transferred to parent for consideration	-	-
- Adjustment in respect of prior periods	-	(6,398)
Total current tax	-	(6,398)
Deferred tax		
- Origination and reversal of temporary differences	17,368	8,222
- Adjustment in respect of prior periods	3,558	(15,185)
Total deferred tax	20,926	(6,963)
Total tax charge	20,926	(13,361)

The current tax charge for the year is lower (2015: lower) than that which would be expected to arise on the profit for the year given the rate of corporation tax in the UK of 20% (2015: 20%). The differences are explained below.

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

Notes to the Consolidated Financial Statements (continued)

5 Taxation (continued)

	Year ended 31 December 2016 £'000	Six months ended 31 December 2015 £'000
(b) Profit before tax	1,110,539	14,476
Profit at rate of corporation tax of 20%(2015: 20%)	222,108	2,895
Factors affecting tax charge:		
- Loans extinguished	(205,432)	-
- Dividends not taxable	(22,200)	(16,340)
- Group loss relief	22,506	22,050
- Expenses not deductible for tax purposes	234	50
- Tax rate changes	152	(433)
- Adjustments in respect of prior periods	3,558	(21,583)
Total tax charge	20,926	(13,361)

6 Dividends

	Year ended 31 December 2016 £'000	Six months ended 31 December 2015 £'000
Ordinary dividend declared	140,000	-
	140,000	-

7 Debtors

	Year ended 31 December 2016 £'000	Six months ended 31 December 2015 £'000
Current		
Amounts owed by group undertakings - group relief	-	22,230
Taxation	-	362
	-	22,592
Non current		
Deferred tax asset	3,894	24,819
	3,894	47,411

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

Notes to the financial statements (continued)

8 Creditors: amounts falling due within one year

	Note	Year ended 31 December 2016 £'000	Six months ended 31 December 2015 £'000
Eurobond loan	10	-	61,545
Intercompany loan	10	-	84,589
Bank loan	10	-	92,976
		-	239,110

9 Creditors: amounts falling due after more than one year

	Note	Year ended 31 December 2016 £'000	Six months ended 31 December 2015 £'000
Eurobond loan	10	-	150,000
Intercompany loan	10	-	254,226
Bank loan	10	-	1,661,215
		-	2,065,441

10 Borrowings

At the beginning of the reporting period the Company had the following borrowings:

An external bank facility of £2,009,962,000, of which £1,764,731,000 remained outstanding at 1 January 2016. Ongoing interest was payable at a fixed margin of 3.7% and capital repayments were made on a quarterly basis.

A Eurobond issued by Guardian Digital Communications Limited and held by Guardian Digital Communications Luxembourg S.à.r.l. Ongoing interest was accrued at a fixed rate of 12%.

An intercompany loan from Guardian Digital Communications Holdings Limited. Ongoing interest was accrued at a fixed rate of 12%.

The borrowing facilities were secured on all of the group's assets including the shares held in Airwave Solutions Limited. All borrowings were denominated in Pounds Sterling (GBP).

On 19 February 2016, the Company and its subsidiaries were acquired by Motorola. Immediately prior to the Company's acquisition, the previous parent group made a capital contribution of £541,744,000. This represented the cancellation of £327,782,000 of intercompany loans in favour of Guardian Digital Communications Holdings Limited and £213,962,000 related to the Eurobond held by the Company at that date.

Immediately following the Company's acquisition by Motorola, the new parent group made a capital contribution of £752,598,000. These funds were used to partially repay the outstanding external bank loan held by the Company. Following the partial repayment, the remaining bank loan was cancelled and extinguished leading to a one-off gain on termination of the external bank loan of £1,027,162,000. As part of this transaction debt fees of £9,078,000 were written off and charged to the profit and loss account.

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

Notes to the financial statements (continued)

11 Investments

Investment in subsidiary undertakings		£000
Cost		
At 31 January 2016		1,409,409
Provision		
As at 31 December 2016		(846,000)
Net book value		
As at 31 December 2016		563,409

The investment represents a 100% holding in the ordinary shares of Airwave Solutions Limited.

Airwave Solutions Limited registered address: Nova South, 160 Victoria Street, London, SW1E 5LB.

12 Deferred Tax

Deferred tax assets arise as follows:

	Year ended 31 December 2016 £'000	Six months ended 31 December 2015 £'000
As at end of period	3,894	24,819

A reduction in the tax rate to 17% (effective from 1 April 2020) was substantively enacted on 15 September 2016. The deferred tax assets at 31 December 2016 reflect an expected applicable tax rate of 19% (2015: 19%).

13 Ordinary shares

Authorised

	Year ended 31 December 2016 £	Six months ended 31 December 2015 £
5,000,000 (December 2015: 5,000,000) Ordinary Shares of £0.01 each	50,000	50,000

Issued and fully paid

	Year ended 31 December 2016 £	Six months ended 31 December 2015 £
100 (December 2015: 100) Ordinary Share of £0.01 each	1	1

The Company has one class of authorised and issued share capital, comprising ordinary shares of £0.01 each. Subject to the Company's Articles of Association and applicable law, the Company's ordinary shares confer on the holder the right to receive notice of and vote at general meetings of the Company, the right to receive any surplus assets on a winding-up of the Company and an entitlement to receive any dividend declared on ordinary shares.

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2016

Notes to the financial statements (continued)

14 Related party disclosures

The Company's ultimate parent company is disclosed in note 16. There are no other related parties other than wholly owned members of the Motorola Solutions group, for which the company is entitled to exemption from reporting transactions.

15 Contingent liabilities

The Company has no other contingent liabilities or guarantees on which material losses are expected (December 2015: £nil). The Company does not believe there are any pending legal proceedings which would have a material adverse effect on the financial position or results of operations of the Company.

16 Parent company and controlling party

On 19 February 2016, GDCL and its subsidiaries were acquired by Motorola Solutions Inc. ("Motorola"). Motorola became the Company's ultimate parent undertaking and controlling party. Full details of the terms of the acquisition can be found at <http://investors.motorolasolutions.com/Docs>.

As at the balance sheet date the Company's ultimate parent company was Motorola Solutions Inc., a company domiciled in the United States of America whose shares are publically listed on the New York Stock Exchange (NYSE). The financial statements of Motorola Solutions Inc. are available to the public and may be obtained from <http://investors.motorolasolutions.com>.

17 Events occurring after balance sheet date

In March 2017 the Company received a dividend of £85.0 million. Upon receipt of this dividend the Directors declared a dividend of £85.0 million.

In July 2017 the Company received a dividend of £65.0 million. Upon receipt of this dividend the Directors declared a dividend of £65.0 million.