

**Guardian Digital Communications Limited**

Registered number 06143540

**Annual Report and financial statements**

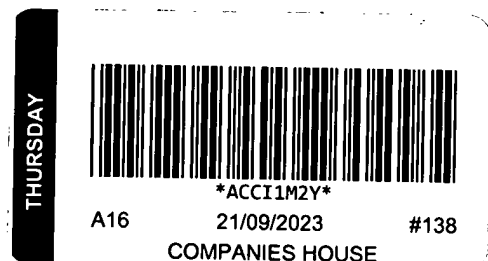
Year ended 31 December 2022

# **Guardian Digital Communications Limited**

**Registered number 06143540**

## **Annual Report and Financial Statements**

**Year ended 31 December 2022**



# **Guardian Digital Communications Limited**

Registered number 06143540

## **Annual Report and financial statements**

Year ended 31 December 2022

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# **Guardian Digital Communications Limited**

Registered number 06143540

## **Annual Report and financial statements**

Year ended 31 December 2022

## **General Information**

### **Directors**

Oscar Henken  
Ian Waddell  
Fergus Mayne  
Katherine Maher

### **Company Secretary**

David England

### **Registered Office**

Nova South  
160 Victoria Street  
London  
SW1E 5LB

### **Independent Auditors**

PricewaterhouseCoopers LLP  
3 Forbury Place  
23 Forbury Road  
Reading  
RG1 3JH

### **Banker**

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 2022

## **Strategic report**

The Directors present their strategic report for Guardian Digital Communications Limited for year ended 31 December 2022.

### **Principal activities and business review**

The principal activity of the Company during the year was investing in companies that 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.

Loss after interest and taxation was £14.0m for the year ended 31 December 2022 (2021: £130.0m profit). Net assets were £409.6m (2021: £563.6m). During the year, the Company received dividends of £140.0m (2021: £130.0m) and paid dividends of £140.0m (2021: £130.0m). Also during the year, the Company recognised an impairment in the value of its investment in Airwave of £154.0m (2021: £nil). This is discussed in more detail below.

### **Competition and Markets Authority**

In October 2022, the Competition and Markets Authority ("CMA") published its Provisional Decision regarding its market investigation reference ("MIR") into the supply of public safety mobile radio services in the UK.

The MIR explored concerns expressed about the impact of the dual role of Motorola Solutions as owner of Airwave Solutions Limited (a wholly owned subsidiary of Motorola Solutions Inc. and of the Company), which provides the current 'Airwave' radio network and service, as well as Motorola Solutions UK Limited (also a wholly owned subsidiary of Motorola Solutions Inc.), which was a key supplier in the rollout of the planned new 'Emergency Services Network' (ESN) which is to replace Airwave.

The provisional assessment stated that the CMA considered that: (i) the Home Office and the UK emergency services appear to be locked in with a monopoly provider (Airwave); (ii) a lack of competition is allowing Airwave to make around £160m of excess profits per annum; and (iii) proposed price controls should be imposed on the Company to ensure lower cost for taxpayers.

The CMA published its final report on 5 April 2023 and concluded that there is an adverse effect on competition therefore imposing a price cap to limit the price that Airwave could charge to 'a level that would apply in a well-functioning, competitive market.' Airwave strongly disagrees with the CMA's decision, and believes the price-cap remedy to be excessive, and Airwave lodged an appeal against the CMA's decision with the Competition Appeal Tribunal ("CAT") on 5 June 2023.

Only 31 July 2023, the CMA adopted a remedies order which implements the price control set out in its final decision; however, the remedies order has been suspended until the CAT's judgment on our appeal. The CAT appeal hearing took place on August 2 and 3, 2023. Depending on the outcome, further appeals may occur throughout 2023 and 2024.

The Directors support Airwave's assessment and have also considered the impact on the value of the Company's investments in subsidiaries, even if a price cap is implemented. The Directors consider that no additional impairment is anticipated in the book value of investments in subsidiaries at the balance sheet date. However, should the appeal not be successful, then additional impairment may be required.

## **Guardian Digital Communications Limited**

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

Year ended 31 December 2022

## **Strategic report (continued)**

### **Operating review**

During the reporting year the Company received £140.0m of dividends from its subsidiary, Airwave, compared to £130.0m for the year ended 31 December 2021. The impairment in the Company's investment in Airwave was recognised of £154.0m.

The Directors have reviewed the operating performance and development of the business. This performance is in line with expectations and the Directors have no concerns regarding the performance or position of the Company.

### **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 subsidiary is continually monitored. In addition, the outcome of the Competition and Markets Authority investigation (as discussed in the Business Review section) represents a significant risk to the carrying value of investments in subsidiaries.

##### **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. The company does not have liabilities to other parties that would impact its liquidity. The Directors are satisfied that the liquidity risk is not significant.

##### **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 as the company does not have receivables or payables charged at an interest.

##### **Other risks**

From the perspective of the Company any other risks and uncertainties not disclosed above are integrated with the principal risks of the Group and are not managed separately by the Company. The principal risks of the Group are disclosed in the financial statements of the ultimate controlling parent Motorola Solutions Inc. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company not disclosed above, are discussed in the Group's annual report which does not form part of this report

### **Key performance indicators**

As the principal activity of the Company is investing in companies that 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.

## **Guardian Digital Communications Limited**

Registered number 06143540

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

Year ended 31 December 2022

## **Strategic report (continued)**

### **Statement in accordance with requirements of S172 Companies Act.**

Section 172(1) of the Companies Act 2006 specifies that each director must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term,
- b) the interests of the Company's employees,
- c) the need to foster the Company's business relationships with suppliers, customers and others,
- d) the impact of the Company's operations on the community and the environment,
- e) the desirability of the Company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the Company.

The Company has no employees or significant business relationships outside the Motorola Solutions Inc. group. The Company's primary stakeholders are considered to be only other companies within the Motorola Solutions Inc. group. The primary decisions and actions that the directors have undertaken in the year relate to the approving of new financing arrangements for the Company, the consideration of approval of dividends and the approval of the Company's annual report and financial statements. In making these decisions the directors have reviewed the financial performance and position of the Company, having due regard to the wider context of the group's performance, and have ensured that sufficient distributable reserves are held prior to the approving and payment of dividends.

The Directors, both individually and together, consider they have complied with the requirements of S172(1).

On behalf of the Board



**Katherine Maher**  
Director

Guardian Digital Communications Limited  
Nova South  
160 Victoria Street  
London  
SW1E 5LB  
Company number: 06143540

13 September 2023

## **Guardian Digital Communications Limited**

Registered number 06143540

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

Year ended 31 December 2022

## **Directors' report**

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2022.

Certain disclosures required by the Companies Act 2006 in the Directors' report are instead shown in the Strategic Report.

### **Directors**

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

Oscar Henken	
Ian Waddell	
Fergus Mayne	
Katherine Maher	(appointed 28 February 2022)
Daniel Pekofske	(resigned 28 February 2022)

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

David England

### **Directors' indemnities**

The ultimate parent Company, Motorola Solutions Inc., granted 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 remained in force during the financial year and as at the date of approval of the financial statements.

### **Future developments**

The Company plans to continue holding its investment in its subsidiary investments. For the impact of CMA's appealed decision over the Company's investment in Airwave, please refer to the note 12.

### **Dividend**

The directors have declared £140.0m of dividends for the year ended 31 December 2022 (2021: £130.0m).

### **Going concern**

Due to the low level of current assets, the directors have sought a letter of support from the ultimate parent company, Motorola Solutions Inc. The ultimate parent company has confirmed support, should it be needed, for at least twelve months from the date of approval of these financial statements, to ensure the Company can meet its liabilities as they fall due. The directors have considered the ultimate parent company's financial performance, its cash, current assets and available borrowing facilities in making their assessment of the ultimate parent company's support.

The directors consider that the financial resources available to the Company, together with the ultimate parent company support, will be sufficient for the Company to meet its operational needs for the foreseeable future or at least twelve months from the date of approval of these financial statements. Accordingly, the going concern basis has been adopted in preparing these financial statements.

### **Streamlined Energy and Carbon Reporting**

The Company has no employees and no operations which directly cause the combustion of fuel or natural gas, or require the purchase of electricity. The Company is therefore exempt from reporting in accordance with UK Government's Environmental Reporting Guidelines (2019), as total usage is under 40MWh.

## **Guardian Digital Communications Limited**

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

Year ended 31 December 2022

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

### **Post balance sheet events**

The Company has received dividends of £70.0m from Airwave after the balance sheet date. Upon receipt of these dividends, the Directors declared dividends of £70.0m, consisting of £35.0m million in April 2023 and £35.0 million in June 2023 to its immediate parent company.

### **Competition and Markets Authority**

In October 2022, the Competition and Markets Authority ("CMA") published its Provisional Decision regarding its market investigation reference ("MIR") into the supply of public safety mobile radio services in the UK.

The MIR explored concerns expressed about the impact of the dual role of Motorola Solutions as owner of Airwave Solutions Limited (a wholly owned subsidiary of Motorola Solutions Inc. and of the Company), which provides the current 'Airwave' radio network and service, as well as Motorola Solutions UK Limited (also a wholly owned subsidiary of Motorola Solutions Inc.), which was a key supplier in the rollout of the planned new 'Emergency Services Network' (ESN) which is to replace Airwave.

The provisional assessment stated that the CMA considered that: (i) the Home Office and the UK emergency services appear to be locked in with a monopoly provider (Airwave); (ii) a lack of competition is allowing Airwave to make around £160m of excess profits per annum; and (iii) proposed price controls should be imposed on the Company to ensure lower cost for taxpayers.

The CMA published its final report on 5 April 2023 and concluded that there is an adverse effect on competition therefore imposing a price cap to limit the price that Airwave could charge to 'a level that would apply in a well-functioning, competitive market.' Airwave strongly disagrees with the CMA's decision, and believes the price-cap remedy to be excessive, and Airwave lodged an appeal against the CMA's decision with the Competition Appeal Tribunal ("CAT") on 5 June 2023.

Only 31 July 2023, the CMA adopted a remedies order which implements the price control set out in its final decision; however, the remedies order has been suspended until the CAT's judgment on our appeal. The CAT appeal hearing took place on August 2 and 3, 2023. Depending on the outcome, further appeals may occur throughout 2023 and 2024.

The Directors support Airwave's assessment and have also considered the impact on the value of the Company's investments in subsidiaries, even if a price cap is implemented. The Directors consider that no additional impairment is anticipated in the book value of investments in subsidiaries at the balance sheet date. However, should the appeal not be successful, then additional impairment may be required.

### **Ukraine Conflict**

In February 2022, Russia invaded Ukraine. This invasion has had several consequences for the global economy, including increased fuel costs, higher interest rates and higher inflation. Airwave's revenues are secured under long term contracts with pricing linked to the rate of inflation, so no material impact on the subsidiary's performance is expected.

### **Independent Auditors**

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



**Guardian Digital Communications Limited**

Registered number 06143540

**Annual Report and financial statements**

Year ended 31 December 2022

**Directors' report (continued)**

**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 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 auditors is aware of that information.

On behalf of the Board



**Katherine Maher**  
Director

Guardian Digital Communications Limited  
Nova South  
160 Victoria Street  
London  
SW1E 5LB  
Company number: 06143540

13 September 2023

## **Guardian Digital Communications Limited**

Registered number 06143540

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

Year ended 31 December 2022

## **Statement of Directors' responsibilities in respect of the financial statements**

The Directors are responsible for preparing the Annual 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 the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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.

On behalf of the Board



**Katherine Maher**  
Director

Guardian Digital Communications Limited  
Nova South  
160 Victoria Street  
London  
SW1E 5LB  
Company number: 06143540

13 September 2023

# **Guardian Digital Communications Limited**

Registered number 06143540

## **Annual Report and financial statements**

Year ended 31 December 2022

# **Independent auditors' report to the Directors of Guardian Digital Communications Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, Guardian Digital Communications Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2022; the Statement of comprehensive income, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Emphasis of matter - in respect of material uncertainty in relation of Competition and Market Authority's outcome**

In forming our opinion on the financial statements, which is not modified, we draw attention to Note 1(k), 'Critical accounting estimates and judgements and note 6, 'Investments', which describe the uncertainty regarding the outcome of the Competition and Markets Authority's ongoing investigation and related impact on the future carrying value of the company's direct investment in Airwave Solutions Limited.

### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# **Guardian Digital Communications Limited**

Registered number 06143540

## **Annual Report and financial statements**

Year ended 31 December 2022

# **Independent auditors' report to the Directors of Guardian Digital Communications Limited (continued)**

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

## **Guardian Digital Communications Limited**

Registered number 06143540

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

Year ended 31 December 2022

## **Independent auditors' report to the Directors of Guardian Digital Communications Limited (continued)**

### **Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Corporate tax law, Competition law and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to credit cash balances and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Discussions and enquiries with management and legal counsel, including consideration instances of non-compliance with laws and regulation and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Challenging estimates and judgements made by management in determining significant accounting entries and independently testing the assumptions in relation to such judgements and estimates, particularly in relation to the recoverability of the investment in subsidiary undertaking as disclosed in note 1(k) to the financial statements; and,
- Identifying and testing journals, in particular any cash credit entries with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's directors as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Guardian Digital Communications Limited**

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**Annual Report and financial statements**

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**Independent auditors' report to the Directors of Guardian Digital Communications Limited (continued)**

**Other required reporting**

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

*Ruth Ashman-Wutte*

Ruth Ashman-Wutte (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
14 September 2023

**Guardian Digital Communications Limited**

Registered number 06143540

**Annual Report and financial statements**

Year ended 31 December 2022

**Statement of comprehensive income**

		Year ended 31 December 2022	Year ended 31 December 2021
	Note	£'000	£'000
Income from shares in group undertakings		140,000	130,000
Amounts written off investments	6	(154,000)	-
<b>(Loss)/Profit before taxation</b>		<b>(14,000)</b>	<b>130,000</b>
Tax on (loss)/profit	3	-	-
<b>(Loss)/Profit for the financial year</b>		<b>(14,000)</b>	<b>130,000</b>
Other comprehensive income		-	-
<b>Total comprehensive (expense)/income attributable to the owners of the Company</b>		<b>(14,000)</b>	<b>130,000</b>

All results relate to continuing operations.

The notes on pages 17 to 25 form an integral part of these financial statements.

## Guardian Digital Communications Limited

Registered number 06143540

### Annual Report and financial statements

Year ended 31 December 2022

## Balance sheet

		As at 31 December 2022 £'000	As at 31 December 2021 £'000
	Note	£'000	£'000
<b>Fixed assets</b>			
Investments	6	409,409	563,409
<b>Current assets</b>			
Cash at bank and in hand		217	217
<b>Net current assets</b>		217	217
<b>Total assets</b>		<u>409,626</u>	<u>563,626</u>
<b>Net assets</b>		<u>409,626</u>	<u>563,626</u>
<b>Capital and reserves</b>			
Called up share capital	7	-	-
Capital contribution		1,294,342	1,294,342
Profit and loss account		<u>(884,716)</u>	<u>(730,716)</u>
<b>Total Shareholders' funds</b>		<u>409,626</u>	<u>563,626</u>

The notes on pages 17 to 25 form an integral part of these financial statements.

The financial statements on pages 14 to 25 were authorised and approved by the Board of Directors on 13 September 2023 and were signed on its behalf by:

Katherine Maher  
Director



**Guardian Digital Communications Limited**

Registered number 06143540

**Annual Report and financial statements**

Year ended 31 December 2022

**Statement of changes in equity**

		Capital contribution	Called up share capital	Profit and loss account	Total equity
	Note	£'000	£'000	£'000	£'000
Balance at 1 January 2021		1,294,342	-	(730,716)	563,626
Profit for the year and total comprehensive income		-	-	130,000	130,000
Dividends	5	-	-	(130,000)	(130,000)
Balance at 31 December 2021		1,294,342	-	(730,716)	563,626
Balance at 1 January 2022		1,294,342	-	(730,716)	563,626
Loss for the year and total comprehensive expense		-	-	(14,000)	(14,000)
Dividends	5	-	-	(140,000)	(140,000)
Balance at 31 December 2022		1,294,342	-	(884,716)	409,626

The notes on pages 17 to 25 form an integral part of these financial statements.

# **Guardian Digital Communications Limited**

Registered number 06143540

## **Annual Report and financial statements**

Year ended 31 December 2022

# **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 limited by shares and 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 Companies Act 2006 ("UK GAAP") including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS102"), and in accordance with the Limited Partnership Agreement (as amended from time to time). 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 financial statements drawn up in accordance with Section 401 under Companies Act 2006 and are available to the public and may be obtained from <https://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 FRS 102) 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 (FRS102 4.12(a)(iv));
- Cash flow statement and related notes (FRS102 section 7, 3.17(d));
- Related party transactions (FRS102 33.1A);
- Key management personnel compensation (FRS102 33.7) and
- Certain financial instrument disclosures providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated. FRS102 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A

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

**(a) Measurement convention**

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

**(b) Going concern**

Due to the low level of current assets, Directors have sought a letter of support from the ultimate parent company, Motorola Solutions Inc. The ultimate parent company has confirmed support, should it be needed, for at least twelve months from the date of approval of these financial statements, to ensure the Company can meet its liabilities as they fall due. The directors have considered the ultimate parent company's financial performance, its cash, current assets and available borrowing facilities in making their assessment of the ultimate parent company's support.

The directors consider that the financial resources available to the Company, together with the ultimate parent company support, will be sufficient for the Company to meet its operational needs for the foreseeable future or at least twelve months from the date of approval of these financial statements. Accordingly, the going concern basis has been adopted in preparing these financial statements.

# **Guardian Digital Communications Limited**

Registered number 06143540

## **Annual Report and financial statements**

Year ended 31 December 2022

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

## **1 Summary of significant accounting policies**

### **(c) Basic financial instruments**

Basic financial instruments are recognised and measured by applying sections 11 and 12 of FRS 102.

#### *Impairment of financial assets*

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 assessment is carried out annually.

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 the statement of comprehensive income. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

### **(d) Investments in subsidiaries**

These financial statements are separate financial statements of the company and subsidiary financial statements are not consolidated. Investments in subsidiaries are carried at cost, which is the fair value of the consideration paid, less any provision for impairment.

### **(e) Impairment**

#### *Non-financial assets*

The carrying amounts of the Company's non-financial assets 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 statement of comprehensive income.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

### **(f) Foreign currencies**

#### **(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 statement of comprehensive income. 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.

# **Guardian Digital Communications Limited**

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## **Annual Report and financial statements**

Year ended 31 December 2022

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

## **1 Summary of significant accounting policies (continued)**

### **(g) Taxation**

Tax on profit or loss 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 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) Called up 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.

### **(i) Capital contribution**

Capital contribution is classified as an equity transaction arising from the contribution by the company's owners to settle existing intercompany and external loans, without any obligation for the company to repay it. This capital contribution is considered as a qualifying contribution which forms part of distributable dividends.

Immediately following the company's acquisition by Motorola Solutions Inc. ('MSI') in 2016 as the new ultimate parent company, MSI provided funds to the company amounting to £752.6m 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. Immediately prior to the acquisition by MSI, the previous owners made a capital contribution of £541.7m which represented cancellation of intercompany loans. The total capital contribution resulting from the transaction before and after the acquisition were both considered as qualifying contribution as the company does not have the obligation to repay it.

### **(j) 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.

Distributable income includes accumulated profits and the capital contribution which is a qualifying contribution.

## **Guardian Digital Communications Limited**

Registered number 06143540

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

Year ended 31 December 2022

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

### **(k) 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.

In the process of applying the Company's accounting policies, the Directors are required to make certain judgments, estimates and assumptions that they believe are reasonable based on available information. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from these estimates. 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:

#### *Key sources of estimation uncertainty in Investment valuations*

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.

There is uncertainty regarding the long-term value of the investment in subsidiary Airwave, and the risk that future value may decrease below the book-value of those investments, necessitating a provision for impairment. An investment is assessed for indicators of impairment based upon the trading subsidiary's, both direct and indirect, net assets, or other indicators where known, as at the balance sheet date. Where possible material impairment is indicated, a more detailed valuation is calculated based on expected cash flows arising from future operating activity, discounted to present value, with adjustment for working capital requirements and surplus assets at the valuation date. Future operating activity is calculated on the assumption that the present business model of Airwave has finite lived investment, except where changes in the business are known at the balance sheet date, which may not be the case. Where such changes are known, appropriate adjustment is made in the valuation.

The Company's sole investment is in its direct subsidiary Airwave Solutions Limited. The key assumptions used in management's model of the future discounted cash flows to be generated by Airwave Solutions Limited include the period of time Airwave will continue to derive value from its underlying assets beyond current contractual timescales, the level of revenue that will be earned under future contractual terms considering any price cap imposed by the Competition and Markets Authority and the amount of capital expenditure required to ensure that the Airwave network remains operational for as long as it is needed by the Company's public safety customers. Other significant assumptions include the discount rate used to discount the future cash flows to present value.

Management also consider a number of sensitised model scenarios that include flexing these key assumptions based on a range of possible and realistic outcomes. These sensitised scenarios included management's assumptions surrounding possible final outcomes of the appealed decision by the Competition and Markets Authority ("CMA"), following its investigation into the supply of public safety mobile radio services in the UK provided by the Company's indirect investment, Airwave Solutions Limited, that price caps should be applied (see note 12 for further information around the CMA's investigation). A significant change in the facts and circumstances that were relied upon in making the estimates may trigger the requirement for recording a further impairment and may have a material adverse impact on the operating results and financial condition of the Company. This represents a material uncertainty regarding the future carrying value in these financial statements.

# Guardian Digital Communications Limited

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## Annual Report and financial statements

Year ended 31 December 2022

## Notes to the financial statements (continued)

### (k) Critical accounting estimates and judgements

#### *Critical judgments*

Key assumptions used in management's model of the future discounted cash flows of subsidiary undertakings include the period of time the subsidiary expects to continue to derive value from its underlying assets beyond current contractual timescales, the level of revenue that will be earned under future contractual terms, including the impact of any price cap imposed by the appealed CMA remedies order, and the amount of capital expenditure required to ensure that network assets remain operational.

## 2 Operating result

The Company has no employees (2021: none).

The audit fee of £15,842 payable to PricewaterhouseCoopers LLP (2021: £14,000) is borne by the subsidiary Company, Airwave Solutions Limited. No amount was recharged to the company.

## 3 Tax on profit

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
<b>Total tax charge</b>	-	-

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
<b>(a) (Loss)/Profit before tax</b>	<b>(14,000)</b>	130,000
(Loss)/Profit before tax at rate of UK corporation tax of 19.00% (2021: 19.00%)	<b>(2,660)</b>	24,700
Factors affecting tax charge:		
- Dividends not taxable	<b>(26,600)</b>	(24,700)
- Impairment of investment not taxable	<b>29,260</b>	-
<b>Total tax charge</b>	-	-

## 4 Deferred Tax

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
<b>Deferred tax</b>	-	-

Deferred tax of £2,660,000 (2021: £1,600,000) on operating losses has not been recognised as it is not considered to be recoverable.

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**Annual Report and financial statements**

Year ended 31 December 2022

**Notes to the financial statements (continued)****4 Deferred Tax(continued)**

Deferred tax assets have been calculated based on the enacted Corporation Tax rate at 31 December 2022, which was 19%, for the current and for future tax years. The Budget presented on 3 March 2021 announced a number of changes which impact the future utilisation of deferred tax timing differences, including the introduction of first year allowance 'super deductions' on qualifying capital expenditure, with effect from 1 April 2021 to 31 March 2023, and an increase in the Corporation Tax rate to 25% with effect from 1 April 2023.

**5 Dividend**

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Ordinary dividend declared and paid of £1,400,000 (2021: £1,300,000) per share	140,000	130,000
	140,000	130,000

**6 Investments**

Investment in subsidiary undertakings	£000
<b>Cost</b>	
At 1 January 2022 and 31 December 2022	563,409
<b>Impairment</b>	
At 1 January 2022	-
Recognised in the period	(154,000)
As at 31 December 2022	(154,000)
<b>Net book value</b>	
As at 31 December 2022	409,409
As at 31 December 2021	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.

During 2022, an investment impairment was recognised for the value of £154.0m.

As disclosed in note 12, Airwave is expected to have lower profitability than previously forecast, due to price controls potentially imposed by the Competition and Markets Authority's decision, which is currently under appeal.

As disclosed in note 1(k), the Directors have reviewed the carrying value of the investment and have concluded that based on the Company's best estimate they are supported by the recoverable amount after the impairment processed during 2022. A significant change in the estimates used in making this assessment however may have a material adverse impact on the recoverable amounts. The uncertainty over the eventual outcome of the appealed CMA decision and any potential remedies to be applied and the impact this would have over the recoverable amount of the Company's investment in Airwave Solutions Limited, represents a material uncertainty over the future carrying value of the investment in these financial statements.

## Guardian Digital Communications Limited

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### Annual Report and financial statements

Year ended 31 December 2022

## Notes to the financial statements (continued)

### 6 Investments (continued)

The company also has the following indirectly held subsidiaries:

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.

### 7 Called up share capital

#### Authorised

	As at 31 December 2022 £	As at 31 December 2021 £
5,000,000 (31 December 2021: 5,000,000) Ordinary Shares of £0.01 each	50,000	50,000

#### Issued and fully paid

	As at 31 December 2022 £	As at 31 December 2021 £
100 (31 December 2021: 100) Ordinary Shares 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 its subsidiaries for the year ended 31 December was as follows:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Directors' remuneration	176	748
Compensation for loss office	-	-
Company contributions to money purchase pension plans	8	19
	184	767

Airwave Solutions Limited paid the remuneration for one (2021: one) of the Directors and Motorola Solutions UK Limited paid for two (2022: two) of the Directors.



## Guardian Digital Communications Limited

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### Annual Report and financial statements

Year ended 31 December 2022

## Notes to the financial statements (continued)

### 8 Directors' remuneration (continued)

At 31 December 2022, five (2021: three) Directors held shares or share options under a long-term incentive scheme. During the year, no Director (2021: 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 2022	Number of Directors At 31 December 2021
Money purchase schemes	5	4
	5	4

Directors' remuneration for services rendered during the year is borne by the subsidiary Company, Airwave Solutions Limited.

In respect of the highest paid Director:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Director's remuneration	176	618
Company contributions to money purchase pension plans	8	12
	184	630

In the prior year the highest paid Director exercised share options in the parent Company, Motorola Solutions Inc. In 2022, the highest paid Director did not exercise share options in the parent Company.

### 9 Related party disclosures

The Company's ultimate parent Company is disclosed in note 11. 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 contingent liabilities or guarantees on which material losses are expected (2021: £nil).

### 11 Parent Company and controlling party

Motorola Solutions Inc. ("Motorola") is the Company's ultimate parent undertaking and controlling party. Motorola Solutions UK Acquisition Company Limited is the Company's immediate parent undertaking.

Motorola Solutions UK Acquisition Company 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 publicly 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>.

The smallest and largest group into which this Company is consolidated is Motorola Solutions Inc. Copies of the financial statements of that company may be obtained from Motorola Solutions Inc., 500 West Monroe Street, Chicago, Illinois 60661 USA. Alternatively, they may be viewed at <http://investors.motorolasolutions.com>.

## **Guardian Digital Communications Limited**

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

Year ended 31 December 2022

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

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

The Company has received dividends of £70.0 million from Airwave after the balance sheet date. Upon receipt of these dividends, the Directors declared dividends of £70.0 million consisting of £35.0m million in April 2023 and £35.0 million in June 2023 to its immediate parent Company.

#### ***Competition and Markets Authority***

In October 2022, the Competition and Markets Authority ("CMA") published its Provisional Decision regarding its market investigation reference ("MIR") into the supply of public safety mobile radio services in the UK.

The MIR explored concerns expressed about the impact of the dual role of Motorola Solutions as owner of Airwave Solutions Limited (a wholly owned subsidiary of Motorola Solutions Inc. and of the Company), which provides the current 'Airwave' radio network and service, as well as Motorola Solutions UK Limited (also a wholly owned subsidiary of Motorola Solutions Inc.), which was a key supplier in the rollout of the planned new 'Emergency Services Network' (ESN) which is to replace Airwave.

The provisional assessment stated that the CMA considered that: (i) the Home Office and the UK emergency services appear to be locked in with a monopoly provider (Airwave); (ii) a lack of competition is allowing Airwave to make around £160m of excess profits per annum; and (iii) proposed price controls should be imposed on the Company to ensure lower cost for taxpayers.

The CMA published its final report on 5 April 2023 and concluded that there is an adverse effect on competition therefore imposing a price cap to limit the price that Airwave could charge to 'a level that would apply in a well-functioning, competitive market.' Airwave strongly disagrees with the CMA's decision, and believes the price-cap remedy to be excessive, and Airwave lodged an appeal against the CMA's decision with the Competition Appeal Tribunal ("CAT") on 5 June 2023.

Only 31 July 2023, the CMA adopted a remedies order which implements the price control set out in its final decision; however, the remedies order has been suspended until the CAT's judgment on our appeal. The CAT appeal hearing took place on August 2 and 3, 2023. Depending on the outcome, further appeals may occur throughout 2023 and 2024.

The Directors support Airwave's assessment and have also considered the impact on the value of the Company's investments in subsidiaries, even if a price cap is implemented. The Directors consider that no additional impairment is anticipated in the book value of investments in subsidiaries at the balance sheet date. However, should the appeal not be successful, then additional impairment may be required.