

**SmartComms SC Limited (formerly
Thunderhead Limited)**

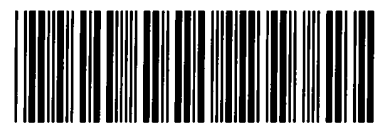
Annual Report and Financial Statements

Year Ended

31 December 2016

Company Number 04303041

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SmartComms SC Limited (formerly Thunderhead Limited)

Company Information

Director	G J Wright (appointed 8 September 2016)
Registered number	04303041
Registered office	Catalyst House 720 Centennial Court Centennial Park Elstree Hertfordshire WD6 3SY
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

SmartComms SC Limited (formerly Thunderhead Limited)

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SmartComms SC Limited (formerly Thunderhead Limited)

Strategic Report For the Year Ended 31 December 2016

Chief Executive Officer's Report

The Smart Communications business traded well in the period. Bookings in 2016 were good which is a sign of the confidence our customers have in the company and is a testament to the strength of the product and the value proposition for those customers. Revenues and EBITDA performed well and we generated healthy operating cash flows. This performance enables us to invest in developing our products and better serve our customers in the future.

We are seeing a favourable market for our product set SmartComms, SmartCorr and SmartDX driven by an increasing acceptance of the benefits of cloud based customer communication management and collaboration.

- Our ability to give enterprise customers true business control over the development of their transaction documents and customer communications and enable omnichannel output from a single template, all in the cloud, is unique.
- Our cloud services are flexible and where they exist we are able to address customers concerns around data privacy and data protection through our hybrid cloud offering. With this approach sensitive information remains within the customers firewalls but they secure the benefits of our SaaS cloud based service. The collaboration features of our product set enable our customers to negotiate and conclude documents with their counterparties in a controlled, auditable and efficient manner.

Overall our products enable our customers to reduce cost, complexity and risk whilst improving the quality of engagement with their customers.

We continue to expand our Correspondance-as-a-Service (CaaS) model where we embed our products in market-leading business platforms and software solutions. This extends our direct model into our partner's customer base and their ecosystem. We have continued to see success with Salesforce, Guidewire, EY Nexus, Casenet and others and since the year end we have signed a number of additional CaaS partnership agreements.

Our professional services and support teams are delivering real value to new and existing customers ensuring smooth product implementation, training and ongoing service assurance. Post-acquisition we are also investing significantly in resources to further support our existing customers.

The carve-out was the right outcome for the business and its employees and I'm proud of how as a group they pulled together and demonstrated their capabilities and the real breadth and depth of their skills.

In summary we have a strong business, great products, world class partners, a set of customers we are honored to serve, a well-funded and supportive shareholder and a dedicated and industry leading group of employees. I am confident that we enter 2017 in a good position and with many exciting opportunities ahead of us.

Business model

The principal activity of the Company is the development of computer software for customer communication management (CCM) and related services. Our software is used to improve the way our customers engage with their customers through transaction and other customer related documents and communications. The software is licensed and delivered on a subscription basis to customers as Software-as-a-Service (SaaS) based on cloud infrastructure.

SmartComms SC Limited (formerly Thunderhead Limited)

Strategic Report For the Year Ended 31 December 2016

Financial review

Following the operational separation of the two business divisions, Smart Communications and One in 2015, the divisions legally separated on 1st of January 2016 transferring all One assets and liabilities at fair value to a newly created legal entity, respectively settling all the intercompany balances. On 8 September 2016 SmartComms SC Limited was sold to Platinum Acquisition Limited, as part of the Platinum Newco III Limited (formerly Thunderhead Topco Limited) group, under a share purchase agreement.

The separation of ONE has been treated as a discontinued operation and 2015 results have been re-presented to show the impact ONE had on the comparative period. There were some exceptional costs incurred in the results for the current financial year in relation to this separation. During the year the \$30m Proventus bank loan, which was mainly sourced for the development of One product, was repaid in full. The early repayment of the loan resulted in a realised foreign exchange loss and fees totalling £11.6m.

Following the sale of the SmartComms group a reorganisation took place within SmartComms SC Limited and the Company disposed of its investment in SmartComms LLC to another group company at market value. A gain on sale of the subsidiary of £9.5m has been recognised in the income statement.

The controlling shareholders of the Company's Ultimate Parent, Platinum Topco Ltd, are funds managed by Accel-KKR. For over 15 years Accel-KKR has focused on investing in mid-market software and technology enabled growth companies. The firm has significant committed capital across its buyout and growth capital funds and a track record of supporting the development of its investee companies.

The Company's performance for continuing operations for the year ended 31 December 2016 was good, generating revenue in the period of £12.7m (2015: Continuing operations - £12.3m) and operating profit (before reorganisations costs and gain on disposal of subsidiary undertaking) of £7.6m (2015: Continuing operations - £2.3m).

Key performance indicators

	2016	2015
Revenue	£12.7m	£12.3m
Operating profit (before reorganisations costs and gain on disposal of subsidiary undertaking)	£7.6m	£2.3m

Revenue

As the prime measure of the value our customers see in our products, revenue and revenue growth are key to measuring the success of our business and our growth strategies.

Operating profit/(loss) (before reorganisation costs and depreciation)

Operating profit/(loss) (before reorganisation costs and depreciation) is a measure of the quality of our revenue and revenue growth. It is also a measure of the value added by the Company reflecting the quality of our products and our organisational effectiveness.

SmartComms SC Limited (formerly Thunderhead Limited)

Strategic Report For the Year Ended 31 December 2016

Strategy

The strategy of the Company is to target end customer markets that have good growth potential and where our products can deliver real value to our customers. We will look for additional use cases for our software within existing customers as well as targeting new. We will continue to develop our products with features and functionality that will improve our value proposition and we will incorporate the latest innovations where it will drive a higher quality, more co-ordinated and larger scale conversation between our customers and their customers. We will continue to focus on cloud and hybrid cloud based solutions and over time migrate our subscription based customers to our SaaS solution.

Principal risks and uncertainties

Financial performance

Continued profitability and cash flow generation from contracts are required to enable the Company to continue to develop our products and meet our financing obligations. The Company manages this risk by ensuring commercial reviews of key contracts and ongoing monitoring of financial performance.

Product quality and functionality

Maintaining and developing high quality, value adding software products is key to ensure our existing customers continue to see the value created from the Company's products. This also enables us to win additional business from those customers and secure new customer. The Company manages this risk by following an industry standard approach to product development and support and by maintaining an awareness of the latest innovations in our market.

Data security, data protection and system availability

As a cloud base Software as a Services (SaaS) provider it is critical that we comply with the regulator's and customer's requirements relating to data privacy, data protection and system availability. To manage this risk the Company follows industry leading frameworks for the management of data and the underlying hardware systems.

This report was approved by the board on 28 September 2017 and signed on its behalf.



G J Wright
Director

SmartComms SC Limited (formerly Thunderhead Limited)

Directors' Report For the Year Ended 31 December 2016

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

Results and dividends

The profit for the year, after taxation, amounted to £5,811,796 (2015 - loss £16,160,915).

Dividends of £Nil were paid in the year by the Company (2015: Nil).

Directors

The directors who served during the year were:

G J Wright (appointed 8 September 2016)
G R Manchester (resigned 8 September 2016)
P A Milton (resigned 8 September 2016)
J A Lumsden (resigned 8 September 2016)

Political donations

During the year, the Company made £Nil (2015: £Nil) political donations.

Financial risk management

The Company's activities expose it to a number of financial risks. Details of these and how the Company mitigates these risks are set out below.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices. Each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating "A" are accepted. The Company holds £1,700,000 of its cash balance at 31 December 2016 (2015: £6,000,000) in liquidity shares Class 2 with Standard Life (AA+ rating). These funds are available same day on demand.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Board receives cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Market risk

Market risk arises from the Company's use of interest bearing, tradeable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

SmartComms SC Limited (formerly Thunderhead Limited)

Directors' Report (continued) For the Year Ended 31 December 2016

Financial risk management (continued)

Cash flow interest rate risk

The Company is exposed to cash flow interest rate risk from long-term borrowings at variable rates.

During the periods under review, the Company's borrowings at variable rate were denominated in US Dollars.

Foreign exchange risk

Foreign exchange risk arises the Company enters into transactions denominated in a currency other than its functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency (primarily US Dollar or Pound Sterling) with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

The Group operates a treasury policy allowing hedging of foreign currencies up to 18 months in order to reduce the foreign exchange risk exposure.

In order to monitor the continuing effectiveness of this policy, the Board receives a monthly cash flow forecast along with details of liabilities due for settlement and expected cash reserves.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Likely future developments in the business of the Company

Information on likely future developments in the business of the Company has been included in the Strategic Report.

Research and development

The Company continues to invest in research and development expensing the costs in the income statement for the year. Total R&D costs from continuing operations totalled £4,652,275 (2015: continuing operations £4,742,448).

Employment of disabled persons

The Company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

The Company's HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the Company, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the Company. Retraining of employees who become disabled whilst employed by the company is offered where appropriate.

Employee involvement

The Company maintains an HR intranet site that provides employees with information on matters of concern to them as employees, including the financial and economic factors affecting the performance of the Company. The intranet site includes functionality that enables employees to express views on matters that affect them anonymously and the Group also undertakes a biennial staff survey to canvas views on significant matters.

SmartComms SC Limited (formerly Thunderhead Limited)

Directors' Report (continued) For the Year Ended 31 December 2016

Disclosure of information to auditors

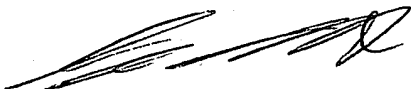
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28 September 2017 and signed on its behalf.



G J Wright
Director

SmartComms SC Limited (formerly Thunderhead Limited)

Directors' Responsibilities Statement For the Year Ended 31 December 2016

The director is responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 these financial statements, the director is 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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. He is 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.

SmartComms SC Limited (formerly Thunderhead Limited)

Independent Auditors' Report to the Members of SmartComms SC Limited (formerly Thunderhead Limited)

We have audited the financial statements of Smartcomms SC Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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 financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

SmartComms SC Limited (formerly Thunderhead Limited)

Independent Auditors' Report to the Members of SmartComms SC Limited (formerly Thunderhead Limited) (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Julian Frost

Julian Frost (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 29 September 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

SmartComms SC Limited (formerly Thunderhead Limited)

Statement of Comprehensive Income For the Year Ended 31 December 2016

	Note	Continuing operations 2016 £	Discontin'd operations 2016 £	Total 2016 £	Continuing operations 2015 £	Discontin'd operations 2015 £	Total 2015 £
Turnover	4	12,733,412	-	12,733,412	12,328,771	124,533	12,453,304
Cost of sales		(2,728,581)	-	(2,728,581)	(2,215,887)	(166,787)	(2,382,674)
Gross profit		10,004,831	-	10,004,831	10,112,884	(42,254)	10,070,630
Administrative expenses		(16,334,981)	-	(16,334,981)	(12,804,817)	(16,297,039)	(29,101,856)
Reorganisation costs		(658,802)	-	(658,802)	(492,902)	(627,329)	(1,120,231)
Other operating income	5	13,994,172	-	13,994,172	5,050,537	-	5,050,537
Gain on disposal of subsidiary undertaking	13	9,500,580	-	9,500,580	-	-	-
Operating profit/(loss)	6	16,505,800	-	16,505,800	1,865,702	(16,966,622)	(15,100,920)
Interest receivable and similar income		20,069	-	20,069	22,484	-	22,484
Interest payable and expenses	10	-	(11,673,159)	(11,673,159)	-	(2,931,056)	(2,931,056)
Profit/(loss) before tax		16,525,869	(11,673,159)	4,852,710	1,888,186	(19,897,678)	(18,009,492)
Tax on profit/(loss)	11	959,086	-	959,086	924,288	924,289	1,848,577
Profit/(loss) for the year		17,484,955	(11,673,159)	5,811,796	2,812,474	(18,973,389)	(16,160,915)

There was no other comprehensive income for 2016 (2015: £NIL).

The notes on pages 13 to 30 form part of these financial statements.

SmartComms SC Limited (formerly Thunderhead Limited)

Registered number: 04303041

Balance Sheet As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	12	74,052	783,611
Investments	13	22,157	58,367
		<u>96,209</u>	<u>841,978</u>
Current assets			
Debtors: amounts falling due within one year	14	9,414,302	6,228,944
Cash at bank and in hand		4,136,808	7,125,294
		<u>13,551,110</u>	<u>13,354,238</u>
Creditors: amounts falling due within one year	15	(32,965,667)	(19,910,872)
Net current liabilities		<u>(19,414,557)</u>	<u>(6,556,634)</u>
Total assets less current liabilities		<u>(19,318,348)</u>	<u>(5,714,656)</u>
Creditors: amounts falling due after more than one year	16	(2,266,295)	(21,659,135)
Provisions for liabilities			
Other provisions	21	(111,261)	(133,909)
Net liabilities		<u>(21,695,904)</u>	<u>(27,507,700)</u>
Capital and reserves			
Called up share capital	22	1,000,000	1,000,000
Share based payment	23	-	168,526
Profit and loss account	23	(22,695,904)	(28,676,226)
		<u>(21,695,904)</u>	<u>(27,507,700)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2017.



G J Wright
Director

The notes on pages 13 to 30 form part of these financial statements.

SmartComms SC Limited (formerly Thunderhead Limited)

Statement of Changes in Equity For the Year Ended 31 December 2016

	Called up share capital £	Share based payment reserve £	Profit and loss account £	Total equity £
At 1 January 2016	1,000,000	168,526	(28,676,226)	(27,507,700)
Comprehensive income for the year				
Profit for the year	-	-	5,811,796	5,811,796
Total comprehensive income for the year	-	-	5,811,796	5,811,796
Contributions by and distributions to owners				
Settlement of share option scheme	-	(168,526)	168,526	-
Total transactions with owners	-	(168,526)	168,526	-
At 31 December 2016	1,000,000	-	(22,695,904)	(21,695,904)

Statement of Changes in Equity For the Year Ended 31 December 2015

	Called up share capital £	Share based payment reserve £	Profit and loss account £	Total equity £
At 1 January 2015	1,000,000	155,402	(12,515,311)	(11,359,909)
Comprehensive income for the year				
Loss for the year	-	-	(16,160,915)	(16,160,915)
Total comprehensive income for the year	-	-	(16,160,915)	(16,160,915)
Contributions by and distributions to owners				
Share based payment	-	13,124	-	13,124
Total transactions with owners	-	13,124	-	13,124
At 31 December 2015	1,000,000	168,526	(28,676,226)	(27,507,700)

The notes on pages 13 to 30 form part of these financial statements.

SmartComms SC Limited (formerly Thunderhead Limited)

Notes to the Financial Statements For the Year Ended 31 December 2016

1. General information

Smartcomms SC Limited is a private company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the Strategic Report.

On 28 October 2016, the Company passed a special resolution to change its name to Smartcomms SC Limited (formerly Thunderhead Limited).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Platinum Topco Limited as at 31 December 2016 and these financial statements may be obtained from Catalyst House, 720 Centennial Court, Elstree, Hertfordshire, WD6 3SY.

SmartComms SC Limited (formerly Thunderhead Limited)

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.3 Going concern

At 31 December 2016 the Company had net liabilities of £21.7 million (2015: £27.5 million) and generated net profits of £5.8 million (2015: loss £16.2 million) for the year then ended. The director has prepared financial forecasts and is satisfied the Company will be able to operate within the existing facilities for the next twelve months following approval of these financial statements. The director is confident that the forecasts will be achieved, but recognises that there could be delays in converting the current strong order pipeline to revenue. Should this be the case, the director is satisfied, that there are steps that the Company can take to reduce current discretionary expenditure and is confident that the Company will be able to meet its liabilities as they fall due for the foreseeable future. It is on that basis that the director considers it appropriate to prepare the Company's financial statements on a going concern basis.

2.4 Exemption from preparing consolidated financial statements

The Company has taken advantage of the exemption conferred by s400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the EEA consolidated financial statements of a larger group, details of which can be found in note 28.

2.5 Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of value added tax. Revenue on Software as a Service (SaaS) contracts, maintenance and support services sales is recognised over the period to which it relates. Revenue on licence sales is recognised at the date of delivery of the fully functional software.

2.6 Research and development

Expenditure on research and development is charged to the Statement of Comprehensive Income in the period in which it is incurred.

2.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all tangible fixed assets, less residual value, in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Computer equipment	-	33.33% per annum
Office equipment	-	33.33% per annum
Furniture and fittings	-	25% per annum
Leasehold improvements	-	across the remaining minimum lease term

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

2.8 Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

SmartComms SC Limited (formerly Thunderhead Limited)

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.9 Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company, and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over the shorter of the lease term and the relevant asset's useful life. The capital elements of the future obligations under leases and hire purchase contracts are included as liabilities in the Balance Sheet. The interest elements of the rental obligations are charged in the Statement of Comprehensive Income over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 January 2014) to continue to be charged over the shorter period to the first market rent review rather than the term of the lease.

All other leases are treated as operating leases. Their annual rentals are credited to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Where the Company has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued as the 'wear and tear' occurs.

2.10 Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease. This is released over the remaining lease term.

2.11 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as likely that they will be recovered. Deferred tax assets and liabilities are not discounted.

2.12 Pension contributions

The Company does not operate a pension scheme but makes contributions to the personal pension plans of its employees. Contributions are recognised in the Statement of Comprehensive Income in the period in which they become payable.

SmartComms SC Limited (formerly Thunderhead Limited)

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.13 Foreign currency translation

The financial statements are presented in 'Sterling', which is the Company's functional and presentational currency.

Transactions in foreign currencies are translated into sterling at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Balance Sheet date. These translation differences are taken to the Statement of Comprehensive Income.

Currency differences arising from the translation of the opening net investment in subsidiaries at the closing rate are recognised in other comprehensive income.

2.14 Investments

Investments are shown at cost less provision for impairment.

2.15 Share based payments

The cost of equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined.

At each Balance Sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions which dictate the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous Balance Sheet date is recognised in the Statement of Comprehensive Income with a corresponding entry in equity.

All share options were settled by the reporting date (see note 24).

2.16 Financial instruments

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Derivative financial instruments are carried at fair value with movements recognised in the Statement of Comprehensive Income as they have not been designated as hedges for hedge accounting purposes.

SmartComms SC Limited (formerly Thunderhead Limited)

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.17 Finance costs

Finance costs are charged to Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

2.18 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the director has made the following judgements:

- Determine whether leases entered into by the Company as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether deferred tax assets should be recognised based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts.

Other key sources of estimation uncertainty

- Estimated impairment of group company balances

The Company reviews the solvency and future trading forecasts of subsidiaries to determine whether the group company balances have suffered any impairment.

4. Turnover

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	12,733,412	12,453,304
	<u>12,733,412</u>	<u>12,453,304</u>

SmartComms SC Limited (formerly Thunderhead Limited)

Notes to the Financial Statements For the Year Ended 31 December 2016

5. Other operating income

	2016 £	2015 £
Recharges to subsidiary undertakings	13,994,172	5,050,537
	<u>13,994,172</u>	<u>5,050,537</u>

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2016 £	2015 £
Research & development charged as an expense	4,652,275	10,778,291
Depreciation of tangible fixed assets	123,051	430,454
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	22,000	16,000
Exchange differences	5,102,542	395,401
Operating lease expense - land and buildings	106,156	765,251
Defined contribution pension cost	313,744	574,645
	<u>10,529,768</u>	<u>12,959,042</u>

7. Reorganisation costs

The reorganisation costs of £658,802 relate to legal and professional fees for legal group restructuring pre and post acquisition. The costs have been charged to operating profit and included in administrative expenses in the statement of comprehensive income.

SmartComms SC Limited (formerly Thunderhead Limited)

Notes to the Financial Statements For the Year Ended 31 December 2016

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	7,874,369	16,405,734
Social security costs	1,047,024	2,004,273
Cost of defined contribution scheme	313,744	574,645
	<u>9,235,137</u>	<u>18,984,652</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
Customer success	11	14
Business administration	9	24
SaaS and information technology	22	29
Marketing	2	7
Research and development	61	69
Sales	10	21
	<u>115</u>	<u>164</u>

9. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	-	1,189,719
	<u>-</u>	<u>1,189,719</u>

The highest paid director received remuneration of £NIL (2015 - £1,189,719).

The directors were not remunerated by this Company during the year.

SmartComms SC Limited (formerly Thunderhead Limited)

Notes to the Financial Statements For the Year Ended 31 December 2016

10. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	2,314,748	2,458,802
Realised foreign exchange loss/(gain) on bank loans	2,195,652	-
Finance costs - facility fees	7,162,759	472,254
	<u>11,673,159</u>	<u>2,931,056</u>

11. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	(76,783)	(1,848,577)
Deferred tax		
Origination and reversal of timing differences	(882,303)	-
Taxation credit on loss on ordinary activities	<u>(959,086)</u>	<u>(1,848,577)</u>

SmartComms SC Limited (formerly Thunderhead Limited)

Notes to the Financial Statements For the Year Ended 31 December 2016

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit/(loss) on ordinary activities before tax	<u>4,852,710</u>	<u>(18,009,492)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	970,542	(3,646,922)
Effects of:		
Expenses not deductible for tax purposes	2,790,955	857,391
Adjustments to tax charge in respect of prior periods	-	(938,711)
Non-taxable income	(4,560,392)	(1,324,599)
Research and development credits	(54,293)	(948,639)
Foreign tax credits	-	20,763
Deferred tax not recognised	222,976	2,794,957
Recognition of deferred tax	-	1,324,599
Other differences leading to an increase (decrease) in the tax charge	-	12,584
Changes in tax rates	(328,874)	-
Total tax credit for the year	<u>(959,086)</u>	<u>(1,848,577)</u>

Factors that may affect future tax charges

For further information on deferred tax balances see note 19.

SmartComms SC Limited (formerly Thunderhead Limited)

Notes to the Financial Statements For the Year Ended 31 December 2016

12. Tangible fixed assets

	Leasehold improvements £	Computer equipment £	Fixtures, fittings and office equipment £	Total £
Cost or valuation				
At 1 January 2016	710,268	1,697,710	445,718	2,853,696
Additions	-	45,824	-	45,824
Transfers intra group	(603,644)	(304,126)	(229,980)	(1,137,750)
Disposals	-	(5,404)	(69,232)	(74,636)
At 31 December 2016	<u>106,624</u>	<u>1,434,004</u>	<u>146,506</u>	<u>1,687,134</u>
Depreciation				
At 1 January 2016	328,580	1,446,033	295,472	2,070,085
Charge for the year on owned assets	22,354	90,602	10,095	123,051
Transfers intra group	(249,826)	(160,969)	(94,793)	(505,588)
Disposals	-	(5,234)	(69,232)	(74,466)
At 31 December 2016	<u>101,108</u>	<u>1,370,432</u>	<u>141,542</u>	<u>1,613,082</u>
Net book value				
At 31 December 2016	<u>5,516</u>	<u>63,572</u>	<u>4,964</u>	<u>74,052</u>
At 31 December 2015	<u>381,688</u>	<u>251,677</u>	<u>150,246</u>	<u>783,611</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £	2015 £
Computer equipment	<u>-</u>	<u>20,780</u>

Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the Company has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

SmartComms SC Limited (formerly Thunderhead Limited)

Notes to the Financial Statements For the Year Ended 31 December 2016

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2016	58,367
Additions	3,207,801
Disposals	(3,244,011)
At 31 December 2016	<u>22,157</u>
Net book value	
At 31 December 2016	<u><u>22,157</u></u>
At 31 December 2015	<u><u>58,367</u></u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company at the year end:

Name	Class of shares	Holding	Principal activity
Platinum Software Ltd (formerly Thunderhead Software Ltd)	Ordinary	100 %	Dormant
SmartComms Pty Ltd	Ordinary	100 %	Software sales
Thunderhead GmbH	Ordinary	100 %	In liquidation
Name	Registered office		
Platinum Software Ltd (formerly Thunderhead Software Ltd)	Catalyst House, 720 Centennial Court, Centennial Park, Elstree, Hertfordshire, WD6 3SY		
SmartComms Pty Ltd	Level 18, 175 Pitt Street, Sydney NSW 2000, Australia		

SmartComms SC Limited (formerly Thunderhead Limited)

Notes to the Financial Statements For the Year Ended 31 December 2016

13. Fixed asset investments (continued)

Disposals

During the year SmartComms SC Limited waived certain intercompany debts due from Thunderhead One Limited and Thunderhead BV. Remaining intercompany debts due of £3,207,801 were contributed to Thunderhead Midco One Limited in exchange for an issue of shares in the Company.

On 1 September 2016 SmartComms SC Limited disposed of its investment in Thunderhead Midco One Limited and its subsidiaries; Thunderhead One Inc, Thunderhead One Limited and Thunderhead BV Limited at market value to a related party at that time, Platinum Newco II Limited, at fair value of £5,098,187, resulting in a gain on disposal of £1,890,386.

The net effect of the transfer of Thunderhead One (UK) Limited (note 25), the waiver of intercompany debt due from Thunderhead One (UK) Limited and the subsequent disposal was an expense of £32,742 that has been recognised in administrative expenses.

On 8 September 2016 SmartComms SC Limited disposed of its investment in SmartComms, LLC (previously Thunderhead Inc) at market value to a related party, Platinum Acquisition Limited, recognising an unrealised gain of £9,500,580 in the income statement.

14. Debtors

	2016 £	2015 £
Trade debtors	2,265,544	2,122,584
Amounts owed by group undertakings	5,098,236	-
Other debtors	68,573	2,935,820
Prepayments and accrued income	1,099,646	1,170,540
Deferred taxation (note 19)	882,303	-
	9,414,302	6,228,944

All amounts shown under debtors fall due for payment within one year.

SmartComms SC Limited (formerly Thunderhead Limited)

Notes to the Financial Statements For the Year Ended 31 December 2016

15. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	729,117	636,307
Amounts owed to group undertakings	23,001,838	9,292,073
Other taxation and social security	517,234	387,766
Obligations under finance lease and hire purchase contracts	-	20,149
Other creditors	375,744	274,605
Accruals and deferred income	8,341,734	9,193,107
Financial instruments	-	106,865
	<u>32,965,667</u>	<u>19,910,872</u>

16. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Bank loans	-	20,713,736
Deferred income	2,266,295	945,399
	<u>2,266,295</u>	<u>21,659,135</u>

17. Loans

The maturity of sources of debt finance are as follows:

	2016 £	2015 £
Amounts falling due 2-5 years		
Bank loans	-	20,713,736
	<u>-</u>	<u>20,713,736</u>

During 2015, the Company borrowed \$30,000,000 from Proventus, a European investment fund based in Stockholm, Sweden, under a Senior Facility Agreement, repayable in full in March 2019. The loan accrued interest at a variable rate equivalent to LIBOR plus PIK 14%. Issue costs of £2,388,331 were incurred, which were deducted from the initial carrying value of the loan and were being charged to the Statement of Comprehensive Income as part of the interest charge.

The bank loan was secured on Platinum Newco I Limited (formerly Thunderhead Midco Limited) and other members of the former Group, prior to the sale of the Company.

The bank loan was repaid in full during the year.

SmartComms SC Limited (formerly Thunderhead Limited)

Notes to the Financial Statements For the Year Ended 31 December 2016

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2016 £	2015 £
Within one year	-	20,149
	<u>-</u>	<u>20,149</u>
	<u>-</u>	<u>20,149</u>

19. Financial instruments

	2016 £	2015 £
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	-	(106,865)
	<u>-</u>	<u>(106,865)</u>
	<u>-</u>	<u>(106,865)</u>

Derivative financial liabilities designated as hedges comprise forward contracts for converting excess US Dollars to Sterling.

20. Deferred taxation

	2016 £
At beginning of year	-
Charged to profit or loss	882,303
At end of year	<u>882,303</u>

SmartComms SC Limited (formerly Thunderhead Limited)

Notes to the Financial Statements For the Year Ended 31 December 2016

20. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2016 £
Accelerated capital allowances	206,578
Tax losses carried forward	652,283
Short term timing differences	23,442
	<u>882,303</u>

The deferred tax asset expected to be utilised in the next financial year is £652,283, due to anticipated profits.

21. Provisions

	Dilapidations £
At 1 January 2016	133,909
Charged to profit or loss	(22,648)
At 31 December 2016	<u>111,261</u>

22. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
1,695,232 Ordinary shares of £0.05 each	84,762	84,762
14,848,128 Ordinary A shares of £0.05 each	742,406	742,406
3,456,640 Ordinary B shares of £0.05 each	172,832	172,832
	<u>1,000,000</u>	<u>1,000,000</u>

On 9 March 2015, the shareholders of SmartComms SC Limited transferred their shares in that company in exchange for the allotment of shares in Platinum Newco II Limited (formerly Thunderhead Topco Limited) on a share for share basis. There was no cash consideration.

SmartComms SC Limited (formerly Thunderhead Limited)

Notes to the Financial Statements For the Year Ended 31 December 2016

23. Reserves

The Company's reserves are as follows:

Share based payment reserve

Share based payment reserve represents the cost of the share options of the Company held by the employees for the purpose of long-term incentive schemes.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

24. Share based payments

The Company's two share option schemes, as described below, were set up by the Company in prior years. The sale of the business on 8 September 2016 constituted an exit event and all share options vested at this point.

Senior Executive Plan

Senior executives were granted share options in Thunderhead Limited in prior years. The share options granted vested at various dates dependent on the terms in the individual agreements, unless an exit event occurred at which time all share options vested. The contractual life of the options was 10 years after the grant date if there had been no exit event. There was no cash settlement alternatives.

Management Incentive Plan

During 2011 the company introduced a Management Incentive Plan that entitled all employees once they had been in service for three months to a grant of options over newly created C ordinary shares. The options vested if the employee remained in service when an exit event occurred, be it a listing or a tradesale, and two hurdles were met, one relating to value of the company and one relating to compound annual growth. The exercise price of the options was equal to the estimated market price of the shares and there was no cash settlements.

SmartComms SC Limited (formerly Thunderhead Limited)

Notes to the Financial Statements For the Year Ended 31 December 2016

25. Discontinued operations

In 2015 SmartComms separated the business into two self-contained operating divisions, each with their own unique brand identity: Customer Communications Management under the brand Smart Communications, and Omnichannel Customer Engagement under the brand ONE.

With effect from 1 January 2016, all ONE related transactions were recorded in a separate legal entity, Thunderhead One (UK) Limited, a related party at that time. Employees and related assets and liabilities were transferred at fair value through intercompany. The difference between the book value and fair value of assets in relation to Thunderhead One (UK) Limited was recorded in the income statement. In August 2016, debt due from Thunderhead One (UK) Limited and Thunderhead BV was waived to the value of £13,628,642. In September 2016, SmartComms disposed of all ONE entities, Thunderhead Midco One Limited, Thunderhead One (UK) Limited, Thunderhead BV and Thunderhead One Inc, to Platinum Newco II Limited, a related party, and recognised a gain of £1,890,386. All of these transactions have been recorded in the income statement.

	£
Fair value of assets transferred	12,588,943
Book value of assets transferred:	
Tangible fixed assets	631,324
Debtors	1,940,336
Creditors	(1,393,715)
	<u>(1,177,945)</u>
Difference between book value and fair value	<u>11,410,998</u>
Difference between book value and fair value	11,410,998
Intercompany debt waiver	(13,268,642)
Gain on sale of Thunderhead One (UK) Limited	1,890,386
Amount recognised in the income statement	<u>32,742</u>

The transfer occurred on 1 January 2016 and the only adjustments in the discontinued operations for 2016 are related to the Proventus loan which was mainly sourced for the development of the One product; as the loan was settled in September as part of the acquisition transaction, the cost incurred in the period to the settlement date are deemed as part of the discontinued operation. The results for the year ended 31 December 2015 have been re-presented to reflect the transfer.

SmartComms SC Limited (formerly Thunderhead Limited)

Notes to the Financial Statements For the Year Ended 31 December 2016

26. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	44,000	547,107
Later than 1 year and not later than 5 years	-	1,017,877
	<u>44,000</u>	<u>1,564,984</u>

27. Related party transactions

As a subsidiary of Platinum Topco Limited the Company has taken advantage of the exemption allowed under FRS 102 Section 33.1A not to disclose transactions with other wholly owned members of the Group.

G R Manchester was a director of the Company until resigning on 8 September 2016. At 31 December 2016 the Company was owed £nil (2015: £1,392,976) by G R Manchester under interest-free loan arrangements approved at meetings of the directors.

28. Controlling party

The immediate parent undertaking of the Company is Platinum Newco I Limited (formerly Thunderhead Midco Limited), a company incorporated in England and Wales.

The ultimate parent undertaking was Platinum Newco III Limited (formerly Thunderhead Topco Limited) until 8 September 2016 when the group was sold. The ultimate parent undertaking became Platinum Topco Limited, a company incorporated in England and Wales. The largest and smallest Group in which the results of the Company are consolidated is that headed by Platinum Topco Limited. The financial statements for Platinum Topco Limited can be obtained from the registered office address shown on the company information page.

The ultimate controlling party of the Company is Accel-KKR Capital Partners V, LP. There is no ultimate controlling party of Accel-KKR Capital Partners V, LP.