

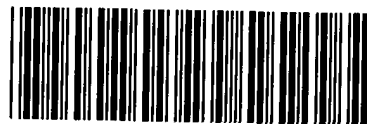
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**STORM TECHNOLOGIES LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**STORM TECHNOLOGIES LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

Mr J Brooker  
Mr R Marquis (appointed 2 March 2015)  
Mr T Nickolls (appointed 14 February 2014)  
Mr N Umney (appointed 8 August 2014)  
Mr S Dearn (resigned 13 February 2014)  
Mr C Elston (resigned 28 January 2014)  
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

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**STORM TECHNOLOGIES LIMITED**

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## **STORM TECHNOLOGIES LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**

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#### **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**

2014 has been a relatively successful year for Storm. The Company has further strengthened and expanded its customer base, managing to increase its turnover by 6% to £59.8m. Gross Profit remained at the same level as the previous year but net profits halved from the previous year due to planned increases in staff recruitment and associated costs. The management decided to increase the sales department and as such doubled our graduate intake and secured the services of more established accounts managers, pre-sales solutions and software licensing specialists. These costs plus a marginal dip in sales margins resulted in a decrease in our Net Profit for the Financial Year to £900,000 (£2.1m in 2013).

Storm's continued investment has helped to consolidate our position in the market as one of the leading IT VAR Resellers in the UK. We expanded our technical configuration centre as a response to the increased demand for our value added services from existing and new customers. At the end of the financial year we introduced the automation of supplier invoices from top suppliers, bringing significant efficiencies to the Company. The launch of Storm Technologies next generation procurement portal, One Portal, developed around the belief that each customer is unique, is expected to go live the first half of 2015. The portal utilises smart technologies to track customer purchases and present products and bundles tailored to customer's unique needs.

#### **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.

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## STORM TECHNOLOGIES LIMITED

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### STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

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#### 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: 30 September 2015

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## STORM TECHNOLOGIES LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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The directors present their report and the financial statements for the year ended 31 December 2014.

#### 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 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### DIRECTORS

The directors who served during the year were:

Mr J Brooker  
Mr T Nickolls (appointed 14 February 2014)  
Mr N Umney (appointed 8 August 2014)  
Mr S Dearn (resigned 13 February 2014)  
Mr C Elston (resigned 28 January 2014)  
Mr G Ware (resigned 2 March 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.

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**STORM TECHNOLOGIES LIMITED**

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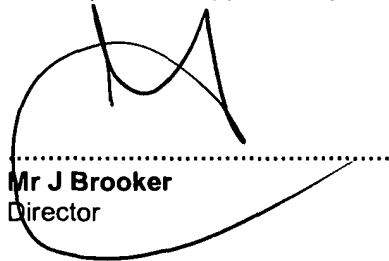
**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**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: 30 September 2015

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## STORM TECHNOLOGIES LIMITED

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

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We have audited the financial statements of Storm Technologies Limited for the year ended 31 December 2014, set out on pages 7 to 20. 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 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 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 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 2014 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.



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**STORM TECHNOLOGIES LIMITED**

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

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**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:

30th September 2015

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**STORM TECHNOLOGIES LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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	Note	2014 £	2013 £
<b>TURNOVER</b>	1,2	<b>59,774,086</b>	56,316,899
Cost of sales		<b>(50,304,123)</b>	(46,856,784)
<b>GROSS PROFIT</b>		<b>9,469,963</b>	9,460,115
Administrative expenses		<b>(8,432,512)</b>	(7,343,371)
<b>OPERATING PROFIT</b>	3	<b>1,037,451</b>	2,116,744
Interest receivable and similar income		<b>36</b>	29
Interest payable and similar charges	7	<b>(50,981)</b>	(16,140)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>986,506</b>	2,100,633
Tax on profit on ordinary activities	8	<b>(225,075)</b>	(523,115)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	16	<b>761,431</b>	1,577,518

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

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

**STORM TECHNOLOGIES LIMITED**  
**REGISTERED NUMBER: 03998372**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2014**

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Tangible assets	9		832,098		873,077
<b>CURRENT ASSETS</b>					
Stocks	10	854,540		567,491	
Debtors	11	14,615,187		13,016,642	
Cash at bank		71,084		451,331	
		<u>15,540,811</u>		<u>14,035,464</u>	
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(13,145,199)</u>		<u>(12,572,645)</u>	
<b>NET CURRENT ASSETS</b>			<u>2,395,612</u>		<u>1,462,819</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,227,710</u>		<u>2,335,896</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13		(148,413)		-
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	14		(64,976)		(83,006)
<b>NET ASSETS</b>			<u>3,014,321</u>		<u>2,252,890</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		77		77
Profit and loss account	16		3,014,244		2,252,813
<b>SHAREHOLDERS' FUNDS</b>	17		<u>3,014,321</u>		<u>2,252,890</u>

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

.....  
**Mr J Brooker**  
 Director

Date: 30 September 2015

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

**STORM TECHNOLOGIES LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	19	(932,224)	1,201,570
Returns on investments and servicing of finance	20	(50,945)	(16,111)
Taxation		(679,625)	(296,826)
Capital expenditure and financial investment	20	(178,176)	(12,291)
Equity dividends paid		-	(1,299,991)
<b>CASH OUTFLOW BEFORE FINANCING</b>		<b>(1,840,970)</b>	<b>(423,649)</b>
Financing	20	(145,922)	392,131
<b>DECREASE IN CASH IN THE YEAR</b>		<b>(1,986,892)</b>	<b>(31,518)</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014 £	2013 £
Decrease in cash in the year	(1,986,892)	(31,518)
Cash outflow from decrease in debt and lease financing	145,922	(392,131)
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>(1,840,970)</b>	<b>(423,649)</b>
Net debt at 1 January 2014	(3,860,665)	(3,437,016)
<b>NET DEBT AT 31 DECEMBER 2014</b>	<b>(5,701,635)</b>	<b>(3,860,665)</b>

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

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## STORM TECHNOLOGIES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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#### 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 information technology equipment 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:

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

##### 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.

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## STORM TECHNOLOGIES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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#### 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.

#### 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:

	2014 £	2013 £
United Kingdom	56,981,512	52,432,963
Rest of European Union	1,536,075	945,658
Rest of world	1,256,499	2,938,278
	<u>59,774,086</u>	<u>56,316,899</u>

# STORM TECHNOLOGIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	195,894	201,228
- held under finance leases	6,720	13,657
Operating lease rentals:		
- plant and machinery	14,120	-
- other operating leases	259,337	253,667
Difference on foreign exchange	(7,798)	44,027
	<u>          </u>	<u>          </u>

### 4. AUDITORS' REMUNERATION

	2014 £	2013 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	17,500	25,000
	<u>          </u>	<u>          </u>

### 5. STAFF COSTS

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

	2014 £	2013 £
Wages and salaries	6,014,645	5,516,724
Social security costs	750,414	674,302
Other pension costs	52,817	18,063
	<u>          </u>	<u>          </u>
	6,817,876	6,209,089
	<u>          </u>	<u>          </u>

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

	2014 No.	2013 No.
Directors	3	4
Sales, technical & administration	96	87
	<u>          </u>	<u>          </u>
	99	91
	<u>          </u>	<u>          </u>

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**STORM TECHNOLOGIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**6. DIRECTORS' REMUNERATION**

	2014 £	2013 £
Remuneration	<u>791,042</u>	<u>514,567</u>
Company pension contributions to defined contribution pension schemes	<u>52,817</u>	<u>18,063</u>

During the year retirement benefits were accruing to 4 directors (2013 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £442,933 (2013 - £238,161).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,611 (2013 - £NIL).

**7. INTEREST PAYABLE**

	2014 £	2013 £
On finance leases and hire purchase contracts	26,516	16,140
Other interest payable	24,465	-
	<u>50,981</u>	<u>16,140</u>

**8. TAXATION**

	2014 £	2013 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	243,105	523,115
<b>Deferred tax</b> (see note 14)		
Origination and reversal of timing differences	(18,030)	-
<b>Tax on profit on ordinary activities</b>	<u>225,075</u>	<u>523,115</u>



**STORM TECHNOLOGIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**8. TAXATION (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2013 - *higher than*) the standard rate of corporation tax in the UK of 21.5% (2013 - 23%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>986,506</u>	<u>2,100,633</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 - 23%)	212,099	483,146
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	17,532	15,211
Capital allowances for year in excess of depreciation	11,281	24,758
Book profit on chargeable assets	3,556	-
Marginal relief	(1,363)	-
<b>Current tax charge for the year (see note above)</b>	<u><u>243,105</u></u>	<u><u>523,115</u></u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**9. TANGIBLE FIXED ASSETS**

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £
<b>Cost</b>					
At 1 January 2014	1,005,343	4,612	152,606	236,804	326,694
Additions	128,659	2,410	19,847	6,663	20,597
Disposals	-	-	(109,100)	-	-
At 31 December 2014	<u>1,134,002</u>	<u>7,022</u>	<u>63,353</u>	<u>243,467</u>	<u>347,291</u>
<b>Depreciation</b>					
At 1 January 2014	347,564	3,067	118,881	183,788	199,682
Charge for the year	134,931	537	4,835	27,630	34,681
On disposals	-	-	(92,559)	-	-
At 31 December 2014	<u>482,495</u>	<u>3,604</u>	<u>31,157</u>	<u>211,418</u>	<u>234,363</u>
<b>Net book value</b>					
At 31 December 2014	<u><u>651,507</u></u>	<u><u>3,418</u></u>	<u><u>32,196</u></u>	<u><u>32,049</u></u>	<u><u>112,928</u></u>

**STORM TECHNOLOGIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**9. TANGIBLE FIXED ASSETS (continued)**

<i>At 31 December 2013</i>	<u>657,779</u>	<u>1,545</u>	<u>33,725</u>	<u>53,016</u>	<u>127,012</u>
					<b>Total £</b>
<b>Cost</b>					
At 1 January 2014					1,726,059
Additions					178,176
Disposals					(109,100)
At 31 December 2014					<u>1,795,135</u>
<b>Depreciation</b>					
At 1 January 2014					852,982
Charge for the year					202,614
On disposals					(92,559)
At 31 December 2014					<u>963,037</u>
<b>Net book value</b>					
At 31 December 2014					<u>832,098</u>
<i>At 31 December 2013</i>					<u>873,077</u>

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

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Motor vehicles	12,349	33,938
Furniture, fittings and equipment	5,654	7,014
	<u>18,003</u>	<u>40,952</u>

**10. STOCKS**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Finished goods and goods for resale	<u>854,540</u>	<u>567,491</u>

**STORM TECHNOLOGIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**11. DEBTORS**

	2014 £	2013 £
Trade debtors	8,736,772	9,027,903
Other debtors	5,707,208	3,878,400
Prepayments and accrued income	171,207	110,339
	<u>14,615,187</u>	<u>13,016,642</u>

**12. CREDITORS:**

**Amounts falling due within one year**

	2014 £	2013 £
Net obligations under finance leases and hire purchase contracts	155,833	450,168
Trade creditors	5,735,858	5,806,150
Corporation tax	71,384	507,904
Other taxation and social security	731,879	660,036
Proceeds of factored debts	5,468,473	3,861,828
Other creditors	67,145	203,892
Accruals and deferred income	914,627	1,082,667
	<u>13,145,199</u>	<u>12,572,645</u>

**13. CREDITORS:**

**Amounts falling due after more than one year**

	2014 £	2013 £
Net obligations under finance leases and hire purchase contracts	<u>148,413</u>	<u>-</u>

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

	2014 £	2013 £
Between one and five years	<u>148,413</u>	<u>-</u>

**14. DEFERRED TAXATION**

	2014 £	2013 £
At beginning of year	83,006	67,795
(Released during)/charge for year (P&L)	(18,030)	15,211
At end of year	<u>64,976</u>	<u>83,006</u>

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**STORM TECHNOLOGIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**14. DEFERRED TAXATION (continued)**

The provision for deferred taxation is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	<u>64,976</u>	<u>83,006</u>

**15. SHARE CAPITAL**

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
77 Ordinary Shares shares of £1 each	<u>77</u>	<u>77</u>

**16. RESERVES**

	Profit and loss account £
At 1 January 2014	2,252,813
Profit for the financial year	761,431
At 31 December 2014	<u>3,014,244</u>

**17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2014 £	2013 £
Opening shareholders' funds	2,252,890	1,975,363
Profit for the financial year	761,431	1,577,518
Dividends (Note 18)	-	(1,299,991)
Closing shareholders' funds	<u>3,014,321</u>	<u>2,252,890</u>

**18. DIVIDENDS**

	2014 £	2013 £
Dividends paid on equity capital	<u>-</u>	<u>1,299,991</u>

**STORM TECHNOLOGIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**19. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2014 £	2013 £
Operating profit	1,037,451	2,116,744
Depreciation of tangible fixed assets	202,614	191,397
Loss on disposal of tangible fixed assets	16,541	18,839
(Increase)/decrease in stocks	(287,049)	77,804
Increase in debtors	(1,598,544)	(2,292,522)
(Decrease)/increase in creditors	(303,237)	1,089,308
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(932,224)</b>	<b>1,201,570</b>

**20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2014 £	2013 £
<b>Returns on investments and servicing of finance</b>		
Interest received	36	29
Interest paid	(24,465)	-
Hire purchase interest	(26,516)	(16,140)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(50,945)</b>	<b>(16,111)</b>

	2014 £	2013 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(178,176)	(19,718)
Sale of tangible fixed assets	-	7,427
<b>Net cash outflow from capital expenditure</b>	<b>(178,176)</b>	<b>(12,291)</b>

	2014 £	2013 £
<b>Financing</b>		
(Repayment of)/new finance leases	(145,922)	392,131

**STORM TECHNOLOGIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**21. ANALYSIS OF CHANGES IN NET DEBT**

	1 January 2014 £	Cash flow £	Other non-cash changes £	31 December 2014 £
Cash at bank and in hand	451,331	(380,247)	-	71,084
Proceeds of factored debts	(3,861,828)	(1,606,645)	-	(5,468,473)
<b>Debt:</b>				
Debts due within one year	(450,168)	145,922	148,413	(155,833)
Debts falling due after more than one year	-	-	(148,413)	(148,413)
<b>Net debt</b>	<b>(3,860,665)</b>	<b>(1,840,970)</b>	<b>-</b>	<b>(5,701,635)</b>

**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 £52,817 (2013 - £18,063). Contributions totalling £17,077 (2013 - £3,228) were payable to the fund at the balance sheet date and are included in creditors

**23. OPERATING LEASE COMMITMENTS**

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Expiry date:</b>		
Within 1 year	-	252,000
After more than 5 years	320,000	-

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## STORM TECHNOLOGIES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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#### 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 £351,917 (2013: £515,451) to Storm Procurement Limited on normal commercial terms and a management charge of £344,580 was received from Storm Procurement Limited. At the balance sheet date, £56,510 is outstanding and is included within trade debtors.

The company made available a working capital loan to Capital Continuity Limited. The maximum amount outstanding during the year was £395,531 (2013: £644,816), and the balance due at the year end was £288,705 (2013: £364,386). The company also sold computer equipment totalling £30,146 (2013: £37,720) to Capital Continuity Limited on normal commercial terms and a management charge of £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 £259,337 (2013: £253,667) 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 during the year was £44,851 (2013: £1,121,045) and the year end balance was £nil (2013: £nil).

Mr J R Brooker has an interest free loan from the company of £4,440,826 (2013: £2,822,457) with no fixed repayment period. The maximum outstanding during the year was £4,440,826 (2013: £2,822,457).

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