

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2019

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Annual Report and Financial Statements

Year ended 31 December 2019

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Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2019

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Guardian Digital Communications Limited

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Annual Report and financial statements

Year ended 31 December 2019

General Information

Directors

Ian McCullagh
Vincent Kennedy
Daniel Pekofske
Oscar Henken
Nigel Hardaker

Company Secretary

David England

Registered Office

Nova South
160 Victoria Street
London
SW1E 5LB

Independent Auditor

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

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Strategic report

The Directors present their strategic report for Guardian Digital Communications Limited for year ended 31 December 2019.

Principal activities and business review

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

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

The Home Office commissioned the Airwave network as a Private Finance Initiative ("PFI"), whereby a private contractor develops or builds an asset up-front using their own funding, before being paid by the government for the use of that service over the long-term.

Profit after interest and taxation was £120.0m for the year ended 31 December 2019 (2018: £110.0m).

Operating review

During the reporting year the Company received £120,000,000 of dividends from its subsidiary, Airwave compared to £110,000,000 for the year ended 31 December 2018.

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 subsidiaries is continually monitored.

Financial risk management objectives, policies and exposure

The Company's operations expose it to a variety of financial risks. The Company's overall risk management programme seeks to minimise potential adverse effects as noted below.

Liquidity risk

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

Brexit

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

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Strategic report (continued)

Principal risks and uncertainties (continued)

COVID-19

The Company's subsidiaries are exposed to economic risks arising from the impact of the Covid19 pandemic.

However, these risks are expected to be minimal, as most of the trading subsidiaries' income is derived from long term contracts with UK public sector customers, from which demand is not expected to be adversely affected as a result of the pandemic.

Key performance indicators

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

Statement in accordance with requirements of S172 Companies Act.

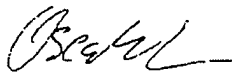
Section 172(1) of the Companies Act 2006 specifies that each director must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to;

- 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 Company has reviewed the financial performance and position of the Company, having due regard to the wider context of the group's performance, and has 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



Oscar Henken
Director

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

9 September 2020

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

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Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2019.

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

Directors

Ian McCullagh	
Vincent Kennedy	(resigned 17 June 2020)
Daniel Pekofske	
Ian Waddell	(resigned 31 January 2019)
Oscar Henken	(appointed 1 April 2019)
Nigel Hardaker	(appointed 17 June 2020)

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

Joanne Bamber	(resigned 20 February 2020)
David England	(appointed 20 February 2020)

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 as at the date of approval of the financial statements.

Future developments

The Company plans to continue holding its investment in Airwave.

Dividend

The directors have declared £120.0 million of dividends for the year ended 31 December 2019 (2018: £110.0 million).

Going concern

Due to the potential impact of the Coronavirus pandemic on the Company's subsidiary undertakings, 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.

Guardian Digital Communications Limited

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Annual Report and financial statements

Year ended 31 December 2019

Directors' report (continued)

Post balance sheet events

In 2020, the Company received a further dividend of £50.0 million from Airwave. Upon receipt of this dividend, the directors declared a dividend of £50.0 million to its immediate parent Company.

COVID-19

The Company's subsidiaries are exposed to economic risks arising from the impact of the Covid19 pandemic.

However, these risks are expected to be minimal, as most of the trading subsidiaries' income is derived from long term contracts with UK public sector customers, from which demand is not expected to be adversely affected as a result of the pandemic.

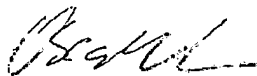
Auditor

Following a global tender for audit services, the Company's previous auditor, KPMG LLP, was not reappointed. Pursuant to Section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP was appointed as the Company's new auditor.

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.

On behalf of the Board



Oscar Henken
Director

9 September 2020

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

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2019

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 the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

On behalf of the Board



Oscar Henken
Director

9 September 2020

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

Guardian Digital Communications Limited

Registered number 06143540.

Annual Report and financial statements

Year ended 31 December 2019

Independent auditors' report to the members 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 2019 and of its profit for the year then ended;
- have been properly prepared 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); 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 2019; the Statement of comprehensive income, and 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.

Conclusions relating to going concern

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

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

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

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.

Guardian Digital Communications Limited

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Annual Report and financial statements

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

Reporting on other information (continued)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2019 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 set out on page 7, 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.

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.

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. 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 members 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

Year ended 31 December 2019

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

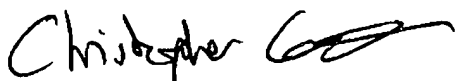
Other required reporting

Companies Act 2006 exception reporting

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

- we have not received 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.



Christopher Cook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

9 September 2020

Guardian Digital Communications Limited

Registered number 06143540

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Year ended 31 December 2019

Statement of comprehensive income

	Year ended 31 December 2019	Year ended 31 December 2018
Note	£'000	£'000
Total income from investment in subsidiaries		
Dividends received	120,000	110,000
Profit before taxation	120,000	110,000
 Tax on profit	3 -	-
Profit for the financial year	120,000	110,000
 Other comprehensive income	-	-
 Total comprehensive income attributable to the owners of the Company	120,000	110,000

All results relate to continuing operations.

The notes on pages 14 to 20 form an integral part of these financial statements.

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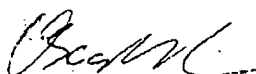
Year ended 31 December 2019

Balance sheet

		As at Year ended	As at Year ended
		31 December 2019	31 December 2018
Note	£'000	£'000	£'000
Tangible assets			
Investments	6	563,409	563,409
Current assets			
Cash at bank and in hand		217	217
Net current assets		217	217
Total assets		<u>563,626</u>	<u>563,626</u>
Net assets		<u>563,626</u>	<u>563,626</u>
Capital and reserves			
Called up share capital	7	-	-
Capital contribution		1,294,342	1,294,342
Profit and loss account		<u>(730,716)</u>	<u>(730,716)</u>
Total Shareholders' funds		<u>563,626</u>	<u>563,626</u>

The notes on pages 14 to 20 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 9 September 2020 and were signed on its behalf by:



Oscar Henken

Director

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2019

Statement of changes in equity

	Note	Capital contribution £'000	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2018		1,294,342	-	(730,716)	563,626
Profit for the year and total comprehensive income		-	-	110,000	110,000
Dividend	5	-	-	(110,000)	(110,000)
Balance at 31 December 2018		1,294,342	-	(730,716)	563,626
Balance at 1 January 2019		1,294,342	-	(730,716)	563,626
Profit for the year and total comprehensive income		-	-	120,000	120,000
Dividend	5	-	-	(120,000)	(120,000)
Balance at 31 December 2019		1,294,342	-	(730,716)	563,626

The notes on pages 14 to 20 form an integral part of these financial statements.

Guardian Digital Communications Limited

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Annual Report and financial statements

Year ended 31 December 2019

Notes to the financial statements

1 Summary of significant accounting policies

Accounting policies

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

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

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

The Company's ultimate parent undertaking, Motorola Solutions Inc. includes the Company in its consolidated financial statements. The consolidated financial statements of Motorola Solutions Inc. are prepared in a manner equivalent to consolidated financial statements 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 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 potential impact of the Coronavirus pandemic on the Company's subsidiary undertakings, 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.

Guardian Digital Communications Limited

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Notes to the financial statements (continued)

1 Summary of significant accounting policies

(c) Basic financial instruments

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) 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.

(f) 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.

Guardian Digital Communications Limited

Registered number 06143540

Annual Report and financial statements

Year ended 31 December 2019

Notes to the financial statements (continued)

1 Summary of significant accounting policies (continued)

Taxation (continued)

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.

(g) 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.

(h) 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.

(i) 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.

(i) 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:

Critical accounting estimates

Investment impairment

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

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Notes to the financial statements (continued)

1 Summary of significant accounting policies (continued)

Critical accounting estimates and judgements (continued)

As a non-adjusting post balance sheet event, as at 31 December 2019 the impact of COVID-19 has not been considered in the value in use calculation used by management to support the valuation of the investments in subsidiary undertakings at 31 December 2019. The impact of COVID-19 is likely to increase the estimation uncertainty of future cashflow projections and the carrying value of investments in subsidiary undertakings in the future.

Critical judgements

Management have not made any critical judgements in applying the entity's accounting policies.

2 Operating result

The Company has no employees (2018: none).

The audit fee of £14,000 payable to PricewaterhouseCoopers LLP (2018: £13,000, paid to KPMG) is borne by the subsidiary Company, Airwave Solutions Limited. No amount was recharged to the company.

3 Tax on profit

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Total tax charge	-	-

Factors affecting total tax charge for the year are explained below

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
(a) Profit before tax	120,000	110,000
Profit at rate of corporation tax of 19.00% (2018: 19.00%)	22,800	20,900
Factors affecting tax charge:		
- Dividends not taxable	(22,800)	(20,900)
Total tax charge	-	-

4 Deferred Tax

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Total tax charge	-	-

Deferred tax of £1,600,000 (2018: £1,600,000) on operating losses has not been recognised as it is not considered to be recoverable.

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Notes to the financial statements (continued)

5 Dividends

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Ordinary dividend declared	120,000	110,000
	120,000	110,000

6 Investments

Investment in subsidiary undertakings	£000
Cost	
At 31 January 2019	563,409
Net book value	
As at 31 December 2019	563,409
Net book value	
As at 31 December 2018	563,409

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

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

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 2019 £	As at 31 December 2018 £
5,000,000 (31 December 2018: 5,000,000) Ordinary Shares of £0.01 each	50,000	50,000

Issued and fully paid

	As at 31 December 2019 £	As at 31 December 2018 £
100 (31 December 2018: 100) Ordinary Share of £0.01 each	1	1

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

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Notes to the financial statements (continued)

8 Directors' remuneration

The remuneration of the directors for their services to the Company and subsidiaries for the year ended 31 December 2019 all of which is borne by the subsidiary Company, Airwave Solutions Limited, was as follows:

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Directors' remuneration	1,274	1,432
Company contributions to money purchase pension plans	32	46
	1,306	1,478

At 31 December 2019, five (2018: two) directors held shares or share options under a long-term incentive scheme. During the year two directors (2018: 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 2019	Number of directors At 31 December 2018
Money purchase schemes	3	3
	3	3

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

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 2019 £'000	Year ended 31 December 2018 £'000
Director's remuneration	843	634
Money purchase pension plan	23	23
	866	657

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

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 other contingent liabilities or guarantees on which material losses are expected (2018: £nil). The Company does not believe there are any pending legal proceedings which would have a material adverse effect on the financial position or results of operations of the Company

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Notes to the financial statements (continued)

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 publically listed on the New York Stock Exchange (NYSE). The financial statements of Motorola Solutions Inc. are available to the public and may be obtained from <http://investors.motorolasolutions.com>.

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 investors.motorolasolutions.com.

12 Events occurring after balance sheet date

During the year 2020, the Company received dividends of £50.0 million from Airwave Solutions Limited. Upon receipt of this dividend, the directors declared dividends of £50.0 million to its immediate parent Company.

COVID-19

The Company's subsidiaries are exposed to economic risks arising from the impact of the Covid19 pandemic.

However, these risks are expected to be minimal, as most of the trading subsidiaries' income is derived from long term contracts with UK public sector customers, from which demand is not expected to be adversely affected as a result of the pandemic.