

**Guardian Digital Communications Limited**

Registered number 06143540

**Annual Report and financial statements**

Year ended 31 December 2018

# **Guardian Digital Communications Limited**

Registered number 06143540

## **Annual Report and Financial Statements**

**Year ended 31 December 2018**



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Year ended 31 December 2018

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# **Guardian Digital Communications Limited**

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## **Annual Report and financial statements**

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### **General Information**

#### **Directors**

Ian McCullagh  
Vincent Kennedy  
Daniel Pekofske  
Oscar Henken

#### **Company Secretary**

Joanne Bamber

#### **Registered Office**

Nova South  
160 Victoria Street  
London  
SW1E 5LB

#### **Independent Auditor**

KPMG LLP  
Arlington Business Park  
Theale  
Reading  
RG7 4SD

#### **Banker**

HSBC Bank Plc  
8 Canada Square  
London  
E14 5HQ

## **Guardian Digital Communications Limited**

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### **Annual Report and financial statements**

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## **Strategic report**

The directors present their strategic report for Guardian Digital Communications Limited for year ended 31 December 2018.

### **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 operating loss was £nil for the year ended 31 December 2018 compared to a loss of £50.0k for the year ended 31 December 2017.

Profit after interest and taxation was £110.0m for the year ended 31 December 2018 compared to £226.1m for the year ended 31 December 2017.

### **Operating review**

During the reporting period the Company received £110,000,000 of dividends from its subsidiary, Airwave compared to £230,000,000 for the year ended 31 December 2017.

### **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**

The Company's operations expose it to a variety of financial risks. 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.

##### **Brexit**

Although there is uncertainty regarding the effects of Brexit the directors currently consider there will be no direct impact on the Company's operations.

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**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



**Oscar Henken**  
Director

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

Date: 15<sup>th</sup> November 2019

## **Guardian Digital Communications Limited**

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### **Annual Report and financial statements**

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## **Directors' report**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2018.

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

### **Directors**

Ian McCullagh	
Vincent Kennedy	
John Wozniak	(resigned 31 October 2018)
Daniel Pekofske	(appointed 31 October 2018)
Ian Waddell	(resigned 31 January 2019)
Oscar Henken	(appointed 1 April 2019)

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

Joanne Bamber

### **Directors' indemnities**

The ultimate parent company, Motorola Solutions Inc., has grants indemnity to all Company 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 £110.0 million of dividends for the year ended 31 December 2018 (year ended 31 December 2017: £230.0m).

### **Going concern**

The directors consider that the financial resources available to the Company are adequate to meet its operational needs for the foreseeable future or at least 12 months from the date of signature of these accounts. Accordingly, the going concern basis has been adopted in preparing these financial statements.

### **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.

# **Guardian Digital Communications Limited**

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## **Annual Report and financial statements**

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### **Directors' report (continued)**

#### **Post balance sheet events**

During 2019 the Company received a dividend of £95.0 million. Upon receipt of this dividend the Directors declared a dividend of £95.0 million.

#### **Disclosure of information to auditor**

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 auditor is 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 auditor is aware of that information.

#### **Auditor**

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

On behalf of the Board



**Oscar Henken**  
Director

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

Date: 15<sup>th</sup> November 2019

## **Guardian Digital Communications Limited**

Registered number 06143540

### **Annual Report and financial statements**

Year ended 31 December 2018

## **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 elected to prepare 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.



## **Guardian Digital Communications Limited**

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### **Annual Report and financial statements**

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## **Independent auditor's report to the members of Guardian Digital Communications Limited**

### **Opinion**

We have audited the financial statements of Guardian Digital Communications Limited ("the company") for the year ended 31 December 2018 which comprise the Balance sheet, the Profit and loss and other comprehensive income and the Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

# **Guardian Digital Communications Limited**

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## **Annual Report and financial statements**

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### **Independent auditor's report to the members of Guardian Digital Communications Limited (*continued*)**

#### **Going concern (*continued*)**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

#### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Guardian Digital Communications Limited**

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**Annual Report and financial statements**

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**Independent auditor's report to the members of Guardian Digital Communications Limited (*continued*)**

**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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.



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

20th November 2019

**Guardian Digital Communications Limited**

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**Profit and loss and other comprehensive income**

		Year ended 31 December 2018	Year ended 31 December 2017
	Note	£'000	£'000
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		-	(50)
Operating loss	2	-	(50)
Dividends received	5	110,000	230,000
Profit before taxation		110,000	229,950
Tax on profit	3	-	(3,894)
Profit for the financial year		110,000	226,056
Other comprehensive income		-	-
Total comprehensive income attributable to the owners of the company		110,000	226,056

All results relate to continuing operations.

The notes on pages 14 to 21 form an integral part of these financial statements.

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**Balance sheet**

		Year ended 31 December 2018	Year ended 31 December 2017
	Note	£'000	£'000
<b>Tangible assets</b>			
Investments	6	563,409	563,409
<b>Current assets</b>			
Debtors		-	-
Cash at bank and in hand		217	217
		217	217
<b>Creditors: amounts falling due within one year</b>		-	-
<b>Net current assets</b>		217	217
<b>Total assets less current liabilities</b>		563,626	563,626
<b>Creditors: amounts falling due after more than one year</b>		-	-
<b>Net assets</b>		563,626	563,626
<b>Capital and reserves</b>			
Called up share capital		-	-
Capital contribution		1,294,342	1,294,342
Share premium		-	-
Profit and loss account		(730,716)	(730,716)
<b>Shareholders' funds</b>		563,626	563,626

The notes on pages 14 to 21 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 15<sup>th</sup> November 2019 and were signed on its behalf by:

Oscar Henken  
Director

**Guardian Digital Communications Limited**

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**Statement of changes in equity**

		Capital contribution	Ordinary shares	Retained earnings	Total equity
	Note	£'000	£'000	£'000	£'000
Balance at 1 January 2017		1,294,342	-	(726,772)	567,570
Profit for the year and total comprehensive income		-	-	226,056	226,056
Dividend	5			(230,000)	(230,000)
Balance at 31 December 2017		1,294,342	-	(730,716)	563,626
Balance at 1 January 2018		1,294,342	-	(730,716)	563,626
Profit for the year and total comprehensive income		-	-	110,000	110,000
Dividend	5			(110,000)	(110,000)
Balance at 31 December 2018		1,294,342	-	(730,716)	563,626

The notes on pages 14 to 21 form an integral part of these financial statements.

# **Guardian Digital Communications Limited**

Registered number 06143540

## **Annual Report and financial statements**

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### **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.

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](http://investors.motorolasolutions.com).

Motorola Solutions Inc. registered address: 500 W Monroe Street, Ste 4400, Chicago, IL 60661-3781.

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 FRS 102.26 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**

The directors consider that the financial resources available to the Company are adequate to meet its operational needs for the foreseeable future or at least 12 months from the date of signature of these accounts. Accordingly, the going concern basis has been adopted in preparing these financial statements.

## **Guardian Digital Communications Limited**

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### **Annual Report and financial statements**

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## **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**

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### **Annual Report and financial statements**

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#### **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'.

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## **Annual Report and financial statements**

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### **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.

**(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.

**Guardian Digital Communications Limited**

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**Annual Report and financial statements**

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**Notes to the financial statements (continued)****2 Operating loss**

The Company has no employees (31 December 2017: none).

**3 Taxation**

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
<b>(a) Analysis of the credit in the year</b>		
<b>Current tax</b>		
- Losses transferred to parent for consideration	-	-
- Adjustment in respect of prior year	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
- Origination and reversal of temporary differences	-	3,894
- Adjustment in respect of prior year	-	-
<b>Total deferred tax</b>	-	3,894
<b>Total tax charge</b>	-	3,894

Factors affecting current tax charge for the year are explained below.

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
<b>(b) Profit before tax</b>	<b>110,000</b>	<b>229,950</b>
Profit at rate of corporation tax of 19.00% (2017: 19.25%)	20,900	44,266
Factors affecting tax charge:		
- Loans extinguished	-	-
- Dividends not taxable	(20,900)	(44,275)
- Group loss relief	-	3,903
- Expenses not deductible for tax purposes	-	-
- Tax rate changes	-	-
- Adjustments in respect of prior year	-	-
<b>Total tax charge</b>	-	3,894

## Guardian Digital Communications Limited

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## Notes to the financial statements (continued)

### 4 Deferred Tax

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Total tax charge	-	-

Deferred tax of £1.6m on operating losses has not been recognised as it is not considered to be recoverable.

### 5 Dividends

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Ordinary dividend declared	110,000	230,000
	110,000	230,000

### 6 Investments

Investment in subsidiary undertakings	£000
Cost	
At 31 January 2018	563,409
Provision	
As at 31 December 2018	-
Net book value	
As at 31 December 2018	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.

Companies wholly owned by Airwave Solutions Limited are:

Airwave Solutions International Limited registered address: Nova South, 160 Victoria Street, London, SW15 5LB.  
Airwave Application Services Limited registered address: 3 Melville Street, Edinburgh, Scotland, EH3 7PE.  
Airwave Solutions Deutschland GmbH registered address: Hohenzollerndam 184, 10713 Berlin, Germany.

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## Notes to the financial statements (continued)

### 7 Ordinary shares

#### Authorised

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
5,000,000 (31 December 2017: 5,000,000) Ordinary Shares of £0.01 each	50,000	50,000

#### Issued and fully paid

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
100 (31 December 2017: 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.

### 8 Directors' remuneration

The remuneration of the Directors for their services to the Company and subsidiaries for the year ended 31 December 2018 was as follows:

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Directors' remuneration	1,432	1,321
Company contributions to money purchase pension plans	46	42
	1,478	1,363

At 31 December 2018 two (2017: four) directors held shares or share options under a long-term incentive scheme. During the year one director (2017: one) exercised share options in the parent company, Motorola Solutions Inc

Retirement benefits are accruing to the following number of directors under:

	Number of directors At 31 December 2018	Number of directors At 31 December 2017
Money purchase schemes	3	3
	3	3

Two Directors of the Company, one resigned and one newly appointed during the year, received no remuneration for their services as the time spent on being a Director of the Company and subsidiaries was not significant.

In respect of the highest paid Director:

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Director's remuneration	634	561
Post-employment benefits	23	14
	657	575

The highest paid director exercised share options in the parent company, Motorola Solutions Inc

## **Guardian Digital Communications Limited**

Registered number 06143540

### **Annual Report and financial statements**

Year ended 31 December 2018

## **Notes to the financial statements (continued)**

### **9 Related party disclosures**

The Company's ultimate parent company is disclosed in note 15. 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.

### **10 Contingent liabilities**

The Company has no other contingent liabilities or guarantees on which material losses are expected (31 December 2017: £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.

### **11 Parent company and controlling party**

Motorola Solutions Inc. ("Motorola") is the Company's ultimate parent undertaking and controlling party. Motorola Solutions UK Limited is the Company's immediate parent undertaking. Full details of the terms of the acquisition can be found at <http://investors.motorolasolutions.com/Docs>.

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

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>.

### **12 Events occurring after balance sheet date**

During 2019 the Company received a dividend of £95.0 million. Upon receipt of this dividend the Directors declared a dividend of £95.0 million.

There were no significant events that occurred after the balance sheet date and at the date of signing these financial statements.