

Registered number: 03998372

STORM TECHNOLOGIES LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**



STORM TECHNOLOGIES LIMITED

COMPANY INFORMATION

Directors	Mr J Brooker Mr R Marquis Mr T Nickolls Mr N Umney Mr M Smith (appointed 9 June 2017)
Company secretary	Ms S Brooker
Registered number	03998372
Registered office	2 The Boulevard Blackmoor Lane Croxley Business Park Watford Hertfordshire WD18 8YW
Independent auditor	Hillier Hopkins LLP Chartered Accountants & Statutory Auditor Radius House 51 Clarendon Road Watford Herts WD17 1HP

STORM TECHNOLOGIES LIMITED

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STORM TECHNOLOGIES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

Storm Technologies Ltd is one of the fastest growing independent IT Value-Added Resellers in the UK. Our aim is to deliver exceptional service to our customers in corporate and public sector organisations. We advise our customers on IT strategy, implement the most appropriate technology and provide the products, services that support our customers every step of their journey towards enhancing their users IT experience and performance.

Business review

The Company continued in 2017 with the recruitment strategy initiated in 2016 to expand the headcount of its sales team and now have strengthened Solutions & Services teams in place to drive further sales & profit growth, particularly in networking, software licensing, cloud and services areas of the business.

Total Turnover increased consistently by 14% (2016: 13%) to £93.2m (2016: £81.7m) with steady organic growth in the UK market by 11% (2016: 10%), EU market by 85% (2016: 92%) and ROW by 30% (2016: 49%).

Gross profits also increased by 14% (2016: 0.4%) to £14.1m (2016: £12.4m), and gross profit margin remained invariable at 15.1% (2016: 15.1%).

Net Operating Profit before taxation for the year closed on £2.5m (2016: £2.2m), in line with the Company's expectations. Administrative expenses increased by 15% (2016: 6%) during the year driven by the company's investment in additional headcount and subsequent recruitment fees associated with it.

The Directors anticipate 2018 financial year to be one of consolidation and will continue to focus on further execution of Storm's growth strategy, aimed at immediate and sustainable boost not only in sales but in profitability. It will also mark the beginning of an ambitious re-development project to significantly expand the Company's office and warehouse capacity, which will leverage future growth and performance.

Principal risks and uncertainties

Profitable growth within the competitive marketplace

Our comprehensive value added services portfolio continues to underpin our business and with our continual path of self improvement both with internal and customer facing systems, on-going close ties with the industries key vendors and an expanded sales and technical team, we fully expect to deliver significant growth both in revenue, margin and profitability moving forward.

Dependence on specific customers or industry sectors

No one account makes up more than 5% of Storm Technologies' total revenue and no one industry sector makes up more than 10% of total revenue. As such, the Company is resilient to market and account fluctuations and changes in buying patterns.

STORM TECHNOLOGIES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Financial risk management

Credit Risk

The company keeps exposure to credit risk and cash flow risk to a minimum by making sales on normal credit terms, maintaining robust credit control procedures and insuring its debts. Outstanding invoices are constantly monitored to ensure that customers pay to terms. The Company has an excellent track record in avoiding bad debts write offs.

Liquidity and Cash Flow

The company actively monitors its financial position to ensure the company has sufficient funds available for operations and planned expansions.

Financial key performance indicators

Storm Technologies measures its performance using 4 main financial KPIs and these are reported to and reviewed by the Management Team at monthly meetings:

- Gross Profit
- Gross Profit Margin
- Net Profit
- Cash Flow

Other key performance indicators

Storm Technologies also uses non-financial KPIs to assess its performance:

- Sales Ratio
- Customer Retention
- Orders Turnaround
- Quotes Conversion

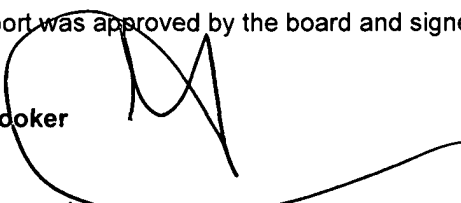
The future

Storm Technologies' primary business objective for the next 3 years is to further consolidate its position as one of the fastest growing independent IT Value-Added Resellers in the UK. The company will continue with its strategy of reinvesting profits in the business infrastructure and personnel ensuring it maintains strong relationships with customers and suppliers.

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

Mr J Brooker
Director

Date:


28/06/2018

STORM TECHNOLOGIES LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

Results and dividends

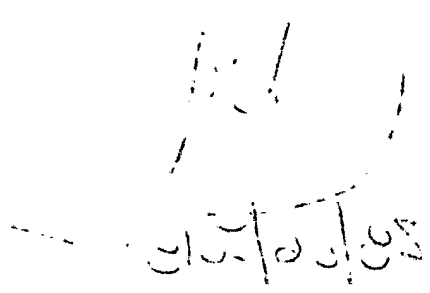
The profit for the year, after taxation, amounted to £1,992,606 (2016 - £1,844,319).

During the year interim dividends of £1,750,000 (2016: £2,000,000) have been declared and paid. The Directors do not recommend payment of a final dividend.

Directors

The directors who served during the year were:

Mr J Brooker
Mr R Marquis
Mr T Nickolls
Mr N Umney
Mr M Smith (appointed 9 June 2017)



Handwritten signature and date: 31/12/17

STORM TECHNOLOGIES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Disclosure of information to auditor

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

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

Post balance sheet events

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


Auditor

The auditor, Hillier Hopkins LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

Mr J Brooker
Director

Date:



28/06/2018

STORM TECHNOLOGIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF STORM TECHNOLOGIES LIMITED

Opinion

We have audited the financial statements of Storm Technologies Limited (the 'Company') for the year ended 31 December 2017, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, 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 2017 and of its profit (or loss) 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 United Kingdom, including the Financial Reporting Council'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.

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

STORM TECHNOLOGIES LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF STORM TECHNOLOGIES LIMITED
(CONTINUED)**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

STORM TECHNOLOGIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF STORM TECHNOLOGIES LIMITED
(CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, 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 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 Auditor's report.



Alexander Bottom ACA (Senior statutory auditor)

for and on behalf of
Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Herts
WD17 1HP

Date:

3rd July 2018

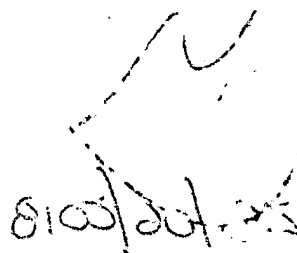
STORM TECHNOLOGIES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	93,188,176	81,675,062
Cost of sales		(79,075,658)	(69,320,907)
Gross profit		14,112,518	12,354,155
Administrative expenses		(11,611,764)	(10,097,327)
Operating profit	5	2,500,754	2,256,828
Interest receivable and similar income	9	490	-
Interest payable and expenses	10	(11,634)	(11,022)
Profit before tax		2,489,610	2,245,806
Tax on profit	11	(497,004)	(401,487)
Total comprehensive income for the year		1,992,606	1,844,319

The notes on pages 13 to 29 form part of these financial statements.

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 8/10/2018

STORM TECHNOLOGIES LIMITED
REGISTERED NUMBER: 03998372

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	As restated 2016 £
Fixed assets			
Tangible assets	13	1,024,158	730,094
Current assets			
Stocks	14	2,019,074	1,885,936
Debtors: amounts falling due within one year	15	17,814,234	15,633,242
Cash at bank and in hand	16	843,579	400,177
		20,676,887	17,919,355
Creditors: amounts falling due within one year	17	(19,172,999)	(16,329,851)
Net current assets		1,503,888	1,589,504
Total assets less current liabilities		2,528,046	2,319,598
Creditors: amounts falling due after more than one year	18	(53,747)	(108,394)
Provisions for liabilities			
Deferred tax	21	(106,078)	(85,589)
		(106,078)	(85,589)
Net assets		2,368,221	2,125,615
Capital and reserves			
Called up share capital	22	77	77
Profit and loss account	23	2,368,144	2,125,538
		2,368,221	2,125,615

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Mr J Brooker
 Director

Date: 28/06/2018
 The notes on pages 13 to 29 form part of these financial statements.

STORM TECHNOLOGIES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2017 (as restated)	77	2,125,538	2,125,615
Profit for the year	-	1,992,606	1,992,606
Dividends: Equity capital	-	(1,750,000)	(1,750,000)
At 31 December 2017	77	2,368,144	2,368,221

The notes on pages 13 to 29 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2016 (as previously reported)	77	3,509,514	3,509,591
Profit for the year	-	1,844,319	1,844,319
Prior year adjustment	-	(1,228,295)	(1,228,295)
Dividends: Equity capital	-	(2,000,000)	(2,000,000)
At 31 December 2016	77	2,125,538	2,125,615

The notes on pages 13 to 29 form part of these financial statements.

STORM TECHNOLOGIES LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	£	£
Cash flows from operating activities		
Profit for the financial year	1,992,606	1,844,319
Adjustments for:		
Depreciation of tangible assets	180,085	167,836
Loss on disposal of tangible assets	656	-
Interest paid	11,634	11,022
Interest received	(490)	-
Taxation charge	497,004	401,487
(Increase) in stocks	(133,138)	(883,443)
(Increase) in debtors	(2,194,949)	(159,290)
Increase in creditors	2,316,747	757,833
Corporation tax paid	(194,480)	(899,777)
Net cash generated from operating activities	2,475,675	1,239,987
Cash flows from investing activities		
Purchase of tangible fixed assets	(474,805)	(68,834)
Interest received	490	-
HP interest paid	(8,851)	(8,040)
Net cash from investing activities	(483,166)	(76,874)

STORM TECHNOLOGIES LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
Cash flows from financing activities		
(Repayment of) / new finance leases	(14,508)	54,794
Movements on invoice discounting	218,184	672,970
Dividends paid	(1,750,000)	(2,000,000)
Interest paid	(2,783)	(2,982)
Net cash used in financing activities	(1,549,107)	(1,275,218)
Net increase/(decrease) in cash and cash equivalents	443,402	(112,105)
Cash and cash equivalents at beginning of year	400,177	512,282
Cash and cash equivalents at the end of year	843,579	400,177
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	843,579	400,177
	843,579	400,177

The notes on pages 13 to 29 form part of these financial statements.

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Storm Technologies Limited is a company incorporated and domiciled in the United Kingdom under the Companies Act. The address of the registered office is detailed on the company information page. The company is an IT reseller.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.3 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 during the period in which they are incurred.

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.3 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Short-term leasehold property	- 15.5% reducing balance
Plant and machinery	- 25% reducing balance and straight line
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 25% reducing balance and straight line
Office equipment	- 25-50% reducing balance and straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.4 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.7 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.7 Financial instruments (continued)

and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency 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 and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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 Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.10 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

STORM TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. 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 payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Holiday pay accrual

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

2.15 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

STORM TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- The recoverability of Trade Receivables has been assessed as at the year end and up until the date of signing these financial statements. Management have based the decision to provide for any amounts based on their judgement of all the available information, and their experience of the specific nature of Trade Receivable in question.

- Stock is included as per the accounting policy set out above. Management have assessed the need to write off or provide against any specific items based on the levels held at year end, and the expected sales of such items in the immediate period post year end.

STORM TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. Turnover

The whole of the turnover is attributable to the Company's principal activity.

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	84,291,017	76,104,287
Rest of Europe	5,537,085	2,987,227
Rest of the world	3,360,074	2,583,548
	<u>93,188,176</u>	<u>81,675,062</u>

5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	180,085	167,834
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	19,000	19,000
Exchange differences	(90,509)	(64,329)
Other operating lease rentals	376,839	377,478
Defined contribution pension cost	113,494	93,020
	<u>113,494</u>	<u>93,020</u>

6. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	19,000	19,000
	<u>19,000</u>	<u>19,000</u>

STORM TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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7. Employees

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

	2017 £	2016 £
Wages and salaries	8,672,090	7,521,176
Social security costs	1,107,550	936,881
Cost of defined contribution scheme	113,494	93,020
	<u>9,893,134</u>	<u>8,551,077</u>

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

	2017 No.	2016 No.
Directors	5	4
Sales, technical & administration	133	116
	<u>138</u>	<u>120</u>

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	1,136,669	958,350
Company contributions to defined contribution pension schemes	10,059	7,228
	<u>1,146,728</u>	<u>965,578</u>

During the year retirement benefits were accruing to 5 directors (2016 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £413,468 (2016 - £330,980).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,294 (2016 - £2,928).

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

9. Interest receivable

	2017 £	2016 £
Other interest receivable	490	-
	<u>490</u>	<u>-</u>

10. Interest payable and similar expenses

	2017 £	2016 £
Finance leases and hire purchase contracts	8,851	8,040
Other interest payable	2,783	2,982
	<u>11,634</u>	<u>11,022</u>

11. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	476,515	486,744
Adjustments in respect of previous periods	-	(77,570)
	<u>476,515</u>	<u>409,174</u>
Total current tax	<u>476,515</u>	<u>409,174</u>
Deferred tax		
Origination and reversal of timing differences	20,489	(7,687)
	<u>20,489</u>	<u>(7,687)</u>
Total deferred tax	<u>20,489</u>	<u>(7,687)</u>
Taxation on profit on ordinary activities	<u>497,004</u>	<u>401,487</u>

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>2,489,610</u>	<u>2,245,806</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	479,250	449,161
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	21,089	24,404
Capital allowances for year in excess of depreciation	(3,335)	1,081
Adjustments to tax charge in respect of prior periods	-	(77,570)
Changes in provisions leading to an increase (decrease) in the tax charge	-	4,411
Total tax charge for the year	<u>497,004</u>	<u>401,487</u>

Factors that may affect future tax charges

On 8 July 2015 the Chancellor of the Exchequer announced a reduction in the main rate of UK corporation tax to 18 percent with effect from 1 April 2020. These changes were substantively enacted on 26 October 2015.

12. Dividends

	2017 £	2016 £
Dividends paid	<u>1,750,000</u>	<u>2,000,000</u>

STORM TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Tangible fixed assets

	Short-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation					
At 1 January 2017	1,262,446	91,575	264,386	415,528	2,033,935
Additions	277,945	-	4,255	192,605	474,805
Disposals	-	-	(1,403)	-	(1,403)
At 31 December 2017	<u>1,540,391</u>	<u>91,575</u>	<u>267,238</u>	<u>608,133</u>	<u>2,507,337</u>
Depreciation					
At 1 January 2017	717,065	46,508	239,551	300,717	1,303,841
Charge for the year on owned assets	112,384	11,267	10,365	46,069	180,085
Disposals	-	-	(747)	-	(747)
At 31 December 2017	<u>829,449</u>	<u>57,775</u>	<u>249,169</u>	<u>346,786</u>	<u>1,483,179</u>
Net book value					
At 31 December 2017	<u>710,942</u>	<u>33,800</u>	<u>18,069</u>	<u>261,347</u>	<u>1,024,158</u>
At 31 December 2016	<u>545,381</u>	<u>45,067</u>	<u>24,835</u>	<u>114,811</u>	<u>730,094</u>

The net book value of land and buildings may be further analysed as follows:

	2017 £	2016 £
Short leasehold	<u>710,942</u>	<u>545,381</u>

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

14. Stocks

	2017 £	2016 £
Finished goods and goods for resale	<u>2,019,074</u>	<u>1,885,936</u>

15. Debtors

	2017 £	<i>As restated</i> 2016 £
Trade debtors	14,505,920	13,254,356
Other debtors	3,168,673	2,240,334
Prepayments and accrued income	139,641	138,553
	<u>17,814,234</u>	<u>15,633,243</u>

16. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	<u>843,579</u>	<u>400,177</u>

STORM TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	9,984,180	8,166,547
Corporation tax	268,078	-
Other taxation and social security	806,765	515,305
Obligations under finance lease and hire purchase contracts	116,828	76,689
Proceeds of invoice discounting facility	6,632,870	6,414,686
Other creditors	50,018	28,656
Accruals and deferred income	1,314,260	1,127,968
	<u>19,172,999</u>	<u>16,329,851</u>

The following liabilities were secured:

	2017 £	2016 £
Invoice discounting facility	6,632,870	6,414,686
	<u>6,632,870</u>	<u>6,414,686</u>

Details of security provided::

The Company utilises an invoice discounting facility, the provider of which holds a debenture granting them a fixed charge over all the fixed assets and stock held by the Company.

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

	2017 £	2016 £
Net obligations under finance leases and hire purchase contracts	53,747	108,394
	<u>53,747</u>	<u>108,394</u>

Please provide details of the terms of payment or repayment and the rates of any interest payable on the amounts repayable more than five years after the balance sheet date.

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	101,277	123,043
Between 1-2 years	53,747	101,277
2-5 years	-	7,117
	<u>155,024</u>	<u>231,437</u>

Hire purchase liabilities are secured against the assets to which they relate.

20. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets measured at fair value through profit or loss	843,579	400,177
Financial assets that are debt instruments measured at amortised cost	17,674,593	15,480,733
	<u>18,518,172</u>	<u>15,880,910</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(11,348,441)	(9,323,163)

Financial assets measured at undiscounted amounts comprise of trade and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors and accruals and deferred income.

21. Deferred taxation

	2017 £
At beginning of year	(85,589)
Charged to the profit or loss	(20,489)
At end of year	<u>(106,078)</u>

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

21. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	<u>(106,078)</u>	<u>(85,589)</u>

22. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
77 Ordinary Shares shares of £1 each	<u>77</u>	<u>77</u>

23. Reserves

Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses.

24. Prior year adjustment

A prior year adjustment has been made for £1,228,295 in respect of a balance that was previously included in the directors loan account, however this should have been recognised in the income statement in the year in which the balance was written off, and accordingly this has been retrospectively corrected.

25. Pension commitments

The company operates a defined contributions pension scheme. 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 and amounted to £113,494 (2016: £93,020). Contributions totalling £20,713 (2016: £16,750) were payable to the fund at the balance sheet date and are included in creditors.

STORM TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

26. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	320,000	320,000
Later than 1 year and not later than 5 years	960,000	960,000
Later than 5 years	1,093,333	1,413,333
	<u>2,373,333</u>	<u>2,693,333</u>

27. Related party transactions

The company guarantees, up to 31 January 2017, the overdraft facility, to a maximum of £250,000 of Storm Procurement Limited, a company of which Mr J R Brooker is a shareholder and director. During the financial year, the company sold computer equipment totalling £256,360 (2016: £97,871) to Storm Procurement Limited on normal commercial terms and a management charge of £224,580 (2016: £224,580) was received from Storm Procurement Limited. Additionally during the year, purchases were made from Storm Procurement on normal commercial terms of £2,217 (2016: £82) At the balance sheet date, £9,908 (2016: £37,142) is outstanding.

The company made available a working capital loan to Capital Continuity Limited. The balance at the year end owed to Capital Continuity Limited was £808 (2016: £424). The company also sold computer equipment totalling £2,826(2016: £98,717) to Capital Continuity Limited on normal commercial terms and a management charge of £80,000 (2016: £80,000) was received from Capital Continuity Limited. Mr J Brooker is a director and shareholder of Capital Continuity Limited.

The company occupies premises owned by Mr J Brooker and his family. The company entered in to a 15 year lease on the 4th May 2010. During the year the company paid rent of £372,000 (2016: £372,000). Mr J Brooker and his family in respect of the property owed £nil (2016: £24,296) to the company at the year end.

Mr J Brooker has an interest free loan from the company of £1,811,424 (2016 £2,114,556) with no fixed repayment period.

T Nickolls, a director was owed £294 (2016: £178) by the company at the year end.

R Marquis, a director has an interest free loan account from the company of £nil (2016: £304) with no fixed repayment period.

M Smith, a director, has an interest free loan account from the company of £25,000 (2016: £nil) with no fixed re payment period.

STORM TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

28. Controlling party

The controlling party is Mr J and Mrs S Brooker by virtue of their combined 100% shareholding.