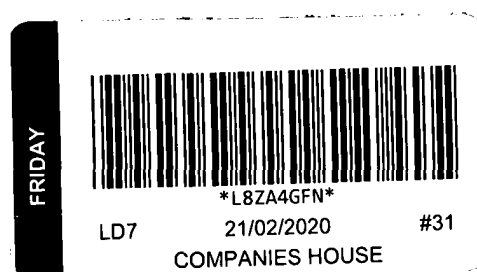


Intelligent Environments Europe Limited
Annual report
for the year ended 31 December 2018

Registered number 01862322



Intelligent Environments Europe Limited

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Intelligent Environments Europe Limited

Directors and advisers for the year ended 31 December 2018

Directors

R Cassis

J P Young

Registered office

Riverview House

20 Old Bridge Street

Kingston-Upon-Thames

Surrey

KT1 4BU

Independent auditors

RSM UK Audit LLP

25 Farringdon Street

London

EC4A 4AB

Solicitors

Clarion Solicitors

Elizabeth House

13-19 Queen Street

Leeds

LS1 2TW

Bankers

National Westminster Bank Plc

5 Market Place

Kingston-Upon-Thames

Surrey

KT1 1JX

Website

www.iedigital.com

Intelligent Environments Europe Limited

Strategic report for the year ended 31 December 2018

The directors present their Strategic Report for the company for the year ended 31 December 2018.

Review of the business and future developments

The principal activity of the company, trading as ieDigital, is the provision of software and services to deliver a Digital Banking Experience Platform for its regional and corporate clients operating in banking and financial services, who wish to improve customer service outcomes via a sophisticated digital experience. Its software and services are provided under long term contracts to a range of clients including the UK's largest banks, other financial institutions, high profile retailers, providers of motor finance (including global vehicle manufacturers) and providers of core banking platforms.

The directors are pleased with the substantial progress that the business has made during the financial year in refocusing the business, its products, services and employees. The business' key Financial Services customers are demanding much more from their Software Vendors and it is no longer sufficient to simply have a great technical solution. In order to succeed, our customers now require expertise in the design and implementation of the solutions. Development of this expertise is helping further differentiate ieDigital from its competitors. We are also seeing demand for solutions that are far more integrated into our customer's systems and processes, and that can evolve quickly as their processes change to adapt to the market and the competition they face. We have therefore heavily invested and continue to invest in our core Interact platform technology product that is at the cornerstone of the business' Enterprise solutions. As part of the improvements in this platform the need for testing resources is diminished and as a result the size of our Belfast office has been reduced significantly streamlining the business employee overheads.

These changes have required ieDigital to undertake a transformation, not only to enhance its offering and build expertise but also to take the people that work for us on a cultural journey. This journey sees them moving away from a purely sales and support model for its digital products to a consultancy led service which then leverages ieDigital's market leading products in the delivery. The provision of digital front-end solutions is no longer enough and the business' future success is critically dependant on ensuring that its customers are using these solutions effectively and are able to evolve them as their market changes rapidly.

This move from being a product-sale focused business to using consultancy expertise to leverage our platform has meant a transformation in our employee's focus. Executing this joint capability puts ieDigital in a very privileged position; the business has a market leading digital product solution combined with the expertise to maximise the benefits of deploying it. This combination of expertise and solution has led to a very healthy sales pipeline for 2020.

We are pleased with the financial performance of the business during the financial year which has included restructuring of the operations and investment in the product technology. General changes in technology now means that direct relationships with our Enterprise customers are key. Whilst our legacy model of engaging with partnerships to build and deploy digital solutions for end customers was appropriate at the time, the customer now requires a direct and close relationship with their digital partner and as a result, we have exited some of our historical client relationships which has led to some revenue decline. This has now been more than offset by the restructuring of the employee base and the advantage of the business teams now being focused on key relationships which underpins the anticipated future years' profitability of the business.

Intelligent Environments Europe Limited

Strategic report

for the year ended 31 December 2018 (continued)

Principal risks and uncertainties

The directors consider the specific risks related to the company's business as a loss of business from significant clients, management of growth, the security of its services and the introduction of adequate systems and processes; and staff recruitment and retention.

Key performance indicators (KPIs)

The KPIs used to measure and control both financial and operational performance on both a short and longer-term basis are detailed below:

	2018 £	2017 £
Revenue	11,136,158	13,558,248
EBITDA	657,167	1,205,430
Net Profit	183,764	731,232

Sales pipeline, revenues, costs, analysis of profit centres and cash are regularly reviewed and forecast to track performance and enable any appropriate action to be taken promptly.

Future developments

Following the restructuring of the business and development of its core products and employee delivery teams in the 2018 financial year, the directors plan to continue the new focus of ieDigital in expanding its consultancy services to its Enterprise customers base and the acquisition of new clients.

Looking forward, the business' priorities will be around reinforcing our customer consultancy skills as well as developing its digital product capability to allow significantly more bespoke customer solutions that also extend into its clients' operational processes. This is likely to see the business leveraging low-code platforms to further enhance its Interact platform to provide a broader capability that meets diverse customer requirements more effectively.

On behalf of the Board



J P Young

Director

20 February 2020

Intelligent Environments Europe Limited

Directors' report for the year ended 31 December 2018

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

Principal activities

The principal activity of the company is the provision of software and services to regional and corporate clients operating in banking and financial services sector.

Future developments

As noted in the Strategic Report, following the restructuring of the business and development of its core products and employee delivery teams in the 2018 financial year, the directors plan to continue the focus of the company in expanding its consultancy services to its Enterprise customer base and the acquisition of new clients.

Results and dividends

The profit for the financial year amounted to £183,764 (2017: £731,232). The directors do not propose a dividend payment (2017: nil).

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk, interest rate and cash flow risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by regularly monitoring levels of debt finance and the related finance costs.

The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. The responsibility of monitoring financial risk management is that of the Board and the policies set by the Board are implemented by the company's finance department. More details can be found in the consolidated financial statements of the parent company, CNH BidCo Limited.

Research and development

The company is committed to continue its research and development activities in order to secure a leading position in online and mobile software application products. In the 2018 financial year the company has applied the option to recognise development costs that are directly attributable to the production of identifiable and unique software products controlled by the company as intangible assets.

Going concern

The directors adopt a going concern basis in preparing the financial statements which they feel is appropriate given the current liquidity position of the company and having regard to its continued sales success. These financial statements are consolidated into CNH BidCo Limited, a direct subsidiary company of CNH Capital Partners LP and the ultimate parent undertaking and controlling party.

After making enquiries, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company and group is expected to be profitable and should be able to meet its liabilities as they fall due. These have additionally been sensitised to assess any impact from a shortfall in business performance. The company and group therefore continue to adopt the going concern basis in preparing its financial statements.

Intelligent Environments Europe Limited

Directors' report for the year ended 31 December 2018 (continued)

Directors

The directors of the company who have held office during this year and up to the date of signing the financial statements were:

R Cassis

M L Chard (resigned 31 December 2018)

J L A Szpiro (resigned 13 December 2019)

P J Hooft (resigned 13 December 2019)

J P Young

Auditor

RSM UK Audit LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Disabled employees

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee involvement

The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in maintaining its competitive advantage. The company encourages the involvement of employees by means of staff suggestion schemes and regular staff communication forums.

Third party indemnity provision for directors

Qualifying third party indemnity provision was in place for the benefit of all directors of the company for the financial year and as at the date of the approval of the financial statements.

Intelligent Environments Europe Limited

Directors' report for the year ended 31 December 2018 (continued)

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 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.

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.

Disclosure of information to the independent auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as information needed by the company's auditors in connection with preparing their report. Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that they ought to have taken in their duty as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board



J P Young
Director
20 February 2020

Intelligent Environments Europe Limited

Independent auditor's report to the members of Intelligent Environments Europe Limited

Opinion

We have audited the financial statements of Intelligent Environments Europe Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Intelligent Environments Europe Limited

Independent auditor's report to the members of Intelligent Environments Europe Limited

Other information (continued)

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions 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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Intelligent Environments Europe Limited

Independent auditor's report to the members of Intelligent Environments Europe Limited

Auditor's 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 auditor's 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 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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

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.

RSM UK Audit LLP

Richard Heap FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street,
London,
EC4A 4AB
21 February 2020

Intelligent Environments Europe Limited

Statement of comprehensive income for the year ended 31 December 2018

	Notes	2018 £	2017 £
Turnover	3	11,136,158	13,558,248
Cost of sales		(1,652,287)	(1,405,091)
Gross profit		9,483,871	12,153,157
Net operating expenses		(9,082,414)	(11,159,056)
Operating profit	6	401,457	994,101
Interest payable and similar charges	7	(58,727)	(80,939)
Profit before taxation		342,730	913,162
Tax on profit	8	(158,966)	(181,930)
Profit for the financial year		183,764	731,232

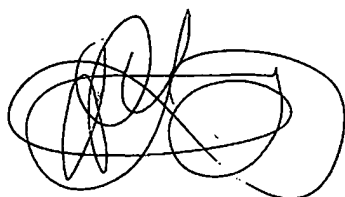
All items dealt with in arriving at operating profit above relate to continuing activities.

Intelligent Environments Europe Limited

Balance sheet as at 31 December 2018

	Notes	2018 £	2017 £
Fixed assets			
Intangible assets	9	1,132,113	2,567
Tangible assets	10	155,650	273,497
Investments	11	100	100
		1,287,863	276,164
Current assets			
Debtors: amounts falling due after more than one year	12	338,738	582,687
Debtors: amounts falling due within one year	12	2,728,847	3,120,593
Cash at bank and in hand		226,279	634,069
		3,293,864	4,337,349
Creditors: amounts falling due within one year	13	(3,472,849)	(3,360,496)
Net current (liabilities)/ assets		(178,985)	976,853
Total assets less current liabilities		1,108,878	1,253,017
Creditors: amounts falling due after more than one year	14	(1,335,376)	(1,658,936)
Net liabilities		(226,498)	(405,919)
Capital and reserves			
Called up share capital	16	215,868	215,868
Share premium account		1,710,281	1,710,281
Share based payment reserve		9,781	14,124
Accumulated losses		(2,162,428)	(2,346,192)
Total shareholders' deficit		(226,498)	(405,919)

The financial statements on pages 10 to 28 were approved and authorised for issue by the Board of directors on 20 February 2020 and were signed on its behalf by:



J P Young
Director
Registered number: 01862322

Intelligent Environments Europe Limited

Statement of changes in equity

for the year ended 31 December 2018

	Called up share capital £	Share premium account £	Share based payment reserve £	Accumulated losses £	Total shareholders' deficit £
Balance as at 1 January 2017	215,868	1,710,281	28,627	(3,077,424)	(1,122,648)
Profit for the year	-	-	-	731,232	731,232
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	731,232	731,232
Charge relating to share based payments	-	-	(14,503)	-	(14,503)
Balance as at 31 December 2017 and 1 January 2018	215,868	1,710,281	14,124	(2,346,192)	(405,919)
Profit for the year	-	-	-	183,764	183,764
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	183,764	183,764
Charge relating to share based payments	-	-	(4,343)	-	(4,343)
Balance as at 31 December 2018	215,868	1,710,281	9,781	(2,162,428)	(226,498)

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2018

1 Accounting policies

Company information

Intelligent Environments Europe Limited is a private company limited by shares incorporated in England and Wales, registration number 01862322. The registered office is Riverview House, 20 Old Bridge Street, Kingston upon Thames, Surrey KT1 4BU.

Statement of compliance

The individual financial statements of Intelligent Environments Europe Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Accounting convention and basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006. 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The financial statements are prepared in sterling which is the functional currency of the company. The entity has chosen to apply section 405 of the Companies Act 2006 by not consolidating its subsidiary undertaking on the basis that its inclusion is not material for the purpose of giving a true and fair view.

Going concern

The assessment of going concern is made by the directors at the date the directors approve the financial statements, taking into account the relevant facts and circumstances at that date including:

- review of profit and cash flow forecasts for the year ahead;
- review of anticipated revenues against forecast;
- timing of cash flows; and
- any financial or operational risks.

CNH Bidco Limited, the immediate parent undertaking, has undertaken not to demand repayment of the loan due to it for a period of one year from the date of signing of these financial statements. On this basis the directors are of the opinion that it is appropriate to prepare the financial statements on the going concern basis.

After making enquiries, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to meet its liabilities as they fall due. These have additionally been sensitised to assess any impact from a shortfall in business performance. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders. The company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows under the terms of paragraph 1.12(b), on the basis that it is a qualifying entity and the company is a subsidiary of CNH Bidco Limited and statement of cash flows is included in its consolidated financial statements;
- (ii) from disclosing share based payment arrangements, required under FRS 102 paragraph 1.12(d)(ii), concerning its own equity instruments. The company financial statements are presented with the consolidated financial statements of its parent company CNH Bidco Limited;
- (iii) from disclosing related party transactions which are part of the CNH Bidco Limited group or investees of CNH Bidco Limited under the terms of paragraph 33.1A of FRS 102.

Turnover

Turnover is derived from the licence, integration and implementation of the company's software and the subsequent provision of software support and maintenance together with, where contracted, hosting services.

Turnover from contracts for software license fees that represent the right to use or deploy the software, or other rights to use or deploy the software, is recognised from the date from which the rights transfer to the customer over the term of the contract. These fees are usually both fixed and variable, the latter relating to customer usage. Turnover from usage related contracts is recognised when the customer has accepted the usage related charge.

Turnover from integration and implementation services is recognised on a percentage-to-completion basis. Under the percentage-to-completion method, provisions for estimated losses on uncompleted contracts are recognised in the period in which the likelihood of such losses is determined. The percentage-to-completion is measured by monitoring progress using records of actual time incurred to date on the project compared with the estimated project requirement.

Turnover from support and maintenance services is recognised on a straight-line basis over the term of the agreement once the licence acceptance conditions have been met. Turnover not recognised in the income statement under this policy is classified as deferred income in the balance sheet.

Turnover attributable to other products and services is recognised as the products are delivered or services are provided.

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Research and development

In the 2018 financial year the company has applied the option to recognise development costs that are directly attributable to the production of identifiable and unique software products controlled by the company as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use or sell it;
- There is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

Other research and development expenditure that do not meet these criteria are recognised as an expense as incurred.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated, using the straight-line method to allocate the depreciable amount of the assets to their residual value over their estimated useful lives. The expected life used for this purpose is:

Software	6 years
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Amortisation is charged to administrative expenses in the statement of comprehensive income.

When factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual value on the straight line basis over the expected useful economic lives of the assets concerned. The expected lives used for this purpose are:

Short leasehold improvements	3 - 10 years or life of lease if shorter
Computer equipment	3 years
Equipment, fixtures and fittings	3 years

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of comprehensive income.

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. The company's subsidiaries do not have any complex financial instruments and thus only apply section 11 of FRS 102.

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled, or substantially all the risks and rewards of ownership of the asset are transferred to another party. Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction where the debt instrument is measured at the present value of minimum lease payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Directly attributable debt instrument arrangement fees are capitalised and amortised over the period of the facility to which it relates.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The company has issued equity instruments to certain employees, the accounting treatment of which is noted above.

Foreign currency

The company's functional and presentation currency is the pound sterling. Foreign currency transactions are translated using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity respectively.

i) *Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

i) *Deferred tax*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Employee Benefits

The group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

i) *Defined contribution pension plans*

The company funds individual employee defined contribution personal pension plans. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further obligations. All contributions to employee personal pension plans are charged to the statement of comprehensive income as they are incurred. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

ii) *Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

iii) *Bonus plans*

The group operates an annual bonus plan for employees. An expense is recognised in the statement of comprehensive income when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Share based payments

Share based payments to employees are measured at fair value and recognised as an expense in the statement of comprehensive income, with a corresponding increase in equity. The fair values of equity settled payments are measured at the dates of grant using option pricing models, taking into account the terms and conditions upon which the awards were granted.

Related party transactions

The group discloses related party transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

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Notes to the financial statements for the year ended 31 December 2018 (continued)

2 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- i) *Useful economic lives of intangible assets*
The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, and economic utilisation. Management assess goodwill for impairment when there are indicators of impairment and it is sensitive to the same estimates as noted above.
- ii) *Capitalised development costs as intangible assets*
The company has capitalised software development costs in the 2018 financial year that were solely incurred by a dedicated team of employees. Management has based the valuation of the directly attributable costs of this development at 90% of the total team's cost.
- iii) *Impairment of debtors*
The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including current credit rating of the debtor, the ageing profile of debtors and historical experience.
- iv) *Recognition of deferred tax assets*
A deferred tax asset is recognised when it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Recognition, therefore, involves judgement regarding the prudent forecasting of future taxable profits of the business and in applying an appropriate risk adjustment factor.

At the balance sheet date management has forecast that the company would generate future taxable profits against which existing tax losses could be relieved.
- v) *Valuation of accruals and provisions*
Certain provisions and accruals require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. Where applicable, the timing of cashflows and the discount rates used to establish net present value of the obligations require management's judgement.

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

3 Turnover

The company's turnover is derived entirely from its principal activity. The analysis by geographical area of the company's turnover is as follows:

By destination	2018 £	2017 £
United Kingdom	7,691,170	8,759,527
Europe	162,274	361,357
USA	3,256,296	4,343,864
Rest of World	26,418	93,500
	11,136,158	13,558,248

4 Directors' emoluments and key management compensation

	2018 £	2017 £
Aggregate emoluments	454,273	516,872
Company pension contributions to money purchase schemes	27,620	25,652
	481,893	542,524

Retirement benefits are accruing to 1 director (2017: 2 directors) under money purchase schemes. No director exercised share options during the financial year.

Highest paid director

	2018 £	2017 £
Aggregate emoluments	302,385	198,410
Company pension contributions to money purchase schemes	16,666	12,600
	319,051	211,010

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

5 Employee information

The average monthly number of persons (including directors) employed by the company during the financial year was:

By activity	2018 Number	2017 Number
Office and management	11	13
Research and development/technical	68	95
Sales and marketing	15	12
	94	120

Staff costs (for the above persons including executive directors)	2018 £	2017 £
Wages and salaries	6,215,415	6,845,022
Social security costs	734,295	793,774
Other pension costs	601,766	743,965
Share based payments	-	(14,503)
	7,551,476	8,368,258

The outstanding pension contributions payable at the year-end were £41,212 (2017: £59,231).

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

6 Operating profit

	2018 £	2017 £
Operating profit is stated after charging/ (crediting)		
Amortisation of intangible assets	104,753	14,457
Depreciation of owned tangible fixed assets	150,957	196,872
Services provided by the company's auditors		
- Fees payable for the audit	25,000	19,500
- Fees payable for tax advisory services	5,000	5,000
- Fees payable for other non-audit services	-	3,000
R&D tax credit	(180,000)	(199,207)
Operating lease charges - premises	420,240	442,768

7 Interest payable and similar charges

	2018 £	2017 £
Interest payable on loan from parent company	58,727	80,939

8 Tax on profit

(a) Analysis of charge in year

	2018 £	2017 £
Current tax		
UK corporation tax on results of the year	34,200	38,491
Total current tax	34,200	38,491
Deferred tax		
Origination of timing differences (note 15)	124,766	143,439
Total deferred tax	124,766	143,439
Total tax on profit	158,966	181,930

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

8 Tax on profit (continued)

(b) Factors affecting the tax charge for year

The tax assessed for the year higher (2017: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2018 of 19% (2017: 19%). The differences are explained below.

	2018 £	2017 £
Profit before taxation	342,730	913,162
Profit multiplied by standard rate of corporation tax in the UK of 19% (2017: 19%)	65,119	173,501
Effects of:		
Expenses not deductible for tax purposes	(1,859)	3,022
Movements in deferred tax not recognised	2,056	-
Tax on R&D tax credits	34,200	-
Recognised deferred tax (note 15)	124,766	165,470
Losses utilised	(65,316)	(160,063)
Total tax charge	158,966	181,930

9 Intangible assets

	Software £	Total £
Cost		
At 1 January 2018	103,944	103,944
Additions	1,234,299	1,234,299
At 31 December 2018	1,338,243	1,338,243
Accumulated amortisation		
At 1 January 2018	101,377	101,377
Charge for the year	104,753	104,753
At 31 December 2018	206,130	206,130
Net book amount		
At 31 December 2018	1,132,113	1,132,113
At 31 December 2017	2,567	2,567

Intangible asset additions in the year consist of internal software development costs capitalised in the financial year.

Intelligent Environments Europe Limited

Notes to the financial statements

for the year ended 31 December 2018 (continued)

10 Tangible assets

	Short leasehold Improvements £	Computer equipment £	Equipment, fixtures and fittings £	Total £
Cost				
At 1 January 2018	1,018,457	1,268,136	669,470	2,956,063
Additions	-	19,438	13,672	33,110
At 31 December 2018	1,018,457	1,287,574	683,142	2,989,173
Accumulated depreciation				
At 1 January 2018	864,542	1,189,238	628,786	2,682,566
Charge for the year	60,125	54,995	35,837	150,957
At 31 December 2018	924,667	1,244,233	664,623	2,833,523
Net book amount				
At 31 December 2018	93,790	43,341	18,519	155,650
At 31 December 2017	153,915	78,898	40,684	273,497

11 Investments

Shares in group undertakings	2018 £	2017 £
As at 1 January and 31 December	100	100

Investments in group undertakings are stated at cost plus the fair value of any additional costs directly attributable to the acquisition of those shares. All subsidiary undertakings are registered in England and Wales at the address on page 1. The Directors believe that the carrying value of the investments is supported by their underlying net assets. The company's subsidiary undertakings are:

Company	Holding	Percentage	Principal activity
Intelligent Environments Limited	Ordinary	99%	Dormant
IE Digital Limited	Ordinary	100%	Dormant

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

12 Debtors

	2018	2017
	£	£
Amounts falling due within one year		
Trade debtors	1,167,371	1,645,631
Other debtors	828,960	580,734
Deferred tax asset	190,000	70,817
Prepayments and accrued income	480,701	775,644
Amounts owed from group undertakings	61,815	47,767
	2,728,847	3,120,593
Amounts falling due after more than one year		
Deferred tax asset	317,000	560,949
Other debtors	21,738	21,738
	338,738	582,687
	3,067,585	3,703,280

The amounts owed from group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

13 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	1,077,343	475,413
Taxation and social security	435,240	530,428
Other creditors	69,435	29,509
Accruals	808,793	710,229
Deferred income	1,082,038	1,614,917
	3,472,849	3,360,496

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

14 Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Deferred income	514,285	685,714
Amounts owed to parent undertaking	821,091	973,222
	1,335,376	1,658,936

As at 31 December 2018 the amount owed to the parent company was unsecured, carried interest at 6% over LIBOR, and had no fixed repayment date and no intention of being recalled by the parent company within 12 months.

15 Deferred tax asset

	2018	2017
	£	£
1 January	631,766	775,205
Charge to statement of comprehensive income	(124,766)	(143,439)
31 December	507,000	631,766

Deferred tax charged in the financial year, provided in the financial statements at year end and the amounts, for which no provision has been made, are as follows:

	2018	2017
	£	£
Tax effect of timing difference because of:		
Depreciation in excess of capital allowances	65,509	64,287
Losses	441,491	567,479
Deferred tax asset	507,000	631,766

Deferred tax has been recognised in line with the corporation tax rates when the applicable asset or liability was expected to reverse. The Directors consider that there is sufficient evidence of future profitability for the deferred tax asset to be recognised.

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

16 Called up share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1,598,972 (2017: 1,598,972) 'A' ordinary shares of 10p each	159,897	159,897
26,650 (2017: 26,650) 'D' ordinary shares of 42p each	11,193	11,193
17,724 (2017: 17,724) 'E2' ordinary shares of 62p each	10,989	10,989
35,333 (2017: 44,333) 'F' ordinary shares of 0.67122p each	239	298
335,504,027,574 (2017: 334,913,353,974) 'Deferred' ordinary shares 0.00001p each	33,550	33,491
	215,868	215,868

On 16 January 2018, 8,800 F shares with a nominal value of 0.67122p per share were reclassified as 590,673,600 deferred ordinary shares of 0.00001p each. The deferred shares attract a cumulative preference dividend at the rate of 0.1% per annum of the nominal value of each deferred share. The purpose of these shares is to provide incentives to the management team and entitle the holder to a percentage of equity returns from the company on exit above a specified hurdle value of £19.76 per share for the holders of E2 shares issued on 25 February 2014. A hurdle value of £13.07 per share applies to the holders of D and F shares issued on 25 February 2013. These have been accounted for as equity settled share-based payments.

17 Operating lease commitments

The company had the following minimum lease payments under non-cancellable operating leases for each of the following periods:

	2018 Land and buildings £	2017 Land and buildings £
Within one year	370,245	433,958
Within two and five years	-	420,000
Later than 5 years	-	-
	370,245	853,958

Following the early termination of its prior property lease agreement, the company signed a new lease for its premises in November 2019 resulting in a reduction in its operating lease commitments. The new lease expires in the 2024 financial year at an annual rental cost of £295,000.

Intelligent Environments Europe Limited

Notes to the financial statements

for the year ended 31 December 2018 (continued)

18 Related Party Transactions

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

19 Ultimate parent undertaking and ultimate controlling party

The immediate parent undertaking is CNH BidCo Limited. The ultimate parent undertaking and ultimate controlling party is CNH Capital Partners LP, a Limited Partnership registered in Guernsey. These financial statements are only consolidated within CNH BidCo Limited, a direct subsidiary company of CNH Capital Partners LP. Copies of the consolidated financial statements of CNH BidCo Limited can be obtained from the company secretary at 20 Old Bridge Street, Hampton Wick, Kingston-Upon-Thames, England, KT1 4BU.