
STORM TECHNOLOGIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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STORM TECHNOLOGIES LIMITED

COMPANY INFORMATION

Directors	Mr J Brooker Mr R Marquis (appointed 2 March 2015) Mr T Nickolls Mr N Umney Mr G Ware (resigned 2 March 2015)
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 2015

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

2015 has been a very successful year for Storm Technologies with the company producing its best result since incorporation. The Company continued strengthening and expanding its customer base, with turnover increasing by 21% to £72.3m. Gross Profit also experienced a significant increase by 30% to £12.3m, assisted by an increase of Gross Profit Margins at 17.0%. As a result, our Net Profit before Taxation for the Financial Year increased to £2.7m (£987k in 2014).

Storm Technologies continued consolidating its position in the market as one of the leading IT VAR Resellers in the UK. The launch of Storm Technologies procurement portal, One Portal, was successfully achieved in the first half of 2015 and it has become a key contributor to our good results. Also, at the end of the financial year, we completed the upgrade of our accounting system, which will bring additional efficiencies to the Company.

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, Storm Technologies is resilient to market and account fluctuations and changes in buying patterns.

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.

STORM TECHNOLOGIES LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

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:

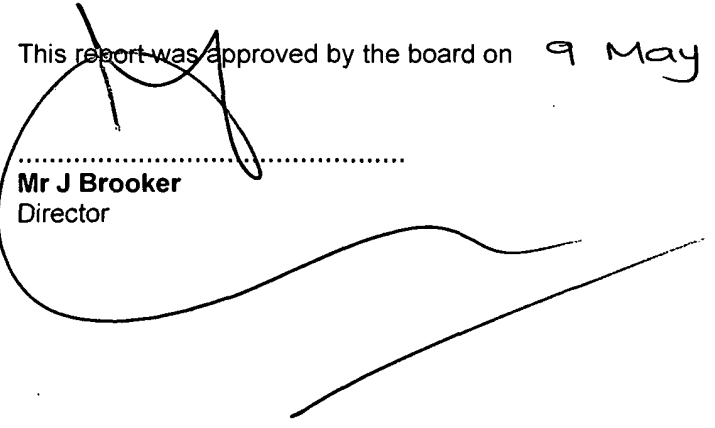
- Sales Ratio
- Customer Retention
- Orders Turnaround
- Quotes Conversion

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 on 9 May 2016 and signed on its behalf.

.....
Mr J Brooker
Director



STORM TECHNOLOGIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 £2,183,270 (2014 - £761,431).

Dividends paid during the year amounted to £1,688,000 (2014 - £nil)

Directors

The directors who served during the year were:

Mr J Brooker
Mr R Marquis (appointed 2 March 2015)
Mr T Nickolls
Mr N Umney
Mr G Ware (resigned 2 March 2015)

STORM TECHNOLOGIES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

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 that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that 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.

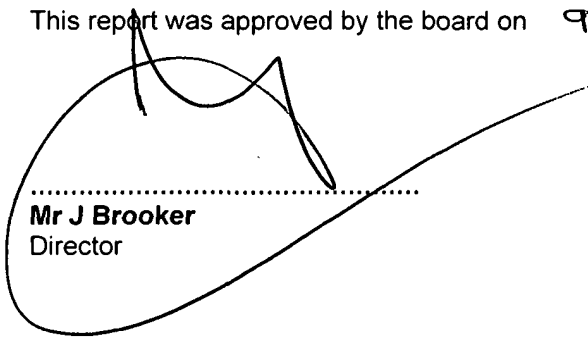
Post balance sheet events

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

Auditors

Under section 487(2) of the Companies Act 2006, Hillier Hopkins LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 9 May 2016 and signed on its behalf.



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Mr J Brooker
Director

STORM TECHNOLOGIES LIMITED

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

We have audited the financial statements of Storm Technologies Limited for the year ended 31 December 2015, set out on pages 7 to 27. The financial reporting framework that has been applied in their preparation is applicable law including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of Directors and Auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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 directors' report has been prepared in accordance with applicable legal requirements.

STORM TECHNOLOGIES LIMITED

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

Matters on which we are required to report by exception

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.



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: *12th May 2016*

STORM TECHNOLOGIES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
Turnover	2	72,326,607	59,774,086
Cost of sales		(60,016,950)	(50,304,123)
Gross profit		12,309,657	9,469,963
Administrative expenses		(9,549,555)	(8,432,512)
Operating profit	3	2,760,102	1,037,451
Interest receivable and similar income	7	-	36
Interest payable and expenses	8	(18,454)	(50,981)
Profit before tax		2,741,648	986,506
Tax on profit	9	(558,378)	(225,075)
Profit for the year		2,183,270	761,431
Other comprehensive income for the year			
Total comprehensive income for the year		2,183,270	761,431

STORM TECHNOLOGIES LIMITED
REGISTERED NUMBER: 03998372

BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	11	829,095	832,099
		<u>829,095</u>	<u>832,099</u>
Current assets			
Stocks	12	1,002,493	854,540
Debtors: amounts falling due within one year	13	16,688,290	14,615,187
Cash at bank and in hand	14	512,282	71,084
		<u>18,203,065</u>	<u>15,540,811</u>
Creditors: amounts falling due within one year	15	(15,420,562)	(13,145,200)
Net current assets		<u>2,782,503</u>	2,395,611
Total assets less current liabilities		<u>3,611,598</u>	3,227,710
Creditors: amounts falling due after more than one year	16	(8,731)	(148,413)
Provisions for liabilities			
Deferred tax	19	(93,276)	(64,976)
		<u>(93,276)</u>	<u>(64,976)</u>
Net assets		<u><u>3,509,591</u></u>	<u><u>3,014,321</u></u>
Capital and reserves			
Called up share capital	21	77	77
Profit and loss account	20	3,509,514	3,014,244
		<u>3,509,591</u>	<u>3,014,321</u>

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

9 May 2016

.....
Mr J Brooker
 Director

STORM TECHNOLOGIES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital £	Retained earnings £	Total equity £
At 1 January 2015	77	3,014,244	3,014,321
Comprehensive income for the year			
Profit for the year	-	2,183,270	2,183,270
Actuarial gains on pension scheme	-	-	-
Total comprehensive income for the year	-	2,183,270	2,183,270
Dividends: Equity capital	-	(1,688,000)	(1,688,000)
Total transactions with owners	-	(1,688,000)	(1,688,000)
At 31 December 2015	77	3,509,514	3,509,591

STORM TECHNOLOGIES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Share capital £	Retained earnings £	Total equity £
At 1 January 2014	77	2,252,813	2,252,890
Comprehensive income for the year			
Profit for the year	-	761,431	761,431
Total comprehensive income for the year	<u>-</u>	<u>761,431</u>	<u>761,431</u>
Total transactions with owners	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2014	<u>77</u>	<u>3,014,244</u>	<u>3,014,321</u>

The notes on pages 12 to 27 form part of these financial statements.

STORM TECHNOLOGIES LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 £	2014 £
Cash flows from operating activities		
Profit for the financial year	2,183,270	761,431
Adjustments for:		
Depreciation of tangible assets	172,970	202,614
Loss on disposal of tangible assets	-	16,541
Increase in stocks	(147,953)	(287,049)
Taxation	558,378	225,075
Increase in debtors	(2,073,103)	(1,598,544)
Increase in creditors	1,631,133	(303,237)
Corporation tax	(124,816)	(679,625)
Interest paid	2,681	24,465
Hire purchase interest paid	12,012	26,516
Interest received	-	(36)
Net cash generated from operating activities	2,214,572	(1,611,849)
Cash flows from investing activities		
Purchase of tangible fixed assets	(169,966)	(178,176)
Net cash from investing activities	(169,966)	(178,176)
Cash flows from financing activities		
Repayment of/new finance leases	(173,958)	(145,922)
Movements on invoice discounting	273,243	1,606,645
Dividends paid	(1,688,000)	-
Interest paid	(2,681)	(24,465)
Hire purchase interest paid	(12,012)	(26,516)
Interest received	-	36
Net cash used in financing activities	(1,603,408)	1,409,778
Net increase / (decrease) in cash and cash equivalents	441,198	(380,247)
Cash and cash equivalents at beginning of year	71,084	451,331
Cash and cash equivalents at the end of year	512,282	71,084
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	512,282	71,084
	512,282	71,084

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 27.

The following accounting policies have been applied:

1.2 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;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.3 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 2015

1. Accounting policies (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 within 'other operating income' in the Statement of comprehensive income.

1.4 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

1.5 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 balance sheet 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.

1.6 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.

1.7 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.

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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

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 Profit and loss account.

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.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet 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.

1.9 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 2015

1. Accounting policies (continued)

1.10 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 Profit and loss account 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 Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and loss account within 'other operating income'.

1.11 Finance costs

Finance costs are charged to the Profit and loss account 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.

1.12 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.

1.13 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 payments obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.14 Holiday pay accrual

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

1.15 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

1.16 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 Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet 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 Balance sheet.

1.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change 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 balance sheet 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 Balance sheet 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 balance sheet date.

STORM TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. Analysis of turnover

	2015	2014
	£	£
Class 1	72,326,607	59,774,086
	<u>72,326,607</u>	<u>59,774,086</u>

Analysis of turnover by country of destination:

	2015	2014
	£	£
United Kingdom	69,037,895	56,981,512
Rest of Europe	1,556,313	1,536,075
Rest of the world	1,732,399	1,256,499
	<u>72,326,607</u>	<u>59,774,086</u>

STORM TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

3. Operating profit

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	172,969	202,614
Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts	19,000	17,500
Exchange differences	(11,409)	(7,798)
Defined contribution pension cost	86,402	52,817
	86,402	52,817

4. Auditor's remuneration

	2015 £	2014 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	19,000	17,500
	19,000	17,500
	-	-

5. Employees

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

	2015 £	2014 £
Wages and salaries	6,808,932	6,014,645
Social security costs	820,639	750,414
Cost of defined contribution scheme	86,402	52,817
	7,715,973	6,817,876

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

	2015 No.	2014 No.
Directors	4	3
Sales, technical & administration	109	96
	113	99

STORM TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

6. Directors' remuneration

	2015 £	2014 £
Directors' emoluments	1,005,382	911,131
Company contributions to defined contribution pension schemes	13,730	8,168
	<u>1,019,112</u>	<u>919,299</u>

During the year retirement benefits were accruing to 4 directors (2014 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £355,382 (2014 - £442,933).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2,928 (2014 - £6,611).

7. Interest receivable

	2015 £	2014 £
Other interest receivable	-	36
	<u>-</u>	<u>36</u>

8. Interest payable and similar charges

	2015 £	2014 £
Finance leases and hire purchase contracts	12,012	26,516
Other interest payable	6,442	24,465
	<u>18,454</u>	<u>50,981</u>

STORM TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

9. Taxation

	2015 £	2014 £
Corporation tax		
Current tax on profits for the year	573,910	243,105
Adjustments in respect of previous periods	(43,832)	-
	<u>530,078</u>	<u>243,105</u>
Total current tax	<u>530,078</u>	<u>243,105</u>
Deferred tax		
Origination and reversal of timing differences	28,300	(18,030)
Total deferred tax	<u>28,300</u>	<u>(18,030)</u>
Taxation on profit on ordinary activities	<u>558,378</u>	<u>225,075</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>2,741,647</u>	<u>986,506</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	555,184	212,099
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	20,587	17,532
Capital allowances for year in excess of depreciation	(1,861)	11,281
Adjustments to tax charge in respect of prior periods	(43,832)	-
Short term timing difference leading to an increase (decrease) in taxation	28,300	(18,030)
Book profit on chargeable assets	-	3,556
Marginal relief	-	(1,363)
Total tax charge for the year	<u>558,378</u>	<u>225,075</u>

STORM TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

9. Taxation (continued)

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 19 per cent with effect from 1 April 2017 and 18 per cent with effect from 1 April 2020. These changes were substantively enacted on 26 October 2015.

10. Dividends

	2015 £	2014 £
Dividends paid	1,688,000	-
	1,688,000	-

11. Tangible fixed assets

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £
Cost or valuation					
At 1 January 2015	1,134,002	7,022	63,353	243,467	347,291
Additions	128,444	-	-	8,008	33,514
At 31 December 2015	1,262,446	7,022	63,353	251,475	380,805
Depreciation					
At 1 January 2015	482,495	3,604	31,157	211,418	234,363
Charge owned for the period	120,623	855	8,049	7,472	31,470
Charge financed for the period	-	-	-	4,501	-
At 31 December 2015	603,118	4,459	39,206	223,391	265,833
Net book value					
At 31 December 2015	659,328	2,563	24,147	28,084	114,972
At 31 December 2014	651,507	3,418	32,196	32,050	112,928

STORM TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

11. Tangible fixed assets (continued)

	Total £
Cost or valuation	
At 1 January 2015	1,795,135
Additions	169,966
At 31 December 2015	1,965,101
Depreciation	
At 1 January 2015	963,037
Charge owned for the period	168,469
Charge financed for the period	4,501
At 31 December 2015	1,136,007
Net book value	
At 31 December 2015	829,094
At 31 December 2014	832,099

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

	2015 £	2014 £
Short leasehold	659,328	651,507
	659,328	651,507

STORM TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

12. Stocks

	2015 £	2014 £
Finished goods and goods for resale	1,002,493	854,540
	1,002,493	854,540

13. Debtors

	2015 £	2014 £
Trade debtors	12,168,387	8,736,772
Other debtors	4,383,548	5,707,208
Prepayments and accrued income	136,355	171,207
	16,688,290	14,615,187

14. Cash and cash equivalents

	2015 £	2014 £
Cash at bank and in hand	512,282	71,084
	512,282	71,084

15. Creditors: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	7,147,892	5,735,858
Corporation tax	476,646	71,384
Taxation and social security	903,966	731,879
Obligations under finance lease and hire purchase contracts	121,558	155,833
Proceeds of factored debts	5,741,716	5,468,473
Other creditors	35,145	67,145
Accruals and deferred income	993,639	914,628
	15,420,562	13,145,200

STORM TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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

	2015 £	2014 £
Net obligations under finance leases and hire purchase contracts	8,731	148,413
	8,731	148,413
	8,731	148,413

17. Hire purchase & finance leases

Minimum lease payments under hire purchase fall due as follows:

	2015 £	2014 £
	-	-
	-	-

18. Financial instruments

	2015 £	2014 £
Financial assets		
Financial assets measured at fair value through profit or loss	512,282	71,084
Financial assets that are debt instruments measured at amortised cost	16,551,934	14,443,979
	17,064,216	14,515,063
	17,064,216	14,515,063
Financial liabilities		
Financial liabilities measured at amortised cost	(8,298,169)	(6,820,629)
	(8,298,169)	(6,820,629)
	(8,298,169)	(6,820,629)

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

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

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

19. Deferred taxation

	Deferred tax £
At 1 January 2015	(64,976)
Charged to the profit or loss	(28,300)
At 31 December 2015	(93,276)

The provision for deferred taxation is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	(93,276)	(64,976)
	<u>(93,276)</u>	<u>(64,976)</u>

20. Reserves

Profit and loss account

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

21. Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
77 Ordinary Shares shares of £1 each	77	77
	<u>77</u>	<u>77</u>

22. 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 £86,402 (2014 - £52,817). Contributions totalling £21,241 (2014 - £17,077) 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 2015

23. Commitments under operating leases

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

Total

24. Related party transactions

The company guarantees 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 £302,028 (2014: £351,917) to Storm Procurement Limited on normal commercial terms and a management charge of £194,580 (2014: £344,580) was received from Storm Procurement Limited. Additionally during the year, purchases were made from Storm Procurement on normal commercial terms of £4,883 (2014: £nil) At the balance sheet date, £125,691 (2014: £56,510) is outstanding.

The company made available a working capital loan to Capital Continuity Limited. The maximum amount outstanding during the year was £288,705 (2014: £395,531), and the balance at the year end owed to Capital Continuity Limited was £1,041.19 (2014: £288,705 due from). The company also sold computer equipment totalling £4,883 (2014: £30,146) to Capital Continuity Limited on normal commercial terms and a management charge of £108,000 (2014: £75,714) 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 £372,694 (2014: £259,337). Mr J Brooker and his family in respect of the property owed £110,735 (2014: £nil) to the company at the year end which was also the maximum balance owed during the period..

Mr J Brooker and Mrs S Brooker are directors and shareholders of Storm Music Management Limited. and the company made working capital advances during the prior year to this business. The maximum outstanding during the year was £nil (2014: £44,851) and the year end balance was £nil (2014: £nil).

Mr J R Brooker has an interest free loan from the company of £2,918,398 (2014 £4,440,826) with no fixed repayment period. The maximum outstanding during the year was £4,935,111 (2014: £4,440,826).

T Nickolls, a director has an interest free loan account from the company of £20,150 (2014: £192) with no fixed repayment period. The maximum outstanding during the year was £20,150 (2014: £192).

N Umney, a director was owed £65 (2014: £nil) by the company at the year end. The maximum outstanding during the year was £65 (2014: £nil).

During the prior period, the company guaranteed the rent of XO Fashions Limited, a company in which S Brooker, a director, has an interest.

25. Controlling party

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

STORM TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

26. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.