Airwave Application Services Limited

Registered number SC230448

Annual Report and Financial Statements

Year ended 31 December 2017

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General information

Directors

Ian McCullagh
John Wozniak
Vincent Kennedy
Ian Waddell

Company secretary

Joanne Bamber

Registered office

3 Melville Street
Edinburgh
Scotland
EH3 7PE

Independent auditor

KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD

Banker

HSBC Bank Plc
8 Canada Square
London
E14 5HQ

Strategic report

The directors present their strategic report for Airwave Application Services Limited for the year ended 31 December 2017.

Principal activities

The principal activity of the Company is the provision of process transformation to the police and health sectors through the research, development and sale of computer software and supporting managed service solutions.

Turnover was £5,273,000 for the year ended 31 December 2017 compared with £6,026,000 for the year ended 31 December 2016.

Operating profit was £532,000 for the year ended 31 December 2017 compared to an operating profit of £182,000 for the year ended 31 December 2016.

Profit after taxation was £532,000 for the year ended 31 December 2017 compared to a profit after taxation of £173,000 for the year ended 31 December 2016.

The Company's immediate parent undertaking is Airwave Solutions Limited ("Airwave"). Airwave's immediate parent undertaking is Guardian Digital Communications Limited ("GDCL").

Operating review

Airwave Application Services Limited continues to develop and implement market leading mobile information capture and management solutions within organisations with a large mobile workforce, focusing on the police sector. The solutions are designed to enable process transformation by overcoming the complexities of viewing and capturing information in a mobile environment and of entering information into a variety of disparate IT systems.

The solutions implemented deliver tangible business benefits by streamlining back office activities, through delivering paperless solutions, removing office based working for the front line resource allowing greater visibility and productivity from increasingly limited resources.

The importance of effective and rapid sharing of information within organisations and into other partners or agencies is supported by the solutions the Company is presently delivering, working to support the need for collaboration and inter-operability. The technologies to support the delivery of the solution address the increasing consumer world options provided by mobile devices, from the use of hand-held PDAs or smart phone devices to laptops and tablet devices.

Principal risks and uncertainties

The management of the Airwave Application Services business and the execution of its 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

Product performance risk
The Company's products are critical to customers in the police and health sectors. There is a risk that the non-performance of the products prevents the customers from fulfilling their duties. This risk is managed through rigorous testing, controlled implementation and through the provision of adequate support services.

Price risk
The Company's fixed costs are predominately internal labour costs therefore has limited exposure to price fluctuations.

Strategic report (continued)

Financial risk management objectives, policies and exposure

The Company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk, foreign exchange risk and capital risk. The Company's overall risk management programme seeks to minimise potential adverse effects as noted below.

Credit risk
The Company's principal credit risks are attributable to cash and cash equivalents. Cash and cash equivalent credit risk is monitored on an overall basis through the application of counterparty credit limits which are dependent on the long-term credit rating of the counterparty. The Company has limited exposure to trade receivable credit risk as the majority of its customers are public safety organisations.

Liquidity risk
The Company is not yet cash generating and is therefore dependent on funding from its parent company. The Company prepares regular cash forecasts and is provided parent company funding where required. The parent has provided and continues to provide its ongoing support. The Company has no external borrowings.

Exchange rate risk
Management monitor exchange rate risk but as yet there is no current significant foreign currency exchange exposure.

Capital risk
The Company is funded through a mix of equity and shareholder debt provided to the Company in order to develop its products and grow the business.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, whilst providing returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Future developments

The Company will continue to develop its products and focus on increasing uptake within the police sector to enable transformation of back office processes and realisation of customer efficiencies and cost savings.

Key performance indicators

Key financial performance indicators include the monitoring of profitability, review of the net asset position and the management of working capital. Some key ratios are highlighted below:

Financial	Year ended 2017	Year ended 2016
Gross profit	81.4%	35.4%
Operating margin	10.1%	3.0%

On behalf of the board

Ian Waddell
Director

17th October 2018

Airwave Application Services Limited
3 Melville Street
Edinburgh
Scotland
EH3 7PE
Company number: SC230448

Directors' report

The directors present their report and the audited financial statements of the Company for year ended 31 December 2017.

Directors

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

Tetyana Vasylevska	(resigned 10 March 2017)
Ian McCullagh	(appointed 19 February 2016)
John Wozniak	(appointed 19 February 2016)
Vincent Kennedy	(appointed 19 February 2016)
Ian Waddell	(appointed 10 March 2017)

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

Joanne Bamber	(appointed 19 February 2016)

Directors' indemnities

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

Dividend

The directors do not recommend the payment of a dividend for year ended 31 December 2017 (Year ended December 2016: £nil).

Going concern

The financial statements are prepared under the going concern assumption even though the company has net current liabilities at the year end. The directors consider this to be appropriate as the immediate parent company, Airwave Solutions Limited intends to provide the necessary financial support to enable the Company to continue to trade for at least a period of 12 months from the date of approval of these financial statements and thereafter for the foreseeable future to enable it to continue to trade. Therefore the financial statements have been prepared on a going concern basis. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Directors' report (continued)

Employees

Our people

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

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

Post balance sheet events

There were no significant events that occurred after the balance sheet date.

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

Ian Waddell
Director

17th October 2018

Airwave Application Services Limited
3 Melville Street
Edinburgh
Scotland
EH3 7PE
Company number: SC230448

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Independent auditor's report to the members of Airwave Application Services Limited

Opinion

We have audited the financial statements of Airwave Application Services Limited ("the company") for the year ended 31 December 2017 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the summary of significant 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 2017 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.

Going concern

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

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

Directors' responsibilities

As explained more fully in their statement set out on page 6, 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.

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.

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

Date: 17 October 2018

Profit and loss account and other comprehensive income

	Note	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Turnover	2	**5,273**	6,026
Cost of sales		**(981)**	(3,890)
Gross profit		**4,292**	2,136
Administrative expenses		**(3,760)**	(1,954)
Operating profit		**532**	182
Tax on profit	6	**-**	(9)
Profit for the financial year		**532**	173
Other comprehensive income		**-**	-
Total comprehensive income for the year		**532**	173

All results relate to continuing operations.

The notes on pages 12 to 24 form an integral part of these financial statements.

Balance sheet

	Note		As at 31 December 2017 £'000		As at 31 December 2016 £'000
Fixed assets					
Intangible assets					
Intangible assets	10	-		18	
		-		18	
Tangible assets	11	607		723	
		607		723	
			607		741
Current assets					
Debtors	7	1,655		1,577	
Cash at bank and in hand		1		459	
		1,656		2,036	
Creditors: amounts falling due within one year	8	(6,553)		(6,585)	
Net current liabilities			(4,897)		(4,549)
Total assets less current liabilities			(4,290)		(3,808)
Creditors: amounts falling due after more than one year	9		(1,151)		(2,165)
Provisions for liabilities					
Other provisions	15		(108)		(108)
Net liabilities			(5,549)		(6,081)
Capital and reserves					
Called up share capital			-		-
Share premium	16		1,052		1,052
Profit and loss accounts			(6,601)		(7,133)
Shareholders' deficit			(5,549)		(6,081)

The notes on pages 12 to 24 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 17th October 2018 and were signed on its behalf by:

Ian Waddell
Director

Statement of changes in equity

	Ordinary shares £'000	Share premium account £'000	Accumulated losses £'000	Total equity £'000
Balance at 1 January 2016	-	1,052	(7,306)	(6,254)
Profit for the year and total comprehensive income	-	-	173	173
Balance at 31 December 2016	-	1,052	(7,133)	(6,081)
Balance at 1 January 2017	-	1,052	(7,133)	(6,081)
Profit for the year and total comprehensive income	-	-	532	532
Balance at 31 December 2017	**-**	**1,052**	**(6,601)**	**(5,549)**

The notes on pages 12 to 24 form an integral part of these financial statements.

Notes to the financial statements

1 Summary of significant accounting policies

Accounting policies

Airwave Application Services Limited ("Airwave Application Services" or the "Company") is a private limited company incorporated, domiciled and registered in the United Kingdom under the number SC230448. The registered address is 3 Melville Street, Edinburgh, Scotland, EH3 7PE.

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.

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.

(a) **Measurement convention**
The financial statements have been prepared under the historical cost accounting rules and on a going concern basis.

Notes to the financial statements (continued)

1 Summary of significant accounting policies

(b) Going concern

The financial statements are prepared under the going concern assumption even though the company has net current liabilities at the year end. The directors consider this to be appropriate as the immediate parent company, Airwave Solutions Limited intends to provide the necessary financial support to enable the Company to continue to trade for at least a period of 12 months from the date of approval of these financial statements and thereafter for the foreseeable future to enable it to continue to trade. Therefore the financial statements have been prepared on a going concern basis. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

(c) Tangible fixed assets

Fixed assets comprise mainly network assets and are stated at historical cost less accumulated depreciation. The cost of the fixed assets includes directly attributable incremental costs incurred in their acquisition and installation.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Capitalised costs include third party costs and internal employee benefits.

Depreciation is provided on fixed assets over their estimated useful lives on a straight-line basis from the date they are brought into use. The lives assigned to fixed assets are:

Computer equipment	3 years
Furniture and fittings	5 years

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Administrative expenses' in the profit and loss. No gains or losses occurred during the year reported.

(d) Intangible assets

Intangible assets are valued at cost less amortisation and impairment losses. Intangible assets with finite lives are amortised on a straight line basis over their useful lives of three years and are reviewed for impairment if there is any indication that the carrying value may not be recoverable. Intangible assets with an indefinite useful life are not amortised but are tested for impairment annually or more frequently if events indicate that the carrying value may be impaired.

(e) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Notes to the financial statements (continued)

1 Summary of significant accounting policies (continued)

(f) **Financial assets**

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. The Company's loans and receivables comprise trade and other receivables.

If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and conventional option pricing models making maximum use of observable market inputs and relying as little as possible on entity-specific inputs.

(g) **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.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Borrowings

Subsequent to initial recognition at fair value, net of transaction costs incurred, interest bearing liabilities are measured at amortised cost and classified as financial liabilities. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit and loss over the year of the borrowings using the effective interest method. Transaction costs are included in the carrying amount and are charged to the profit and loss over the year of the borrowings using the effective interest method. Borrowing costs are expensed as incurred except for transaction costs.

(h) **Foreign currencies**

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.

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. 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 and differences are taken to the reserves.

Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes to the financial statements (continued)

1 Summary of significant accounting policies (continued)

(j) 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.

(k) Employee benefits
Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

(l) Provisions for liabilities and charges
Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are not recognised for future operating losses.

Provisions are made for the discounted future cost of restoration of mast sites at the date of acquisition of the site, for potential additional costs in respect of delayed contractual milestones, onerous contracts and restructuring costs.

Notes to the financial statements (continued)

1 Summary of significant accounting policies (continued)

(m) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable during the ordinary course of business net of discounts and sales taxes and after elimination of sales within the Company.

Revenue consisting primarily of regular fees for ongoing services, such as network access, control room services, managed terminal services and additional coverage solutions are recognised from implementation over the period to which the services relate.

Revenue for the sale of equipment is recognised when all the significant risks and rewards of ownership are transferred to the buyer, which is normally the date the equipment is delivered and accepted by the customer, and the amount of revenue and the associated costs can be measured reliably.

Revenue arising from separable installation and connection services is recognised when it is earned, upon activation. Revenue from the implementation of peripheral and other equipment is recognised when all the significant risks and rewards of ownership are transferred to the buyer, which is normally the date the equipment is delivered and accepted by the customer.

Revenue from long-term contractual arrangements is recognised based on the percentage of completion method. The stage of completion is estimated using an appropriate measure according to the nature of the contract. For long-term services contracts revenue is recognised on a straight line basis over the term of the contract. However, if the performance pattern is other than straight line, revenue is recognised as services are provided, usually on an output or consumption basis. For fixed price contracts, including contracts to design and build communications solutions, revenue is recognised by reference to the stage of completion, as determined by the proportion of costs incurred relative to the estimated total contract costs, or other measures of completion such as site and vehicle installation and contract milestone customer acceptance.

Differences between revenue recognised and revenue billed to the customer give rise to accrued and deferred income.

(n) Leases

The Company leases certain equipment. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals under operating leases are charged to the profit and loss in equal annual instalments over the periods of the leases.

Lease of property, plant equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in long term borrowings. The interest element of the finance costs is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Notes to the financial statements (continued)

1 Summary of significant accounting policies (continued)

(o) 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:

Fixed assets

Accounting for fixed assets involves the use of estimates for determining (a) the useful lives of the assets, over which they are to be depreciated, and (b) the existence and amount of any impairment. Details of fixed assets are provided in note 11.

Fixed assets are depreciated on a straight line basis over their estimated useful lives. When the Company estimates useful lives various factors are considered including expected technological obsolescence and the expected usage of the asset. The Company regularly reviews these asset lives and changes them as necessary to reflect the useful estimated current remaining lives in light of technological changes, future economic utilisation and the physical condition of the assets concerned. A significant change in these facts and circumstances may have a material impact on the carrying value of these assets.

The carrying amount of fixed assets is assessed periodically to determine whether there are indications of any impairment of the value beyond what is expressed in the depreciation charge. If that is the case, an impairment charge is taken against the carrying amount of the assets, if that is higher than the recoverable amount.

The recoverable amount of the asset is determined as the higher of fair value less costs to sell and the value in use. If it is not possible to determine a recoverable amount for the individual assets, the assets are assessed together in the smallest group of assets for which a reliable recoverable amount can be determined in an overall assessment.

The determination of whether an impairment of fixed assets is necessary, involves the use of estimates that include, but are not limited to, the analysis of the cause of the potential impairment in value, the timing of such potential impairment and an estimate of the amount of the impairment. The Company considers technological obsolescence, discontinuance of services and other changes in circumstances that indicate a need to perform an impairment test. A significant change in the facts and circumstances that were relied upon in making the estimates may trigger the requirement for recording an impairment and may have a material adverse impact on the operating results and financial condition of the Company.

Deferred tax assets and liabilities

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

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

Notes to the financial statements (continued)

1 Summary of significant accounting policies (continued)

(o) **Critical accounting estimates and judgements (continued)**

Revenue recognition

Certain contractual arrangements contain significant timing differences between the date of cash receipt and the point of revenue recognition at a stage of completion. Where cash is received in advance of revenue recognition, the cash receipt is recorded as deferred income in the balance sheet and released to the profit and loss over the remaining period of the contract. Where revenue is earned in advance of an invoice being raised, revenue is recognised as accrued income in the balance sheet and transferred to accounts receivable when an invoice is raised.

Management's judgement is applied to determine when a contract satisfies the above criteria and therefore a change to the criteria could have a material effect on the earnings of the Company.

Provisions

Provisions are recognised when an event in the past gives rise to a current obligation for the Company, settlement of which requires an outlay that is considered probable and can be estimated reliably. The obligation may be legal or constructive; deriving from regulations, contracts, normal practices or public commitments that lead third parties to reasonably expect that the Company will assume certain responsibilities. The amount of the provision is determined based on the best estimate of the outflow of resources required to settle the obligation, taking into account all the available information.

No provision is recognised if the amount of liability cannot be estimated reliably. In this case, the relevant information is disclosed in the notes to the financial statements.

Given the uncertainties inherent in the estimates used to determine the amount of provision, actual outflows of resources may differ from the amounts recognised originally on the basis of the estimates.

2 Turnover

Turnover arises from the Company's principal activity of research, development and sale of computer software and supporting managed service solutions to the police and health sectors in the UK.

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Total revenue	5,273	6,026

3 Expenses and auditor's remuneration

Included in the profit / loss are the following:

	Note	As at 31 December 2017 £'000	As at 31 December 2016 £'000
Auditors' remuneration and expenses: audit of these financial statements		9	20
Depreciation	11	339	310
Amortisation of intangible assets	10	18	937
Hire of plant and machinery - rentals payable under operating lease	14	218	79

Notes to the financial statements (continued)

4 Staff numbers and costs

	Year ended 31 December 2017 Number	Year ended 31 December 2016 Number
Monthly average number of employee (including executive directors):		
Technology and product development and delivery	**43**	28
Sales, marketing and administrative	**13**	14
Total employees	**56**	42

The benefits expense incurred in respect of these employees were:

	Note	Year ended 31 December 2017 £'000	Twelve months ended 31 December 2016 £'000
Wages and salaries		**2,557**	2,298
Social security costs		**274**	210
Other pension costs	18	**190**	176
Total employee benefits		**3,021**	2,684
Capitalised employee benefits		**-**	-
Net employee benefits expensed		**3,021**	2,684

5 Directors' remuneration

The emoluments of the Directors who were remunerated for their services to the Company for the year ended 31 December 2017 were as follows:

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Aggregate emoluments in respect of qualifying services	-	31
Post-employment benefits	-	3
Total director emoluments	-	34

The above represents emoluments earned by the Directors of the Company who resigned on 19 February 2016. The newly appointed Directors of the Company received no emoluments from the Company for their services as the time spent on being a Director of the Company was not significant.

In respect of the highest paid Director:

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Aggregate emoluments in respect of qualifying services	-	13
Post-employment benefits	-	2
Total highest paid director emoluments	-	15

Notes to the financial statements (continued)

6 Taxation

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
(a) Total tax expense recognised in the profit and loss account, other comprehensive income and equity		
Current tax:		
- Current tax on income for the period	-	-
Total current tax	-	-
Deferred tax:		
- Origination and reversal of temporary difference	-	-
- Adjustment in respect of prior years	-	9
Total deferred tax	-	9
Total tax charge	-	9

The current tax charge for the year is lower (2016: lower) than that which would be expected to arise on the profit for the year given the rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below.

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
(b) Profit / (loss) before tax	**532**	182
Profit/(loss) on ordinary activities at rate of corporation tax of 19.25% (2016: 20%)	**102**	36
Factors affecting tax charge:		
- Expenses not deductible for tax purposes	-	1
- Tax losses utilised, unrecognised / not recognised	-	(37)
- Tax rate differences	**8**	-
- Deferred tax movement not recognised	**(110)**	-
- Adjustments in respect of prior years	-	9
Total tax charge	**0**	9

Notes to the financial statements (continued)

7 Debtors

	Note	As at 31 December 2017 £'000	As at 31 December 2016 £'000
Trade debtors		92	-
Amounts owed by group undertakings – group relief		1,536	1,536
Other receivable		-	-
Taxation and social security		27	19
Prepayments and accrued income		-	22
		1,655	1,577

8 Creditors: amounts falling due within one year

	As at 31 December 2017 £'000	As at 31 December 2016 £'000
Trade creditors	-	14
Amounts owed to group undertakings – trading	2,973	2,039
Accruals	447	225
Deferred income	3,133	4,307
	6,553	6,585

Amounts owed to parent company are unsecured, interest free and repayable on demand.

9 Creditors: amounts falling due after more than one year

	As at 31 December 2017 £'000	As at 31 December 2016 £'000
Deferred income	1,151	2,165
	1,151	2,165

Notes to the financial statements (continued)

10 Intangible assets

	£'000
Cost	
As at 1 January 2017 and 31 December 2017	3,336
Accumulated amortisation	
As at 1 January 2017	3,318
Charge for the year	18
As at 31 December 2017	**3,336**
Net book value	
As at 1 January 2017	18
As at 31 December 2017	**-**

Intangible assets relate to patent and other proprietary software development generated by the Company.

During the current period the Company changed its accounting treatment of proprietary software development costs to be consistent with its ultimate parent Company. As a result of this change the Company no longer capitalises these costs and accelerated the amortisation of any assets with a carrying value so that all software development assets were written down to zero at the end of the period. The amortisation charge is included within cost of sales in the profit and loss.

11 Fixed assets

	£'000
Cost	
As at 1 January 2017	1,374
Additions for the year	223
As at 31 December 2017	**1,597**
Accumulated depreciation	
As at 1 January 2017	651
Charge for the year	339
As at 31 December 2017	**990**
Net book value	
As at 1 January 2017	723
As at 31 December 2017	**607**

Depreciation totalling £339,000 (Year ended 31 December 2016: £310,000) has been charged to cost of sales during the year.

Fixed assets comprises of mainly computer equipment.

Notes to the financial statements (continued)

12 Deferred tax assets

Deferred tax assets arise as follows:

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Fixed asset timing differences	-	9
Losses	-	335
Total deferred tax	-	344
Provision for deferred tax not provided	-	(344)
Total deferred tax asset	-	-

A reduction in the tax rate to 17% (effective from 1 April 2020) was substantively enacted on 15 September 2016. The deferred tax assets at 31 December 2017 reflect an expected applicable tax rate of 17% (2016: 17%).

13 Ordinary Shares

Allotted, called up and fully paid

	As at 31 December 2017 £	As at 31 December 2016 £
115,900 (December 2016: 115,900) Ordinary Shares of £0.001 each	116	116
50,000 (December 2016: 50,000) Ordinary A Shares of £0.001 each	50	50

The Company has two classes of issued share capital, comprising Ordinary shares of £0.001 and Ordinary A shares of £0.001. 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.

The issue of shares on 2 September 2008, 31 January 2009 and 2 February 2011 gave rise to a share premium account of £1,052,000 (31 December 2016: £1,052,000).

14 Operating lease commitments

The Company has no non-cancellable operating lease commitments as such contracts are all in the name of its parent company, Airwave Solutions Limited, including those relating to leased offices.

The Company recognised lease payments of £218,000 in the profit and loss for year ended 31 December 2017 (Year ended 31 December 2016: £79,000), reflecting the recharge of office rental costs from Airwave Solutions Limited.

15 Provisions for liabilities

Provisions for liabilities relate to the Company's legal obligation to return its leased property to its original condition at the end of the lease term. The provision is estimated based upon the size and expected cost of restoring the leased property to its original condition.

Notes to the financial statements (continued)

16 Related party disclosures

The Company's parent and ultimate parent companies are disclosed in note 18. 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.

17 Pension scheme

Employees of Airwave Application Services Limited are eligible for membership of the Airwave pension plan. The plan is a defined contribution arrangement and employer contributions are recognised as a benefit expense when they are due. The amounts charged to the profit and loss are set out below:

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Defined contribution – Airwave plan	**190**	176
	190	176

The Company's contributions to the Airwave plan consist of payments made under a company policy to match employee contributions into the pension plan. The Company offers a salary sacrifice pension scheme to provide additional benefits for employees in retirement. Contributions under the salary sacrifice pension scheme are included above.

Contributions payable by the Company at the period end were £17,365 (31 December 2016: £16,261).

18 Parent company and controlling party

The Company's immediate parent undertaking and controlling party is Airwave Solutions Limited. The consolidated financial statements of Airwave Solutions Limited are available from Charter Court, 50 Windsor Road, Slough, Berkshire SL1 2EJ.

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

On 19 February 2016, GDCL and its subsidiaries were acquired by Motorola Solutions Inc. ("Motorola"). Motorola became the Company's ultimate parent undertaking and controlling party.

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).

Full details of the terms of the acquisition can be found at http://investors.motorolasolutions.com/Docs.

19 Events occurring after balance sheet date

There were no significant events that occurred after the balance sheet date.