

Intelligent Environments Europe Limited
Annual report
for the year ended 31 December 2021

Registered number 01862322

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Intelligent Environments Europe Limited

Contents

	Page
Directors and advisers	1
Strategic report	2
Directors' report	4
Independent auditor's report	7
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Statement of cash flows	14
Notes to the financial statements	15

Intelligent Environments Europe Limited

Directors and advisers

for the year ended 31 December 2021

Directors

R Cassis
J P Young

Registered office

Riverview House
20 Old Bridge Street
Kingston-Upon-Thames
Surrey
KT1 4BU

Independent auditors

Hawsons Chartered Accountants
Pegasus House
463a Glossop Road
Sheffield
S10 2QD

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 2021

The directors present their Strategic Report for the company for the year ended 31 December 2021.

Review of the business and future developments

The principal activity of the company 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 Intelligent Environments Europe Limited ("ieDigital") has successfully completed its strategic transformation plan that it commenced in 2020. This plan shifted ieDigital's previous go-to-market strategy away from a single product offering to the implementation of digital customer engagement solutions. This transformation reflects the need to offer clients a configured and customised digital solution to improve the way they engage with their customers.

ieDigital has enhanced its product, Interact, to improve the efficiency of implementing client solutions by introducing various upgrades, including the addition of a low-code capability. Low-code allows ieDigital's development teams to focus on customer service outcomes rather than implementation and delivery which results in faster development and quicker time to market – delivery of these digital assets is now undertaken in weeks rather than months or years. ieDigital has also transformed its data centre operations by moving away from private hosting and adopting the public cloud, which is lower cost and more flexible.

We have also continued to invest a significant amount in the underlying product, the focus in 2020 and 2021 was on the completion of ieDigital's product aimed at specialist lending firms and Building Societies who rely on deposits as a source of funds. This solution is now in production with several clients and further potential clients have shown interest.

We are pleased with financial performance for the 2021 financial year during which the business secured new customers whilst concluding on the exit of some old legacy and low margin customers. Its revenue, although a decrease on the 2020 financial year due to the exit of some legacy contracts, resulted in an increase in profitability due to the new strategic customer direction whilst achieving a more efficient delivery model and operations. The current 2022 performance and forecast outturn is strong with an increase in revenue and profitability compared to the 2021 financial year.

Principal risks and uncertainties

The directors consider the specific risks related to the company's business as, management of growth, the security of its services; and staff recruitment and retention.

Intelligent Environments Europe Limited

Strategic report

for the year ended 31 December 2021 (continued)

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:

	2021 £	2020 £
Revenue	6,708,307	7,315,269
EBITDA before exceptional items	1,620,822	1,831,712
Net Profit	2,279,349	1,264,274

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

Looking forward, ieDigital's priorities continue to be around growth, improving operational efficiency and reducing the cost to deploy our core product, Interact

On behalf of the Board



Jeremy Young

Director

23 September 2022

Intelligent Environments Europe Limited

Directors' report for the year ended 31 December 2021

The directors present their report and the audited financial statements for the company for the year ended 31 December 2021.

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, 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 £2,279,349 (2020: £1,264,274). The directors do not propose a dividend payment (2020: 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.

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.

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, including that which may arise from COVID-19 (see below). 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 2021 (continued)

COVID-19

As part of their assessment of the going concern basis of preparation, the directors have considered the existing and potential impact of the COVID-19 pandemic on the company's trade, workforce, supply chain and the wider economies in which it operates. While there has not been a significant COVID-19 impact on the business in 2021, to aid the directors in assessing the impact on the company, forecasts have been prepared incorporating various potential outcomes in response to the ongoing economic downturn resulting from the pandemic, as well as the predicted medium term recovery. These forecasts have not caused the directors to consider the going concern basis of preparation of the accounts to be inappropriate.

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
J P Young

Auditor

Hawsons Chartered Accountants were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that it 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 2021 (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



Jeremy Young

Director

23 September 2022

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 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of cash flows 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 Financial Reporting Standard 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 2021 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.

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 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

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 contained within the annual report. 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)

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion on other matter 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.

Matters on which we are required to report by exception

In the light of our 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 Statement of Directors' Responsibilities 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The company is subject to laws and regulations that directly and indirectly affect the financial statements. Based on our understanding of the company and the environment it operates within, we determined that the laws and regulations which were most significant included FRS 102, Companies Act 2006 and Health and Safety regulations. We considered the extent to which non-compliance with these laws and regulations might have a material effect on the financial statements, including how fraud might occur. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to improve the company's result for the period, and management bias in key accounting estimates.

Audit procedures performed by the engagement team included:

- Discussions with management and those responsible for legal compliance procedures within the company to obtain an understanding of the legal and regulatory framework applicable to the company and how the company complies with that framework, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud and non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of long-term work in progress;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor-s-responsibilities-for. This description forms part of our auditor's report.

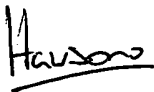
Intelligent Environments Europe Limited

Independent auditor's report

to the members of Intelligent Environments Europe Limited

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.



Simon Bladen (Senior Statutory Auditor)

For and on behalf of Hawsons Chartered Accountants, Statutory Auditor

Pegasus House
463a Glossop Road
Sheffield
South Yorkshire
S10 2QD

23 September 2022

Intelligent Environments Europe Limited

Statement of comprehensive income for the year ended 31 December 2021

	Notes	2021 £	2020 £
Turnover	3	6,708,307	7,315,269
Cost of sales		(1,305,555)	(1,451,716)
Gross profit		5,402,752	5,863,553
Operating expenses		(4,222,355)	(4,516,446)
Exceptional costs	6	(618,385)	(106,716)
Operating profit	7	562,012	1,240,391
Exceptional gain on refinancing	6	759,606	-
Interest payable and similar charges	8	(101,855)	(115,857)
Profit before taxation		1,219,763	1,124,534
Tax on profit	9	1,059,586	139,740
Profit for the financial year		2,279,349	1,264,274

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

Intelligent Environments Europe Limited

Balance sheet

as at 31 December 2021

	Notes	2021 £	2020 £
Fixed assets			
Intangible assets	10	1,389,805	1,822,968
Tangible assets	11	4,550	3,950
Investments	12	100	100
		1,394,455	1,827,018
Current assets			
Debtors: amounts falling due after more than one year	13	1,372,927	390,927
Debtors: amounts falling due within one year	13	3,747,591	2,835,194
Cash at bank and in hand	19	2,825,558	548,530
		7,946,076	3,774,651
Creditors: amounts falling due within one year	14	(3,161,792)	(2,526,594)
Net current assets		4,784,284	1,248,057
Total assets less current liabilities		6,178,739	3,075,075
Creditors: amounts falling due after more than one year	15	(2,665,342)	(1,841,027)
Net assets		3,513,397	1,234,048
Capital and reserves			
Called up share capital	17	215,868	215,868
Share premium account		1,710,281	1,710,281
Share based payment reserve		5,439	5,439
Profit and loss reserve		1,581,809	(697,540)
Total shareholders' funds		3,513,397	1,234,048

The financial statements on pages 11 to 31 were approved and authorised for issue by the Board of directors on 23 September 2022 and were signed on its behalf by:



Jeremy Young

Director

Registered number: 01862322

Intelligent Environments Europe Limited

Statement of changes in equity for the year ended 31 December 2021

	Called up share capital £	Share premium account £	Share based payment reserve £	Profit and loss reserve £	Total shareholders' funds £
Balance as at 1 January 2020	215,868	1,710,281	9,781	(1,961,814)	(25,884)
Profit for the year	-	-	-	1,264,274	1,264,274
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,264,274	1,264,274
Charge relating to share- based payments	-	-	(4,342)	-	(4,342)
Balance as at 31 December 2020 and 1 January 2021	215,868	1,710,281	5,439	(697,540)	1,234,048
Profit for the year	-	-	-	2,279,349	2,279,349
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,279,349	2,279,349
Balance as at 31 December 2021	215,868	1,710,281	5,439	1,581,809	3,513,397

Intelligent Environments Europe Limited

Statement of cash flows

for the year ended 31 December 2021

	Notes	2021 £	2020 £
Net cash from operating activities	19	344,837	441,189
Tax paid		-	(13,260)
Net cash generated from operating activities		344,837	427,929
Cash flows from investing activities			
Investment in intangible assets	10	-	(277,433)
Investment in tangible assets	11	(7,862)	(790)
Net cash used in investing activities		(7,862)	(278,223)
Cash flow from financing activities			
Repayment of borrowings		(1,000,000)	-
Increase in borrowings		2,940,000	-
Interest received/(paid)		53	(318)
Net cash realised/(used) in financing activities		1,940,053	(318)
Net increase in cash and cash equivalents		2,277,028	149,388
Cash and cash equivalents at the beginning of the year		548,530	399,142
Cash and cash equivalents at the end of the year		2,825,558	548,530
Cash and cash equivalents consists of:			
Cash at bank and in hand		2,825,558	548,530
Cash and cash equivalents	19	2,825,558	548,530

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2021

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 undertakings 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.

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, notably from COVID-19 impacts on the wider economy. 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 2021 (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 exemption from disclosing related party transactions which are part of the same company group 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.

Research and development

In the 2020 financial year the company 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.

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

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	5 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.

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 is 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.

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Financial instruments (continued)

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 borrowings, 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.

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.

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.

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Taxation (continued)

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.

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.

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2021 (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.

ii) *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.

iii) *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.

iv) *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 2021 (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	2021 £	2020 £
United Kingdom	6,358,736	6,173,643
Europe	68,000	60,000
USA	252,000	935,399
Rest of World	29,571	146,227
	6,708,307	7,315,269

4 Directors' emoluments and key management compensation

	2021 £	2020 £
Aggregate emoluments	-	147,488
Company pension contributions to money purchase schemes	-	7,667
	-	155,155

Retirement benefits accrued to 1 director in 2020 under money purchase schemes.

Highest paid director

	2021 £	2020 £
Aggregate emoluments	-	147,488
Company pension contributions to money purchase schemes	-	7,667
	-	155,155

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

5 Employee information

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

By activity	2021 Number	2020 Number
Office and management	2	3
Research and development/technical	22	28
Sales and marketing	7	8
	31	39

Staff costs (for the above persons including executive directors)	2021 £	2020 £
Wages and salaries	2,013,034	2,436,690
Social security costs	238,488	295,362
Other pension costs	211,011	250,877
Restructuring costs	7,500	106,716
	2,470,033	3,089,645

The outstanding pension contributions payable at the year-end were £18,732 (2020: £16,807).

In 2020 the company restructured its operations. Costs included severance and employer related costs relating to the reduction in headcount.

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

6 Exceptional items

	2021	2020
	£	£
Restructuring costs	41,980	106,716
Onerous lease charge	576,405	-
Total exceptional costs	618,385	106,716
Gain on refinancing	(759,606)	-

Restructuring costs represent the costs of corporate restructuring and of exiting of employees as part of the realignment of ieDigital's operations under its transformation strategy commenced in the 2020 financial year.

An onerous lease provision has been recognised on the basis of a surrender during 2022 of ieDigital's lease for its office premises at Riverview House, Kingston upon Thames. Due to its transformation strategy and changes in its employee working practices the business requires a more suitable and smaller office base, the move taking place in October 2022.

The gain on refinancing arose on the early settlement discount of the amounts owed to the prior parent company (note 15).

7 Operating profit

	2021	2020
	£	£
Operating profit is stated after charging/ (crediting)		
Amortisation of intangible assets	433,163	427,603
Depreciation of owned tangible fixed assets	7,262	57,002
Services provided by the company's auditors		
- Fees payable for the audit	20,000	19,375
- Fees payable for tax advisory services	3,000	3,500
- Fees payable for other non-audit services	-	48,489
R&D tax credit	(11,494)	(76,221)
Furlough grants	(1,869)	(14,850)
Operating lease charges – premises (not including onerous lease provision)	257,110	257,110

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

8 Interest payable and similar charges

	2021 £	2020 £
Bank interest (receivable)/ payable	(53)	318
Other Interest	101,908	115,539
	101,855	115,857

9 Tax on profit

(a) Analysis of charge in year

	2021 £	2020 £
Current tax		
UK corporation tax on results of the year	-	14,250
Adjustments in respect of prior years	2,414	(990)
Total current tax	2,414	13,260
Deferred tax		
Origination of timing differences	(1,062,000)	(93,354)
Effect of tax rate change on opening balance	-	(59,646)
Total deferred tax (note 16)	(1,062,000)	(153,000)
Total tax on profit	(1,059,586)	(139,740)

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

(b) Factors affecting the tax charge for year

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19% (2020: 19%). The differences are explained below.

	2021 £	2020 £
Profit before taxation	1,219,763	1,124,534
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	231,755	213,661
Effects of:		
Expenses not deductible for tax purposes	241	3,901
Income not taxable for tax purposes	-	(825)
Adjustments to tax charge in respect of previous periods	2,414	(990)
Movements in deferred tax not recognised	(768,518)	(228,791)
Tax on R&D tax credits	-	14,250
Other accounts adjustments	44	12,054
Impact of change in rates on the deferred tax provision	(222,526)	-
Recognised deferred tax (note 16)	-	(153,000)
Losses utilised	(302,996)	-
Total tax charge	(1,059,586)	(139,740)

(c) Factors affecting future tax charges

In March 2021, the UK government announced a change in the UK corporation tax rate from 19% to 25% effective from 1 April 2023, which was substantively enacted on 24 May 2021.

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

10 Intangible assets

	Software £	Total £
Cost		
At 1 January 2021	2,757,754	2,757,754
Additions	-	-
At 31 December 2021	2,757,754	2,757,754
Accumulated amortisation		
At 1 January 2021	934,786	934,786
Charge for the year	433,163	433,163
At 31 December 2021	1,367,949	1,367,949
Net book amount		
At 31 December 2021	1,389,805	1,389,805
At 31 December 2020	1,822,968	1,822,968

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

11 Tangible assets

	Short term leasehold improvements £	Computer equipment £	Equipment, fixtures and fittings £	Total £
Cost				
At 1 January 2021	1,018,457	1,292,826	684,532	2,995,815
Additions	-	6,523	1,339	7,862
Disposals	(98,151)	(478,374)	(113,861)	(690,386)
At 31 December 2021	920,306	820,975	572,010	2,313,291
Accumulated depreciation				
At 1 January 2021	1,018,457	1,288,876	684,532	2,991,865
Charge for the year	-	6,047	1,215	7,262
Disposals	(98,151)	(478,374)	(113,861)	(690,386)
At 31 December 2021	920,306	816,549	571,886	2,308,741
Net book amount				
At 31 December 2021	-	4,426	124	4,550
At 31 December 2020	-	3,950	-	3,950

12 Investments

Shares in group undertakings	2021 £	2020 £
As at 1 January and 31 December	100	100

Investments in group undertakings are stated at cost. 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 2021 (continued)

13 Debtors

	2021	2020
	£	£
Amounts falling due within one year		
Trade debtors	1,134,249	1,156,275
Other debtors	229,269	268,110
Deferred tax asset	360,000	280,000
Prepayments and accrued income	1,153,172	365,809
Amounts owed from group undertakings	870,901	765,000
	3,747,591	2,835,194
Amounts falling due after more than one year		
Deferred tax asset	1,362,000	380,000
Other debtors	10,927	10,927
	1,372,927	390,927
	5,120,518	3,226,121

14 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	653,390	574,875
Taxation and social security	379,554	783,390
Other creditors (note 15)	366,143	51,000
Accruals	354,837	387,912
Deferred income	885,210	729,417
Bank loan	522,658	-
	3,161,792	2,526,594

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

15 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Deferred income	-	171,429
Other creditors	248,000	1,669,598
Bank loan	2,417,342	-
	2,665,342	1,841,027

At 31 December 2021, other creditors include an onerous lease provision for associated costs of Riverview House of £576,405. £328,405 of this payable is reported in amounts due within one year. The bank loan represents an amount owed to Growth Lending Ltd under the Coronavirus Business Interruption Loan Scheme which is subject to a fixed and floating charge over the company's assets. There is no interest payable in the first 12 months, with interest at 9% per annum thereafter. Repayments are made monthly with a final repayment date of April 2026. £522,658 of this payable is reported in amounts due within one year.

At 31 December 2020, other creditors represented an amount owed to the company's prior parent company which is unsecured, carries interest at 7% per annum, and has a fixed repayment date of February 2022.

16 Deferred tax asset

	2021	2020
	£	£
1 January	660,000	507,000
Charge to statement of comprehensive income	1,062,000	153,000
31 December	1,722,000	660,000

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:

	2021	2020
	£	£
Tax effect of timing difference because of:		
Depreciation in excess of capital allowances	(278,000)	(280,000)
Losses	2,000,000	940,000
Deferred tax asset	1,722,000	660,000

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 2021 (continued)

17 Called up share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
1,598,972 (2020: 1,598,972) 'A' ordinary shares of 10p each	159,897	159,897
26,650 (2020: 26,650) 'D' ordinary shares of 42p each	11,193	11,193
17,724 (2020: 17,724) 'E2' ordinary shares of 62p each	10,989	10,989
35,333 (2020: 35,333) 'F' ordinary shares of 0.67122p each	239	239
335,504,027,574 (2020: 335,504,027,574) 'Deferred' ordinary shares 0.00001p each	33,550	33,550
	215,868	215,868

Share categories D, E2 and F were issued to management employees for which the valuation is not considered material to these financial statements.

18 Operating lease commitments

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

	2021	2020
	Land and buildings	Land and buildings
	£	£
Within one year	245,833	295,000
Within two and five years	-	847,014
	245,833	1,142,014

Intelligent Environments Europe Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

19 Cash flow analysis

(a) Reconciliation of profit for the financial year to cash flow from operating activities

	2021 £	2020 £
Operating profit	562,012	1,240,391
Depreciation and amortisation	440,425	484,605
Share based payment charge	-	(4,342)
Working capital movements:		
- Increase in debtors	(834,811)	(310,196)
- Increase/(decrease) in creditors	177,211	(969,269)
	344,837	441,189

(b) Analysis of changes in net debt

	At 1 January 2021 £	Cash flow £	Interest £	At 31 December 2021
Cash and cash equivalents				
Cash at bank and in hand	548,530	2,277,028	-	2,825,558
Loans and borrowings				
Loans	(1,669,598)	(1,168,494)	(101,908)	(2,940,000)
Total net debt	548,530	1,108,534	(101,908)	(114,442)

20 Subsequent Events

In August 2022 the business entered into an agreement to surrender its current property lease for its offices at Kingston upon Thames, which has crystallised certain net liabilities recognised as an exceptional cost in the 2021 financial year.

21 Related Party Transactions

The company has taken the exemption from disclosing related party transactions from parties that are wholly owned within the group.

22 Ultimate parent undertaking and ultimate controlling party

The immediate parent undertaking is Acacia Group Limited, a company registered in the Cayman Islands. The ultimate parent undertaking is Parabellum Investments Limited, a company registered in Jersey, and the ultimate controlling party is Rami Cassis.