

Company registration number 01954947 (England and Wales)

INNOVATIVE TECHNOLOGY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

INNOVATIVE TECHNOLOGY LIMITED

COMPANY INFORMATION

Directors	R D Bellis M Hadj Ahmed P I Dunlop M Tiedt T J Crowley A E Morrison T D Pennington-Brookfield J E Robinson C J C Robinson
Secretary	T D Pennington-Brookfield
Company number	01954947
Registered office	Innovative Business Park Derker Street Oldham Lancashire OL1 4EQ
Auditor	Azets Audit Services Ship Canal House 98 King Street Manchester M2 4WU

INNOVATIVE TECHNOLOGY LIMITED

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INNOVATIVE TECHNOLOGY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Business review

2022 was a satisfactory year for the Company. Turnover increased to £61.2m while gross margin remained at an acceptable level.

Developments and future outlooks

The Company pushes to lead the market in innovation, quality and customer service excellence. It is the directors' belief that by achieving these the long-term future of the Company is secured. The Company will look to continue to improve efficiency in all areas of operations through cost reduction, more disciplined production activities and more effective quality procedures and processes. Customer service remains a top priority. The Company continues to operate in a competitive and challenging business environment, however growth is starting to come from the investments made through the past four years.

Principal risks and uncertainties

The directors believe that the development and release of new products represents a significant factor in offsetting the commercial risks in its current markets. However, the Company will continue to look to develop new markets to help offset any slowdown in growth opportunities in its traditional areas. The Company continues to foster good relationships with its major customers and is increasingly developing its customer support activities. The Company is well aware of the risks associated in dealing in international markets and takes appropriate steps to hedge current exposures. It also aims to develop long term relationships with suppliers whilst at the same time being prepared to look for suitable alternatives.

Governance

The board of directors consider, both individually and collectively, that they have acted in a way they consider good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regards to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2022 in particular by reference to the approval of our business plan. The intention is to nurture the Company's reputation, through both the construction and the delivery of the plan. During this year, the Board has continued to address the risks and opportunities in relation to the ongoing global pandemic, global chip shortage, product offering, cyber security, and the development pipeline.

Financial key performance indicators

The directors consider turnover, gross margin and net cash to be key performance indicators. These are reviewed closely and action is taken where the directors believe there is a risk that these may be affected by future events.

	2022	2021	Change
	£'000	£'000	%
Turnover	61,225	29,338	109
Gross margin	21,775	10,452	108
Net cash	6,866	4,744	45

Other key performance indicators

The directors monitor the diversification of the Company's customer base both in terms of Geography and Sector and consider these to be Key Performance Indicators, alongside the innovation pipeline.

On behalf of the board

P I Dunlop
Director

Date: 25 September 2023

INNOVATIVE TECHNOLOGY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the Company continued to be the design, assembly and distribution of equipment for automated transactions.

Branches outside the UK

The Company has branches in Spain and Germany.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £1,531k (2021: £1,531k). The directors do not recommend payment of a further dividend.

Directors

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

R D Bellis

M Hadj Ahmed

P I Dunlop

M Tiedt

T J Crowley

A E Morrison

T D Pennington-Brookfield

J E Robinson

C J C Robinson

P A Smith

(Resigned 3 June 2022)

Financial instruments

The Company holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors and trade creditors) arise directly from the Company's operations.

Transactions in financial instruments results in the Company assuming or transferring to another party one or more of the financial risks described below:

Liquidity risk

The Company manages its cash in order to ensure sufficient liquid resources to meet the foreseeable operating needs of the business. Working capital and capital investment is funded through retained earnings. As a result, the directors do not consider that the Company is unduly exposed to either liquidity risks or pricing risks associated with the use of financial instruments.

INNOVATIVE TECHNOLOGY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Currency risk

The Company's principal foreign currency exposure arises from trading with and purchasing from overseas companies. The Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in Sterling. This hedging activity involves the use of third party foreign exchange instruments.

Credit risk

The Company monitors credit risk closely and considers that its current policy of setting credit limits for customers based on a combination of payment history and third party credit references manages this risk effectively. Credit limits and trade debtors are reviewed on a regular basis by the credit controller and provision is made for doubtful debts where necessary.

Overall, the directors consider that the systems and procedures in place, which have been thoroughly reviewed during the year, are sufficient to effectively and profitably manage the business.

Research and development

Expenditure upon new product development continues to be of primary importance to the board and during the year significant expenditure was invested in new products that are now coming to market and being well received. Staff costs continue to be the majority of development costs borne by the Company.

Employee involvement

The Company's policy is to consult and discuss with employees, through meetings and consultations, matters likely to affect employee's interests. Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees.

Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to:

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

INNOVATIVE TECHNOLOGY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board

T D Pennington-Brookfield
Director

25 September 2023

INNOVATIVE TECHNOLOGY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF INNOVATIVE TECHNOLOGY LIMITED

Opinion

We have audited the financial statements of Innovative Technology Limited (the 'Company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, 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 2022 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'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

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. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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.

INNOVATIVE TECHNOLOGY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF INNOVATIVE TECHNOLOGY LIMITED

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 and the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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, 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.

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INNOVATIVE TECHNOLOGY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF INNOVATIVE TECHNOLOGY LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the Company's shareholder 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 shareholder 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 shareholder, for our audit work, for this report, or for the opinions we have formed.

Graham Rigby (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

25 September 2023

Chartered Accountants
Statutory Auditor

Ship Canal House
98 King Street
Manchester
M2 4WU

INNOVATIVE TECHNOLOGY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Turnover	2	61,225	29,338
Cost of sales		(39,450)	(18,886)
		<hr/>	<hr/>
Gross profit		21,775	10,452
Administrative expenses		(12,501)	(10,828)
Other operating income		-	147
		<hr/>	<hr/>
Operating profit/(loss)	3	9,274	(229)
Income from shares in group undertakings	6	24	452
Interest receivable and similar income	6	6	-
Interest payable and similar expenses		-	(3)
		<hr/>	<hr/>
Profit before taxation		9,304	220
Tax on profit	7	(1,004)	(87)
		<hr/>	<hr/>
Profit for the financial year		<u>8,300</u>	<u>133</u>

INNOVATIVE TECHNOLOGY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	9		4,961		5,013
Investments	10		805		805
			<u>5,766</u>		<u>5,818</u>
Current assets					
Stocks	12	13,386		6,389	
Debtors	13	12,491		11,387	
Cash at bank and in hand		6,866		4,744	
		<u>32,743</u>		<u>22,520</u>	
Creditors: amounts falling due within one year	14	<u>(11,206)</u>		<u>(7,804)</u>	
Net current assets			<u>21,537</u>		<u>14,716</u>
Net assets			<u>27,303</u>		<u>20,534</u>
Capital and reserves					
Called up share capital	16		421		421
Employee Benefit Trust share reserve	17		(1,325)		(1,325)
Profit and loss reserves	18		28,207		21,438
Total equity			<u>27,303</u>		<u>20,534</u>

The financial statements were approved by the board of directors and authorised for issue on 25 September 2023 and are signed on its behalf by:

T D Pennington-Brookfield
Director

Company Registration No. 01954947

INNOVATIVE TECHNOLOGY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

		Share capital	Employee Benefit Trust share reserve	Profit and loss reserves	Total
	Notes	£'000	£'000	£'000	£'000
Balance at 1 January 2021		421	(1,325)	22,836	21,932
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	133	133
Dividends	8	-	-	(1,531)	(1,531)
Balance at 31 December 2021		421	(1,325)	21,438	20,534
Year ended 31 December 2022:					
Profit and total comprehensive income for the year		-	-	8,300	8,300
Dividends	8	-	-	(1,531)	(1,531)
Balance at 31 December 2022		421	(1,325)	28,207	27,303

INNOVATIVE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Innovative Technology Limited is a private company limited by shares incorporated in England and Wales. The registered office is Innovative Business Park, Derker Street, Oldham, Lancashire, OL1 4EQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The Company has taken advantage of the Reduced Financial Reporting Regime, as permitted by FRS 102 regarding the disclosure requirements of Sections 3, 4, 7, 11, 12 and 33 of the standard.

This information is included in the consolidated financial statements of Bellis Holdings Limited as at 31 December 2022 and these financial statements may be obtained from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend income

Dividend income is recognised when the right to receive payment is established.

1.4 Research and development expenditure

Research and development expenditure is written off in the year in which it is incurred.

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss in the period in which they are incurred.

INNOVATIVE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property	2.5% straight line
Leasehold improvements	2.5% straight line
Fixtures, fittings, equipment and vehicles	15-25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Upon transition to FRS 102 on 1 January 2014 the Company elected to adopt, as deemed historic cost, certain fixed assets at their revalued amounts. In the directors' opinion there is no material difference between the revalued amounts adopted and the properties' fair values at the transition date.

1.6 Fixed asset investments

Investments held as fixed assets are measured at cost less accumulated impairment.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Financial assets classified as receivable within one year are not amortised.

INNOVATIVE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends are recognised as a liability in the period in which they are approved. These amounts are recognised in the Statement of Income and Retained Earnings.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

INNOVATIVE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

The Company operates a number of country-specific defined contribution pension plans for its employees. Payments to such plans are charged as an expense as they fall due. The assets of the plans are held separately from the Company in independently administered funds.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.15 Employee Benefit Trust

Assets held in the Bellis Holdings Limited Employee Benefit Trust are recognised assets of the Company until they vest unconditionally in identified beneficiaries.

Shares held in the ultimate parent undertaking, by the Bellis Holdings Limited Employee Benefit Trust, are presented as a deduction from shareholders' funds. When the shares vest to satisfy share based payments, a transfer is made from the Employee Benefit Trust share reserve to retained earnings.

INNOVATIVE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

1.16 Other operating income

Other operating income consists of government grant income receivable in relation to the Coronavirus Job Retention Scheme. Income is recognised once the company is entitled to the income, which is when the claim is submitted.

2 Turnover

The whole of the turnover is attributable to the principal activity. A geographical analysis of turnover is not provided as in the directors' opinion this would be prejudicial to their trading activities.

3 Operating profit/(loss)

	2022	2021
	£'000	£'000
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(989)	117
Government grants	-	(147)
Fees payable to the company's auditor for the audit of the company's financial statements	43	40
Depreciation of owned tangible fixed assets	608	790
Operating lease charges	129	64
	<u> </u>	<u> </u>

4 Employees

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

	2022	2021
	Number	Number
Production	52	38
Development	55	51
Sales and management	69	59
	<u> </u>	<u> </u>
Total	176	148
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2022	2021
	£'000	£'000
Wages and salaries	9,836	7,476
Social security costs	1,132	879
Pension costs	153	118
	<u> </u>	<u> </u>
	11,121	8,473
	<u> </u>	<u> </u>

INNOVATIVE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

5 Directors' remuneration

	2022 £'000	2021 £'000
Remuneration for qualifying services	3,270	2,619
Company pension contributions to defined contribution schemes	30	48
	<u>3,300</u>	<u>2,667</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2021 - 6).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £'000	2021 £'000
Remuneration for qualifying services	<u>802</u>	<u>543</u>

6 Interest receivable and similar income

	2022 £'000	2021 £'000
Interest income		
Other interest income	6	-
Income from fixed asset investments		
Income from shares in group undertakings	24	452
Total income	<u>30</u>	<u>452</u>

7 Taxation

	2022 £'000	2021 £'000
Current tax		
UK corporation tax on profits for the current period	624	-
Adjustments in respect of prior periods	(29)	36
Total UK current tax	<u>595</u>	<u>36</u>
Foreign current tax on profits for the current period	-	61
Adjustments in foreign tax in respect of prior periods	(34)	(4)
Total current tax	<u>561</u>	<u>93</u>

INNOVATIVE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

7	Taxation	(Continued)	
		2022 £'000	2021 £'000
	Deferred tax		
	Origination and reversal of timing differences	444	135
	Changes in tax rates	-	(153)
	Adjustment in respect of prior periods	(1)	12
	Total deferred tax	<u>443</u>	<u>(6)</u>
	Total tax charge	<u>1,004</u>	<u>87</u>
	The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:		
		2022 £'000	2021 £'000
	Profit before taxation	<u>9,304</u>	<u>220</u>
	Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	1,768	42
	Tax effect of expenses that are not deductible in determining taxable profit	7	-
	Tax effect of income not taxable in determining taxable profit	(5)	-
	Change in unrecognised deferred tax assets	-	101
	Adjustments in respect of prior years	(29)	36
	Effect of change in corporation tax rate	108	(145)
	Effect of overseas tax rates	-	61
	Deferred tax adjustments in respect of prior years	(1)	12
	Dividend income	-	(84)
	Additional deduction for R&D expenditure	(306)	(317)
	Patent box set off amount	(502)	328
	Fixed asset differences	(2)	57
	Overseas tax adjustment in respect of prior years	(34)	(4)
	Taxation charge for the year	<u>1,004</u>	<u>87</u>
	8 Dividends		
		2022 £'000	2021 £'000
	Equity dividends paid	<u>1,531</u>	<u>1,531</u>

INNOVATIVE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Tangible fixed assets	Freehold property	Leasehold improvements	Fixtures, fittings, equipment and vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2022	4,866	53	7,104	12,023
Additions	27	-	508	535
Disposals	-	-	(22)	(22)
Exchange adjustments	32	-	16	48
At 31 December 2022	<u>4,925</u>	<u>53</u>	<u>7,606</u>	<u>12,584</u>
Depreciation and impairment				
At 1 January 2022	808	53	6,149	7,010
Depreciation charged in the year	109	-	499	608
Eliminated in respect of disposals	-	-	(16)	(16)
Exchange adjustments	9	-	12	21
At 31 December 2022	<u>926</u>	<u>53</u>	<u>6,644</u>	<u>7,623</u>
Carrying amount				
At 31 December 2022	<u>3,999</u>	<u>-</u>	<u>962</u>	<u>4,961</u>
At 31 December 2021	<u>4,058</u>	<u>-</u>	<u>955</u>	<u>5,013</u>

Freehold property includes freehold land with an historic cost of £300,000 (2021: £300,000) and €305,000 (2021: €305,000). Freehold land is not depreciated.

10 Fixed asset investments	Notes	2022 £'000	2021 £'000
Investments in subsidiaries	11	805	805
Movements in fixed asset investments			Shares in subsidiaries £'000
Cost or valuation			
At 1 January 2022 & 31 December 2022			1,160
Impairment			
At 1 January 2022 & 31 December 2022			355
Carrying amount			
At 31 December 2022			805
At 31 December 2021			805

INNOVATIVE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Subsidiaries

The Company owns between 99% and 100% of the ordinary share capital of the following subsidiary companies:

Name of undertaking	Country of incorporation	Nature of business
Bellis Technology Limited	China	Assembly
Bellis Technologia E Automacao Ltda	Brazil	Sales, distribution & assembly
Innovative Technology Americas, Inc	USA	Sales and distribution
Innovative Technology (Asia Pacific) Pty Ltd	Australia	Dormant
Innovative Technology S.R.L	Italy	Sales and distribution
Innovative Technology (China) Limited	China	Sales and distribution
Innovative PPAS Limited	England and Wales	Dormant
Innoprnt Limited	England and Wales	Dormant
Innoserv Limited	England and Wales	Dormant
Crypcc Limited	England and Wales	Dormant
Innovative Technology GmbH	Germany	Sales and distribution

12 Stocks

	2022 £'000	2021 £'000
Raw materials	3,677	1,653
Finished goods and goods for resale	9,709	4,736
	<u>13,386</u>	<u>6,389</u>

13 Debtors

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade debtors	6,425	6,871
Amounts owed by group undertakings	5,519	3,040
Other debtors	-	142
Prepayments and accrued income	493	831
	<u>12,437</u>	<u>10,884</u>
Deferred tax asset (note 15)	54	503
	<u>12,491</u>	<u>11,387</u>

INNOVATIVE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	2,183	1,049
Amounts owed to group undertakings	5,265	3,609
Corporation tax	563	107
Other taxation and social security	1,522	465
Accruals and deferred income	1,673	2,574
	<u>11,206</u>	<u>7,804</u>

15 Deferred taxation

	Assets 2022 £'000	Assets 2021 £'000
Balances:		
Accelerated capital allowances	(382)	(300)
Tax losses	423	803
Other short term timing differences	13	-
	<u>54</u>	<u>503</u>
		2022
Movements in the year:		£'000
Asset at 1 January 2022		(503)
Charge to profit or loss		449
		<u>(54)</u>

16 Share capital

	2022 Number	2021 Number	2022 £'000	2021 £'000
Ordinary share capital issued and fully paid				
Ordinary shares of £1 each	420,665	420,665	421	421
	<u>420,665</u>	<u>420,665</u>	<u>421</u>	<u>421</u>

17 Employee Benefit Trust share reserve

During the year ended 31 December 2018, the Bellis Holdings Limited Employee Benefit Trust acquired 112 A Ordinary shares of £0.05 each and 3 B Ordinary shares of £0.05 each in the ultimate parent undertaking of the Company, Bellis Holdings Limited, for a total consideration of £1,301,475.

INNOVATIVE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

18 Profit and loss reserves

The profit and loss account represents accumulated trading profit, less equity dividends paid.

Profit and loss reserves include £9,062,578 (capital contribution) (2021: £9,062,578) and £79,767 (unrealised revaluation reserve) (2021: £82,796) arising in 2015 which are not considered to be distributable at the balance sheet date.

19 Capital commitments

At 31 December 2022 the Company had capital commitments as follows:

	2022 £'000	2021 £'000
Contracted for but not provided in these financial statements	29	92
	<u> </u>	<u> </u>

20 Operating lease commitments

Lessee

At the reporting end date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £'000	2021 £'000
Within one year	94	52
Between two and five years	82	8
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

21 Retirement benefit schemes

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The pension cost charge represents contributions payable by the Company to the fund. Contributions totalling £52k (2021: £nil) were payable to the fund at the balance sheet date.

INNOVATIVE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

22 Related party transactions

Balances with related parties

In preparing these financial statements, advantage has been taken of the provision under Financial Reporting Standard 102 section 33 which states that disclosure is not required of transactions with entities which are part of the group headed by Bellis Holdings Limited.

The following amounts were outstanding at the reporting end date:

	Amounts owed by/(to) related parties	
	2022 £'000	2021 £'000
Bellis Group Limited	758	320
Bellis Holdings Limited	24	32
Bellis Technologia E Automacao Ltda	316	(531)
Bellis Technology Limited	(3,371)	(1,868)
Innovative PPAS Limited	4	4
Innovative Technology (China) Limited	190	243
Innovative Technology Americas Inc.	2,449	1,286
Innovative Technology GmbH	11	45
Innovative Technology S.R.L	(137)	(98)
	<u> </u>	<u> </u>

Rent of €68k (2021: €17k) was paid during the year to R D Bellis, a director of the company.

The amount owed from Bellis Holdings Limited is owed to the Bellis Holdings Limited Employee Benefit Trust.

23 Ultimate controlling party

The Company regards R D Bellis as the ultimate controlling party for the current and preceding year by virtue of his control of Bellis Holdings Limited, the ultimate parent company.

The largest group for which consolidated financial statements are drawn up which include the Company is that headed by Bellis Holdings Limited.

The consolidated financial statements of the Group are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.