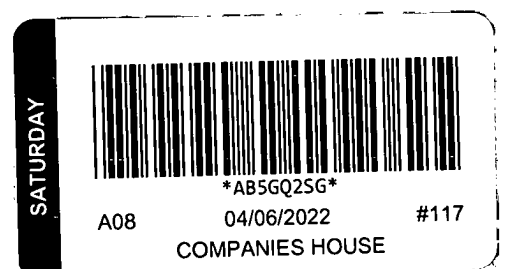


Registered number
SC317594

' Zephir Limited

Directors' Report and Financial Statements
for the year ended
25 December 2021



Zephir Limited
Directors' Report and Financial Statements
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Zephyr Limited
Registered number: SC317594
Strategic Report

Company aim

The principal aim of the company is to create value for its customers operating in the onshore and offshore wind energy markets by providing wind lidars which reduce investment uncertainty for new wind farms, and which help to optimise wind-turbine performance for existing farms.

Business review

The company's key performance indicators during the year were as follows:

	2021	2020	Change
	£000	£000	
Turnover	16,673	13,192	26%
Operating profit	4,964	3,112	60%

The business has achieved revenue growth of 26% in the year. Operating profit increased by 60% which was primarily achieved as a result of the growth in revenue. Average staff numbers increased from 61 to 64 as the business continued to invest steadily in additional technical and operational personnel. The business continued to invest in product development and improvement activities; the costs comprised internal staff resources, external subcontractors and component purchases. Capitalisation of certain development costs and continued expansion of the lidar rental fleet led to an increase in depreciation and amortisation from £606,000 to £655,000.

Despite the worldwide pandemic, the business maintained effective working throughout 2021 by continuing with the safety measures adopted in 2020. The business has been cushioned from the effects of the pandemic to some extent as it is not unduly exposed to any individual geographic market. Domestic and overseas travel for business development activities continued to be curtailed as a result of the pandemic and remote methods of making contact with customers and suppliers continued throughout the year.

Principal risks and uncertainties

The directors consider the following to be the principal risks and uncertainties affecting the company:

- Health and safety at work
- Competitive pressures and alternative measurement technologies
- Worldwide availability of critical components
- Exchange rate and other pricing risk, mainly in relation to component purchases
- Recruitment and retention of key technical and other personnel.

Price risk, credit risk and cash flow risk also have some impact on the company. The directors identify and monitor these risks on an ongoing basis and establish systems and processes to manage and mitigate those risks. The directors and management also monitor revenues, costs and working capital balances on a monthly basis.

This report was approved by the board on 24 May 2022 and signed on its behalf.



I Locker

Director

Zephir Limited
Registered number: SC317594
Directors' Report

The directors present their report and financial statements for the year ended 25 December 2021.

Principal activities

The company's principal activity during the year continued to be the provision of equipment sales and rental to the renewable energy and other industries, primarily in the area of laser anemometry.

Results and dividends

The results for the year are shown in the profit and loss account on page 7. On 11th March 2021 a dividend of £5m was paid to the company's shareholder (2020: Nil).

Directors

The following persons served as directors during the year and subsequent to the year end:

I Locker
N Emery
B Mindell
M Anderson

Political and charitable donations

The company made no political donations, nor incurred any political expenditure during the year (2020: Nil). The company made charitable donations of £36,997 (2020: £14,731).

Disclosure of information to auditor

Each person who was a director at the time this report was approved confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

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

Third party indemnity provisions

The group purchased and maintained indemnity insurance covering directors and officers throughout the period under review.

Auditor

In accordance with Section 487 of the Companies Act 2006 the auditor, Haines Watts will be deemed to be reappointed and therefore continue in office.

This report was approved by the board on 24 May 2022 and signed on its behalf.



I Locker
Director
The Green House
Forrest Estate
St John's Town of Dalry
Castle Douglas DG7 3XS

Zephir Limited

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 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;
- to 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Zephir Limited
Independent Auditor's Report
to the Member of Zephir Limited

Opinion

We have audited the financial statements of Zephir Limited (the 'company') for the year ended 25 December 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet 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 25 December 2021;
- 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 Auditors' 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.

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Directors' Report, but does not include the financial statements and our Auditors' Report thereon.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 the audit:

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

Zephir Limited
Independent Auditor's Report
to the Member of Zephir 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We discussed with the Directors the policies and procedures in place regarding compliance with laws and regulations. We discussed amongst the audit team the identified laws and regulations, and remained alert to any indications of non-compliance.

During the audit we focussed on laws and regulations which could reasonably be expected to give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, UK tax legislation and the Health and Safety at Work Act 1974. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management.

Our procedures in relation to fraud included but were not limited to: inquiries of management whether they have any knowledge of any actual, suspected or alleged fraud, and discussions amongst the audit team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements. We determined that the principal risks related to posting manual journal entries to manipulate financial performance and management bias through judgements in accounting estimates. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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 is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Zephir Limited
Independent Auditor's Report
to the Member of Zephir 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 Auditors' 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.

Haines Watts

Gary Staunton
(Senior Statutory Auditor)
For and on behalf of
Haines Watts

New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

24 May 2022

Zephir Limited
Profit and Loss Account and Other Comprehensive Income
for the year ended 25 December 2021

	Notes	2021 £ 000	2020 £ 000
Turnover	2	16,673	13,192
Other operating income	3	27	326
Staff costs	4	(4,112)	(3,844)
Depreciation and amortisation	6	(655)	(606)
Other operating charges		(6,969)	(5,956)
Operating profit	6	<u>4,964</u>	<u>3,112</u>
Interest receivable	7	13	41
Profit before taxation		<u>4,977</u>	<u>3,153</u>
Tax on profit	8	(526)	64
Profit for the financial year		<u>4,451</u>	<u>3,217</u>

The notes on pages 10 to 20 form part of these financial statements.

All of the above transactions are from continuing activities. There was no other comprehensive income in the above years and therefore no separate statement of other comprehensive income has been presented.

Zephir Limited
Balance Sheet
as at 25 December 2021

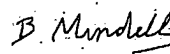
	Notes	2021 £ 000	2020 £ 000
Fixed assets			
Intangible assets	9	521	703
Tangible assets	10	395	537
Investments	11	100	100
		<u>1,016</u>	<u>1,340</u>
Current assets			
Stocks	12	2,525	1,696
Debtors	13	4,357	5,377
Cash at bank and in hand		11,418	4,698
		<u>18,300</u>	<u>11,771</u>
Creditors: amounts falling due within one year	14	(6,355)	(3,085)
Net current assets		<u>11,945</u>	<u>8,686</u>
Total assets less current liabilities		<u>12,961</u>	<u>10,026</u>
Provisions for liabilities			
Deferred taxation	15	(59)	(75)
Net assets		<u>12,902</u>	<u>9,951</u>
Capital and reserves			
Called up share capital	16	1,000	500
Share premium	17	3,000	-
Profit and loss account	18	8,902	9,451
Shareholders funds		<u>12,902</u>	<u>9,951</u>

The notes on pages 10 to 20 form part of these financial statements.

These financial statements were approved by the board of directors on 24 May 2022 and were signed on its behalf by:



I Locker
Director



B Mindell
Director

Registered number: SC317594

Zephir Limited
Statement of Changes in Equity
for the year ended 25 December 2021

	Share capital	Share premium	Profit and loss account	Total
	£ 000	£ 000	£ 000	£ 000
Balance at 26 December 2019	500	-	6,234	6,734
Total comprehensive income for the financial year				
Profit	-	-	3,217	3,217
Balance at 25 December 2020	<u>500</u>	<u>-</u>	<u>9,451</u>	<u>9,951</u>
Balance at 26 December 2020	500	-	9,451	9,951
Total comprehensive income for the financial year				
Profit	-	-	4,451	4,451
Transactions with owners				
Dividend paid	-	-	(5,000)	(5,000)
Issue of shares	500	3,000	-	3,500
Balance at 25 December 2021	<u>1,000</u>	<u>3,000</u>	<u>8,902</u>	<u>12,902</u>

The notes on pages 10 to 20 form part of these financial statements.

Zephir Limited
Notes to the Accounts
for the year ended 25 December 2021

1 Summary of significant accounting policies

Zephir Limited is a company limited by shares and incorporated and domiciled in the UK.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Fred. Dessen & Co. Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Fred. Dessen & Co. Limited are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Fred. Dessen & Co. Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

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

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer.

Turnover from the rendering of services is recognised either in full upon completion of the work done, or is spread evenly over the duration of the contract, depending on the nature of the service performed.

Zephir Limited
Notes to the Accounts
for the year ended 25 December 2021

1 Summary of significant accounting policies (continued)

Basic financial instruments

Trade and other debtors / creditors:

Trade and other debtors are recognised at transaction price less attributable transaction costs. Trade and other creditors are recognised at transaction price plus attributable transaction costs.

Interest-bearing borrowings classified as basic financial instruments:

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents:

Cash and cash equivalents comprise cash balances and call deposits.

Intangible fixed assets

Expenditure on development activities is capitalised where the directors consider that the product or process is technically and commercially feasible, the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable, and the Company can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible fixed assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of licence costs is calculated to write off the cost of the licence evenly over the average life of the patents pertaining to the licence, which is 15 years. Computer software costs are amortised evenly over a period of 3 years and development costs evenly over a period of 5 years.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold land and buildings	over the lease term
Plant and machinery	3 years on a straight-line basis
IT and Computer Equipment	3 years on a straight-line basis

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Investments

Investments in subsidiaries, associates and joint ventures are measured at cost less any accumulated impairment losses. Listed investments are measured at fair value. Unlisted investments are measured at fair value unless the value cannot be measured reliably, in which case they are measured at cost less any accumulated impairment losses. Changes in fair value are included in the profit and loss account.

Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate, or in periods in which the related costs are incurred.

Zephir Limited
Notes to the Accounts
for the year ended 25 December 2021

1 Summary of significant accounting policies (continued)

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the purchase price of the materials concerned, using the average cost principle.

The carrying value of stock sold is recognised as an expense in the period in which the related revenue is recognised.

Impairment of Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment of Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Zephir Limited
Notes to the Accounts
for the year ended 25 December 2021

1 Summary of significant accounting policies (continued)

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period, or carried forward to be offset against tax liabilities of a future period.

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

Current and deferred tax assets and liabilities are not discounted.

Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All exchange differences are charged to the profit and loss account.

Leased assets

A lease is classified as a finance lease where the company assumes substantially all of the risks and rewards of ownership. All other leases are classified as operating leases.

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

Pensions

Contributions to defined contribution plans are expensed in the period to which services are rendered by employees.

Significant judgements and estimates

Management have not had to make any significant judgements or estimates in the preparation of these financial statements.

Zephir Limited
Notes to the Accounts
for the year ended 25 December 2021

2	Analysis of turnover	2021	2020
		£ 000	£ 000

By activity:

Sale of goods	14,496	11,476
Services rendered	2,177	1,716
	<u>16,673</u>	<u>13,192</u>

By geographical market:

UK	1,768	943
Europe	3,935	6,245
Rest of world	10,970	6,004
	<u>16,673</u>	<u>13,192</u>

3	Other operating income	2021	2020
		£ 000	£ 000

Government grants	27	149
Research and development expenditure credit	-	177
	<u>27</u>	<u>326</u>

4	Staff costs	2021	2020
		£ 000	£ 000

Wages and salaries	3,548	3,323
Social security costs	409	379
Other pension costs	155	142
	<u>4,112</u>	<u>3,844</u>

Average number of employees during the year	Number	Number
--	---------------	---------------

Administrative and Operational	63	60
Management	1	1
	<u>64</u>	<u>61</u>

Zephir Limited
Notes to the Accounts
for the year ended 25 December 2021

5	Directors' remuneration	2021	2020
		£ 000	£ 000
	Remuneration	304	294
	Company contributions to defined contribution pension plans	10	8
		<u>314</u>	<u>302</u>
	Highest paid director:		
	Remuneration	294	285
	Company contributions to defined contribution pension plans	10	8
		<u>304</u>	<u>293</u>
	Number of directors to whom retirement benefits accrued:	2021	2020
		Number	Number
	Defined contribution plans	<u>1</u>	<u>1</u>
6	Expenses and auditors remuneration	2021	2020
		£ 000	£ 000
	Included in profit/loss are the following:		
	Depreciation of owned fixed assets	306	260
	Amortisation of intangible assets	349	346
	Operating lease rentals - plant and machinery	5	2
	Operating lease rentals - land and buildings	<u>100</u>	<u>92</u>
	Auditors remuneration:	2021	2020
		£ 000	£ 000
	Audit of these financial statements	<u>10</u>	<u>10</u>
7	Interest receivable	2021	2020
		£ 000	£ 000
	Interest receivable from group undertakings	<u>13</u>	<u>41</u>

Zephir Limited
Notes to the Accounts
for the year ended 25 December 2021

8 Taxation	2021	2020
	£ 000	£ 000
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	631	400
Adjustments in respect of previous periods	(89)	(510)
	<u>542</u>	<u>(110)</u>
Deferred tax:		
Origination and reversal of timing differences	(42)	(9)
Adjustments in respect of previous periods	2	55
Effect of increased tax rate	24	-
	<u>(16)</u>	<u>46</u>
Tax on profit/(loss) on ordinary activities	<u>526</u>	<u>(64)</u>

Factors affecting tax charge in the period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2021	2020
	£ 000	£ 000
Profit on ordinary activities before tax	<u>4,977</u>	<u>3,153</u>
Standard rate of corporation tax in the UK	19.00%	19.00%
	£ 000	£ 000
Profit on ordinary activities multiplied by the standard rate of corporation	946	599
Effects of:		
Different tax rate on deferred tax balances	12	2
Expenses not deductible for tax purposes	-	1
Adjustments to tax charge in respect of previous periods	(87)	(455)
Reduced tax rate on patent-related profits	(345)	(211)
Total tax charge for period	<u>526</u>	<u>(64)</u>

Factors that may affect future tax charges

The deferred tax liability at 25 December 2021 has been calculated based on a corporation tax rate of 25% substantively enacted at this year end date.

At Budget 2021, the UK government announced that the main UK corporation tax rate will increase to 25% from 1 April 2023. This will affect the Company's future current tax charge accordingly.

Zephir Limited
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9 Intangible fixed assets

	Licence	Development	Computer	Total
	£ 000	Costs	Software	£ 000
		£ 000	£ 000	
Cost				
At 26 December 2020	2,764	780	120	3,664
Additions	-	144	18	162
Transfers	-	-	10	10
At 25 December 2021	<u>2,764</u>	<u>924</u>	<u>148</u>	<u>3,836</u>
Amortisation				
At 26 December 2020	2,541	334	86	2,961
Provided during the year	188	136	25	349
Transfers	4	-	1	5
At 25 December 2021	<u>2,733</u>	<u>470</u>	<u>112</u>	<u>3,315</u>
Net book value				
At 25 December 2021	<u>31</u>	<u>454</u>	<u>36</u>	<u>521</u>
At 25 December 2020	<u>223</u>	<u>446</u>	<u>34</u>	<u>703</u>

10 Tangible fixed assets

	Leasehold	Fixtures and	Plant and	Total
	Improvements	Fittings	Equipment	£ 000
	£ 000	£ 000	£ 000	
Cost				
At 26 December 2020	160	56	1,710	1,926
Additions	1	9	194	204
Transfers	-	-	(10)	(10)
Disposals	-	-	(49)	(49)
At 25 December 2021	<u>161</u>	<u>65</u>	<u>1,845</u>	<u>2,071</u>
Depreciation				
At 26 December 2020	74	47	1,268	1,389
Charge for the year	28	6	272	306
Transfers	-	-	(4)	(4)
On disposals	-	-	(15)	(15)
At 25 December 2021	<u>102</u>	<u>53</u>	<u>1,521</u>	<u>1,676</u>
Net book value				
At 25 December 2021	<u>59</u>	<u>12</u>	<u>324</u>	<u>395</u>
At 25 December 2020	<u>86</u>	<u>9</u>	<u>442</u>	<u>537</u>

Zephir Limited
Notes to the Accounts
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11 Investments	2021	2020
	£ 000	£ 000
Shares in subsidiary undertakings	100	100

The company holds 20% or more of the share capital of the following companies:

Company	Shares held		Capital and reserves	Profit (loss)
	Class	%	£ 000	for the year
				£ 000
ZX Measurement Services Ltd	Ordinary	100	213	131

ZX Measurement Services Limited is a company registered in Scotland and was incorporated on 18th October 2005.

12 Stocks	2021	2020
	£ 000	£ 000
Raw materials and consumables	1,679	993
Work in progress	638	680
Finished goods and goods for resale	208	23
	<u>2,525</u>	<u>1,696</u>

13 Debtors	2021	2020
	£ 000	£ 000
Trade debtors	3,452	1,629
Amounts owed by group undertakings	82	3,191
Other debtors	402	307
Prepayments and accrued income	421	250
	<u>4,357</u>	<u>5,377</u>

14 Creditors: amounts falling due within one year	2021	2020
	£ 000	£ 000
Trade creditors	1,065	364
Amounts owed to group undertakings	82	21
Corporation tax	338	118
Other taxes and social security costs	92	72
Accruals and deferred income	4,778	2,510
	<u>6,355</u>	<u>3,085</u>

Zephir Limited
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15 Deferred taxation	2021	2020
	£ 000	£ 000
Accelerated capital allowances	(139)	(132)
Other timing differences	80	57
	<u>(59)</u>	<u>(75)</u>

	2021	2020
	£ 000	£ 000
At 25 December 2020	(75)	(29)
Credited/(charged) to the profit and loss account	16	(46)
At 25 December 2021	<u>(59)</u>	<u>(75)</u>

16 Share capital	Nominal	2021	2021	2020
	value	Number	£ 000	£ 000
Allotted, called up and fully paid:				
Ordinary shares	£1 each	1,000,000	<u>1,000</u>	<u>500</u>

On 11th March 2021 the company issued 500,000 ordinary shares of £1 each at a price of £7 per share for cash consideration totalling £3.5m. This represents share capital of £0.5m and share premium of £3m.

17 Share premium	2021	2020
	£ 000	£ 000
Shares issued	3,000	-
At 25 December	<u>3,000</u>	<u>-</u>

18 Profit and loss account	2021	2020
	£ 000	£ 000
At 26 December	9,451	6,234
Profit for the financial year	4,451	3,217
Dividends	(5,000)	-
At 25 December	<u>8,902</u>	<u>9,451</u>

Zephir Limited
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19 Dividends	2021	2020
	£ 000	£ 000
Dividends on ordinary shares (note 18)	5,000	-

20 Defined contribution pension plans

The company operates a defined contribution pension plan.

The company's total pension contribution charge for the year was £154,621 (2020: £142,726).

21 Other financial commitments

Total future minimum lease payments under non-cancellable operating leases:

	Land and buildings	Other	Land and buildings	Other
	2021	2021	2020	2020
	£ 000	£ 000	£ 000	£ 000
Falling due:				
within one year	100	5	100	5
within two to five years	116	5	202	10
	216	10	302	15

22 Related party transactions

The Company has taken advantage of the exemption in FRS 102.33.1 (a) from disclosing transactions with its parent company or other wholly owned subsidiaries of the group.

23 Controlling party

The company is a subsidiary undertaking of Fred. Olsen Ltd., incorporated in England & Wales.

The largest group in which the results of the company are consolidated is that headed by Fred. Dessen & Co Limited, the company's ultimate parent company, incorporated in England & Wales. The consolidated accounts of this group are available to the public and may be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ.