

STORM TECHNOLOGIES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2012

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STORM TECHNOLOGIES LIMITED

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STORM TECHNOLOGIES LIMITED

DIRECTORS' REPORT for the year ended 31 December 2012

The directors present their report and the financial statements for the year ended 31 December 2012

DIRECTORS' RESPONSIBILITIES STATEMENT

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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,
- 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.

PRINCIPAL ACTIVITIES

The company's principal activity continues to be the supply of computer hardware and application software.

BUSINESS REVIEW

The strategy of investment, implemented last year and continued into 2012, has provided solid results for the year. Additional sales, technical and support staff have been recruited, with a planned increase in the associated overhead cost, which are now making a significant contribution to profitability. 2013 has started very well and the board look forward to a significantly stronger year.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £859,835 (2011 - £1,713,643).

An interim dividend of £500,038 (2011 £1,500,037) was paid during the year and the directors do not recommend a final dividend.

STORM TECHNOLOGIES LIMITED

DIRECTORS' REPORT for the year ended 31 December 2012

DIRECTORS

The directors who served during the year were

J R Brooker
S L Dearn
G Ware
C Elston

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company made charitable donations totaling £350 (2011 £1,680)

FUTURE DEVELOPMENTS

Since the year end the company has achieved increased sales targets and is looking forward to a successful 2014

FINANCIAL INSTRUMENTS

The company's financial instruments comprise cash and a debt factoring facility. The main risks arising from these financial instruments are interest rate risk and liquidity risk. The policies for managing these risks are regularly reviewed and agreed by the board. It is and has been throughout the period under review the company's policy that no trading in financial instruments shall be undertaken.

The company's debt factoring facility carries interest at a pre-set margin over bank base rate. Funds available are based on an agreed percentage of trade debtors, subject to an overall maximum facility. This method of funding provides liquidity based on the company's activity and growth which is, in the opinion of the directors, the most appropriate method of funding a rapidly growing business. This facility is regularly monitored by the board with regard to both liquidity and interest rate.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company provides a guarantee for the bank facilities of Storm Procurement Limited, a company in which Mr J Brooker, Mr S Dearn and Mr G Ware, directors of Storm Technologies Limited, have an interest.

PROVISION OF INFORMATION TO AUDITORS

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 auditors are 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 information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

STORM TECHNOLOGIES LIMITED

DIRECTORS' REPORT
for the year ended 31 December 2012

AUDITORS

The auditors, Wise Accountants, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 7 March 2013 and signed on its behalf



J R Brooker
Secretary

STORM TECHNOLOGIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF STORM TECHNOLOGIES LIMITED

We have audited the financial statements of Storm Technologies Limited for the year ended 31 December 2012, set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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 Auditing Practices Board'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 Directors' report to identify material inconsistencies with the audited financial statements. 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 2012 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

STORM TECHNOLOGIES LIMITED

INDEPENDENT AUDITORS' 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

C J Wise (Senior statutory auditor)

for and on behalf of
Wise Accountants

Chartered Accountants
Registered Auditors

The Old Star
Church Street
Princes Risborough
Bucks

7 March 2013

STORM TECHNOLOGIES LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2012

	Note	2012 £	2011 £
TURNOVER	1,2	50,892,615	56,649,376
Cost of sales		<u>(42,196,231)</u>	<u>(47,841,651)</u>
GROSS PROFIT		8,696,384	8,807,725
Administrative expenses		<u>(7,540,860)</u>	<u>(6,434,842)</u>
OPERATING PROFIT	3	1,155,524	2,372,883
Interest payable and similar charges	6	<u>(13,520)</u>	<u>(14,316)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,142,004	2,358,567
Tax on profit on ordinary activities	7	<u>(282,169)</u>	<u>(644,924)</u>
PROFIT FOR THE FINANCIAL YEAR	15	<u>£ 859,835</u>	<u>£ 1,713,643</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

The notes on pages 9 to 19 form part of these financial statements

STORM TECHNOLOGIES LIMITED
Registered number: 3998372

BALANCE SHEET
as at 31 December 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	8		1,071,022		1,253,639
CURRENT ASSETS					
Stocks	9	645,295		709,795	
Debtors	10	10,724,120		9,935,622	
Cash at bank and in hand		419,762		131,629	
		<u>11,789,177</u>		<u>10,777,046</u>	
CREDITORS: amounts falling due within one year	11	<u>10,806,635)</u>		<u>10,275,630)</u>	
NET CURRENT ASSETS			<u>982,542</u>		<u>501,416</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,053,564</u>		<u>1,755,055</u>
CREDITORS: amounts falling due after more than one year	12		(10,408)		(57,039)
PROVISIONS FOR LIABILITIES					
Deferred tax	13		<u>(67,795)</u>		<u>(82,452)</u>
NET ASSETS			<u>£ 1,975,361</u>		<u>£ 1,615,564</u>
CAPITAL AND RESERVES					
Called up share capital	14		77		77
Profit and loss account	15		<u>1,975,284</u>		<u>1,615,487</u>
SHAREHOLDERS' FUNDS	16		<u>£ 1,975,361</u>		<u>£ 1,615,564</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 March 2013


J R Brooker
Director


S L Dearn
Director

The notes on pages 8 to 19 form part of these financial statements

STORM TECHNOLOGIES LIMITED

**CASH FLOW STATEMENT
for the year ended 31 December 2012**

	Note	2012 £	2011 £
Net cash flow from operating activities	18	438,343	2,473,546
Returns on investments and servicing of finance	19	(13,520)	(14,316)
Taxation	19	(539,001)	(339,509)
Capital expenditure and financial investment	19	(53,503)	(192,584)
Equity dividends paid/Share capital redeemed		(500,038)	(1,500,037)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(667,719)	427,100
Financing	19	(81,490)	26,891
(DECREASE)/INCREASE IN CASH IN THE YEAR		£ (749,209)	£ 453,991

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
for the year ended 31 December 2012**

	2012 £	2011 £
(Decrease)/Increase in cash in the year	(749,209)	453,991
Cash outflow from decrease in debt and lease financing	81,490	(26,891)
MOVEMENT IN NET DEBT IN THE YEAR	(667,719)	427,100
Net debt at 1 January 2012	(2,769,296)	(3,196,396)
NET DEBT AT 31 DECEMBER 2012	£ (3,437,015)	£ (2,769,296)

The notes on pages 9 to 19 form part of these financial statements

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012

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 applicable accounting standards

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

S/Term Leasehold Property	-	6.7% straight line
Plant & machinery	-	25% reducing balance and straight line
Motor vehicles	-	25% reducing balance
Fixtures & fittings	-	25% reducing balance and straight line
Office equipment	-	25-50% reducing balance and straight line

1.4 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012

1. ACCOUNTING POLICIES (continued)

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are discounted

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

2. TURNOVER

The whole of the turnover is attributable to the sale of Information Technology equipment and associated technical services

A geographical analysis of turnover is as follows

	2012 £	2011 £
United Kingdom	50,015,878	56,572,709
Rest of European Union	809,247	19,976
Rest of world	67,490	56,691
	<u>£ 50,892,615</u>	<u>£ 56,649,376</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	57,059	120,964
- held under finance leases	35,532	36,173
Auditors' remuneration	20,000	20,000
Operating lease rentals		
- other operating leases	316,205	357,850
Difference on foreign exchange	1,507	(6,883)
	<u>316,205</u>	<u>357,850</u>

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	5,157,547	4,524,268
Social security costs	630,576	558,689
Other pension costs	18,052	14,817
	<u>£ 5,806,175</u>	<u>£ 5,097,774</u>

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

	2012 No.	2011 No
Directors	4	4
Sales, technical & administration	91	71
	<u>95</u>	<u>75</u>

5. DIRECTORS' REMUNERATION

	2012 £	2011 £
Emoluments including benefits in kind	<u>£ 429,492</u>	<u>£ 390,089</u>
Company pension contributions to defined contribution pension schemes	<u>£ 18,052</u>	<u>£ 14,817</u>

During the year retirement benefits were accruing to 2 directors (2011 - 2) in respect of defined contribution pension schemes

The highest paid director received remuneration of £232,108 (2011 - £245,093)

6. INTEREST PAYABLE

	2012 £	2011 £
On bank loans and overdrafts	480	942
On finance leases and hire purchase contracts	13,040	13,374
	<u>£ 13,520</u>	<u>£ 14,316</u>

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

7. TAXATION

	2012 £	2011 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	296,826	602,675
Deferred tax (see note 13)		
Origination and reversal of timing differences	(14,657)	42,249
Tax on profit on ordinary activities	<u>£ 282,169</u>	<u>£ 644,924</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - lower than) the standard rate of corporation tax in the UK of 24% (2011 - 24%) The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	<u>£ 1,142,004</u>	<u>£ 2,358,567</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 24%)	274,081	566,056
Effects of:		
Non-tax deductible amortisation and entertaining	-	58,518
Depreciation for the year (lower than)/in excess of capital allowances	22,745	(21,899)
Current tax charge for the year (see note above)	<u>£ 296,826</u>	<u>£ 602,675</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

8. TANGIBLE FIXED ASSETS

	S/Term Leasehold Property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Office equipment £	Total £
Cost						
At 1 January 2012	1,005,343	4,612	220,590	204,942	285,334	1,720,821
Additions	-	-	-	28,521	24,982	53,503
At 31 December 2012	1,005,343	4,612	220,590	233,463	310,316	1,774,324
Depreciation						
At 1 January 2012	82,584	1,867	121,513	148,106	113,112	467,182
Charge for the year	143,531	685	24,769	18,992	48,143	236,120
At 31 December 2012	226,115	2,552	146,282	167,098	161,255	703,302
Net book value						
At 31 December 2012	£ 779,228	£ 2,060	£ 74,308	£ 66,365	£ 149,061	£ 1,071,022
At 31 December 2011	£ 922,759	£ 2,745	£ 99,077	£ 56,836	£ 172,222	£ 1,253,639

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2012 £	2011 £
Motor vehicles	51,294	68,393
Furniture, fittings and equipment	55,301	73,735
	<u>£ 106,595</u>	<u>£ 142,128</u>

9. STOCKS

	2012 £	2011 £
Finished goods and goods for resale	<u>£ 645,295</u>	<u>£ 709,795</u>

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012

10. DEBTORS

	2012 £	2011 £
Trade debtors	7,477,067	7,778,487
Other debtors	3,093,841	1,962,130
Prepayments and accrued income	153,212	195,005
	<u>£ 10,724,120</u>	<u>£ 9,935,622</u>

Trade debtors include £7,174,968 (2011 £7,594,994) of discounted debts outstanding at the balance sheet date. Included within other debtors due within one year are loans to the following directors: Mr J R Brooker £1,885,933 (2011 £657,338) the maximum outstanding was £1,885,933, Mr S L Dearn £21,947 (2011 £nil)

11. CREDITORS: Amounts falling due within one year

	2012 £	2011 £
Advance sales accrual	299,849	673,122
Net obligations under finance leases and hire purchase contracts	47,629	82,487
Trade creditors	5,083,710	4,013,889
Corporation tax	296,826	539,001
Social security and other taxes	637,445	957,537
Proceeds of sales ledger funding	3,798,741	2,761,399
Other creditors	136,102	369,985
Accruals and deferred income	506,333	878,210
	<u>£ 10,806,635</u>	<u>£ 10,275,630</u>

Of the creditors falling due within and after more than one year, the proceeds of sales ledger funding £3,798,741 (2011 £2,761,399) and net obligations under finance leases and hire purchase contracts totaling £58,036 (2011 £139,526) are secured. Sales ledger funding is secured on underlying debtors and hire purchase liabilities on the assets financed.

12. CREDITORS: Amounts falling due after more than one year

	2012 £	2011 £
Net obligations under finance leases and hire purchase contracts	<u>£ 10,408</u>	<u>£ 57,039</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2012 £	2011 £
Between one and five years	<u>£ 10,408</u>	<u>£ 57,039</u>

STORM TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012**

13 DEFERRED TAXATION

	2012 £	2011 £
At beginning of year	82,452	40,203
(Released during)/charge for year	(14,657)	42,249
	<u>£ 67,795</u>	<u>£ 82,452</u>

The provision for deferred taxation is made up as follows

	2012 £	2011 £
Accelerated/(decelerated) capital allowances	<u>£ 67,795</u>	<u>£ 82,452</u>

14 SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid		
77 Ordinary shares of £1 each	<u>£ 77</u>	<u>£ 77</u>

15. RESERVES

	Profit and loss account £
At 1 January 2012	1,615,487
Profit for the year	859,835
Dividends Equity capital	(500,038)
At 31 December 2012	<u>£ 1,975,284</u>

16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Opening shareholders' funds	1,615,564	1,401,958
Profit for the year	859,835	1,713,643
Dividends (Note 17)	(500,038)	(1,500,037)
Closing shareholders' funds	<u>£ 1,975,361</u>	<u>£ 1,615,564</u>

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

17 DIVIDENDS AND REDEMPTION OF SHARES

	2012 £	2011 £
Dividends paid on equity capital	£ 500,038	£ 1,500,037

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating profit	1,155,524	2,372,883
Amortisation of short leasehold	143,531	66,162
Depreciation of tangible fixed assets	92,591	90,973
Decrease in stocks	64,500	106,165
Increase in debtors	(788,499)	(2,277,565)
(Decrease)/increase in creditors	(229,304)	2,114,928
Net cash inflow from operating activities	£ 438,343	£ 2,473,546

19 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest paid	(480)	(942)
Hire purchase interest	(13,040)	(13,374)
Net cash outflow from returns on investments and servicing of finance	£ (13,520)	£ (14,316)

	2012 £	2011 £
Taxation		
Corporation tax	£ (539,001)	£ (339,509)

	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	£ (53,503)	£ (192,584)

	2012 £	2011 £
Financing		
(Repayment of)/new finance leases	£ (81,490)	£ 26,891

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

20. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2012 £	Cash flow £	Other non-cash changes £	31 December 2012 £
Cash at bank and in hand	131,629	288,133	-	419,762
Proceeds of factored debts	(2,761,399)	(1,037,342)	-	(3,798,741)
Debt:				
Debts due within one year	(82,487)	81,490	(46,631)	(47,628)
Debts falling due after more than one year	(57,039)	-	46,631	(10,408)
Net debt	£ (2,769,296)	£ (667,719)	£ -	£ (3,437,015)

21. 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 £18,052 (2011 £14,817). Contributions totalling £nil (2011 £nil) were payable to the fund at the balance sheet date and are included in creditors.

22. OPERATING LEASE COMMITMENTS

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows:

	Short leasehold land and buildings	
	2012 £	2011 £
Expiry date:		
Between 2 and 5 years	399,990	357,850

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012

23. RELATED PARTY TRANSACTIONS

The company guarantees the overdraft facility of Storm Procurement Limited, to which it also made working capital loans during the year. The maximum amount outstanding during the year was £755,832 and at the balance sheet date was £361,829 (2011 £755,832). During the financial year, the company sold computers and equipment to Storm Procurement Limited on normal commercial terms. The total value of sales was £1,070,333 (2011 £1,120,210). The company also made working capital loans to Capital Continuity Limited. The maximum amount outstanding during the year was £644,816 (2011 £862,834), and the balance due at the year end was £632,646 (2011 £644,816). The company also sold computers and equipment to Capital Continuity Limited on normal commercial terms. The total value of sales was £97,410 (2011 £2,846,668). Mr J Brooker and Mr S Dearn are directors and shareholders of both companies. 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 £262,500 (2011 £262,500) and there was no balance owing at the year end. 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 year to this business. The maximum outstanding and year end balance was £900,581 (2011 £657,338).

STORM TECHNOLOGIES LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2012

	Page	2012 £	2011 £
TURNOVER	21	50,892,615	56,649,376
Cost of sales	21	(42,196,231)	(47,841,651)
		<hr/>	<hr/>
GROSS PROFIT		8,696,384	8,807,725
Gross profit %		17.1 %	15.5 %
LESS: OVERHEADS			
Administration expenses	21	(7,540,860)	(6,434,842)
		<hr/>	<hr/>
OPERATING PROFIT		1,155,524	2,372,883
Interest payable	22	(13,520)	(14,316)
		<hr/>	<hr/>
PROFIT FOR THE YEAR		£ 1,142,004	£ 2,358,567
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STORM TECHNOLOGIES LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
for the year ended 31 December 2012**

	2012 £	2011 £
TURNOVER		
Sales	50,015,878	56,572,709
Sales - Other EU	809,247	19,976
Sales - Rest of world	67,490	56,691
	<u>£ 50,892,615</u>	<u>£ 56,649,376</u>
	2012 £	2011 £
COST OF SALES		
Purchases	<u>£ 42,196,231</u>	<u>£ 47,841,651</u>
	2012 £	2011 £
ADMINISTRATION EXPENSES		
Directors salaries	429,492	390,089
Directors pension costs	18,052	14,817
Staff salaries	4,728,055	4,134,179
Staff private health insurance	4,974	5,578
Staff national insurance	630,576	558,689
Staff training	27,496	16,482
Staff welfare	78,643	32,593
Motor running costs	41,891	51,673
Entertainment	62,718	67,935
Hotels, travel and subsistence	62,925	93,734
Consultancy	23,089	18,044
Printing and stationery	43,328	30,842
Telephone and fax	74,221	82,250
Computer costs	26,308	16,416
Trade subscriptions	3,445	564
Charity donations	350	1,680
Legal and professional	40,700	18,632
Auditors' remuneration	20,000	20,000
Accountancy	77,192	54,692
Bank charges	203,002	191,129
Bad debts	51,127	12,420
Difference on foreign exchange	1,507	(6,883)
Sundry expenses	6,147	3,812
Rent - operating leases	316,205	357,850
Rates	96,566	112,553
Light and heat	38,335	42,836
Recharged costs	(288,127)	(401,250)
Insurances	171,540	138,335
Repairs and maintenance	133,629	77,089
Sundry establishment expenses	49,531	14,374
Depreciation - plant and machinery	67,822	62,962
Sub-total carried forward	<u>7,240,739</u>	<u>6,214,116</u>

STORM TECHNOLOGIES LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
for the year ended 31 December 2012**

	2012	2011
	£	£
ADMINISTRATION EXPENSES (continued)		
Sub-total brought forward	7,240,739	6,214,116
Depreciation - motor vehicles	24,769	28,011
Amortisation - short leasehold land & buildings	143,531	66,162
Recruitment	64,150	79,179
Marketing	67,671	47,374
	£ 7,540,860	£ 6,434,842

	2012	2011
	£	£
INTEREST PAYABLE		
Bank overdraft interest payable	480	942
Hire purchase interest payable	13,040	13,374
	£ 13,520	£ 14,316