
STORM TECHNOLOGIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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STORM TECHNOLOGIES LIMITED

COMPANY INFORMATION

Directors

Mr J Brooker
Mr R Marquis
Mr T Nickolls (resigned 28 August 2021)
Mr N Umney
Mr M Smith
Ms K Anstey

Registered number

03998372

Registered office

Unit 2 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
Hertfordshire
WD17 1HP

STORM TECHNOLOGIES LIMITED

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STORM TECHNOLOGIES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

2021 was another year full of challenges where the pandemic continued impacting, directly and indirectly, the way of conducting business. Lockdowns, restrictions on office-based working, the need to redefine delivery logistics, global product shortages and supply chain issues all impacted the working capital throughout the year. Despite this the company had a strong sales performance, experiencing a high demand from both private and public sectors, which contributed with the organic revenue growth trend experienced by the company in the past few years.

Total Turnover increased by +14.2% (2020: -8.1%) to £118.2m (2020: £103.4m). Gross Profit also increased by +11.5% to £19.6m (2020: £17.6m). Administrative Expenses increased by +8.5% to £16.7m (2020: £15.4m). Finally, the company's Net Operating Profit before taxation resulted on an increase by +12.2% to £2.7m (2020: £2.4m).

Above results shows the resilience of the company after two consecutive challenging years. The company strategy remains unchanged and focused on growing the business organically, winning new customers and strengthening relationship with existing ones. Investment on our people will continue through 2022 with further expansion of the sales and solutions teams and empowering our already successful Graduates program.

Principal risks and uncertainties

Profitable growth within the competitive marketplace

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

Dependence on specific customers or industry sectors

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

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 2021

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

Directors' statement of compliance with duty to promote the success of the Company

Directors Duties

The directors of this company must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised below.

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term;
- The interest of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the Company.

The following paragraphs summarise how the directors fulfil these duties;

Risk Management

Consideration of our risks is an integral part of how our Company operates. Risk management is considered on a daily basis and a lot of what we do is highly regulated to eliminate risk where possible. Risks are reviewed at Director level on a regular basis, and categorising the likelihood and severity of these risks means the management team can focus on all significant areas.

Our People

The company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, customers, investors and society as a whole. People are at the heart of our business and for our business to succeed we need to manage our peoples' performance and develop and bring through talent whilst ensuring we operate as effectively as possible. We must ensure we engage with our teams and guide our behaviour so we achieve our combined goals in the right way.

Business Relationships

Our strategy prioritises organic growth, driven by new product development, with expansion into new categories and new customers. To do this, we need to develop and maintain the strong client relationships we currently have. We value all our suppliers, and also have a small group of preferred partners within our supply base who we regularly meet with to discuss supplier challenges.

Community and Environment

The Company's approach is to use our position of strength to create positive change for the people and communities in which we interact. We have a number of community initiatives the UK. During the year the

STORM TECHNOLOGIES LIMITED

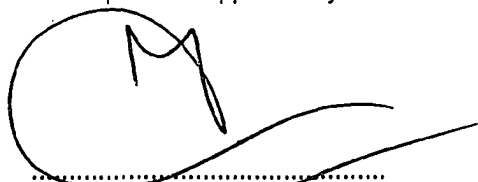
**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

company spent £23,781 (2020: £1,119) on charitable donations and local community sponsorships.

Shareholders

The Board is committed to openly engaging with our shareholders, as we recognise the importance of a continuing effective dialogue with our major investors. It is important to us that shareholders understand our strategy and objectives. These are explained clearly through describing and agreeing with them the strategic pillars we deem fundamental to our success.

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

A handwritten signature in black ink, consisting of a large, stylized 'M' followed by a long, sweeping horizontal line that extends to the right.

Mr J Brooker
Director

Date: 27 SEPTEMBER 2022

STORM TECHNOLOGIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £2,228,444 (2020 - £2,128,116).

During the year, dividends of £1,950,000 (2020: £1,805,000) have been declared and paid. The Directors do not recommend payment of a final dividend.

Directors

The directors who served during the year were:

Mr J Brooker
Mr R Marquis
Mr T Nickolls (resigned 28 August 2021)
Mr N Umney
Mr M Smith
Ms K Anstey

STORM TECHNOLOGIES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Future developments

Storm Technologies primary business objective for the next few years is to further consolidate its position as one of the fastest growing independent IT Valued Added Resellers in the UK. Investment in our people will continue through 2022 with further expansion of the sales and solutions teams and repowering already successful graduate programme.

Engagement with suppliers, customers and others

We recognise the importance of making decisions that are right for us, our suppliers and our customers and this is driven through more end to end costings.

We are in daily discussions with our customers and we also hold periodic conference calls with top suppliers to discuss any upcoming matters.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company's greenhouse gas emissions and energy consumption are as follows:

	2021
Emissions resulting from activities for which the Company is responsible involving the combustion of gas or consumption of fuel for the purposes of transport (in tonnes of CO2 equivalent)	23.18
Emissions resulting from the purchase of the electricity by the Company for its own use, including the purposes of transport (in tonnes of CO2 equivalent)	136.82
Energy consumed from activities for which the Company is responsible involving the combustion of gas, or the consumption of fuel for the purposes of transport, and the annual quantity of energy consumed resulting from the purchase of electricity by the Company for its own use, including for the purposes of transport, in kWh	672,767

Emissions have been quantified using UK Government Reporting and Conversion methodology and DEFRA conversion factors and in accordance with the GHG Corporate Reporting and Accounting Standard.

We have used the financial control approach. The majority of emissions impact comes from our own offices, premises and staff. It also includes significant impacts from activities that are not owned by the company, but over which it exerts financial control.

Electricity & Gas

Electricity consumption totals were provided from monthly invoices for both sites.

Employee Vehicles

Mileage reimbursement data has been used to deliver impacts from employee fuel consumption. Where vehicle types have been supplied these have been used, with unknown fuel or engine size conversion factors used where no specific vehicle data is available.

Business Travel & Hotel Stay

Air travel data including the flight journey, the class of travel and the passenger numbers, allowing for the accurate calculation of emissions from business travel by air. Hotel stay data included the required data fields of country of stay and number of room nights.

We have chosen revenue and FTE intensity for our business from Scope 1, 2 & 3 emissions that we have measured for our business for the financial year ending 31 December 2021. These measures form the best available intensity measures for our business.

STORM TECHNOLOGIES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

		2021
Carbon Intensity	1CO2e per FTW	0.80
Carbon Intensity	1CO2e per £100,000 revenue	0.14

Disclosure of information to auditor

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

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

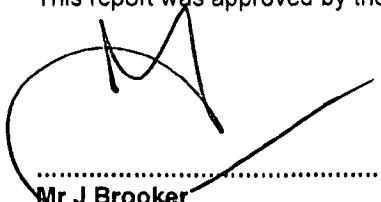
Post balance sheet events

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

Auditor

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

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



.....
Mr J Brooker
Director

Date: 27 SEPTEMBER 2022

STORM TECHNOLOGIES LIMITED

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

Opinion

We have audited the financial statements of Storm Technologies Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

STORM TECHNOLOGIES LIMITED

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

STORM TECHNOLOGIES LIMITED

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the nature of the industry and sector, control environment and business performance including the remuneration incentives and pressures of key management;
- the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. We consider the results of our enquiries of management, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and relevant tax legislation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

STORM TECHNOLOGIES LIMITED

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

Auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Alexander Bottom ACA (Senior statutory auditor)

for and on behalf of
Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Date:

28th September 2022

STORM TECHNOLOGIES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover	4	118,157,596	103,430,195
Cost of sales		(98,579,519)	(85,864,811)
Gross profit		19,578,077	17,565,384
Administrative expenses		(16,676,927)	(15,369,491)
Other operating income	5	-	281,270
Operating profit	6	2,901,150	2,477,163
Interest receivable and similar income		7,509	7,288
Interest payable and similar expenses	10	(175,322)	(49,239)
Profit before tax		2,733,337	2,435,212
Tax on profit	11	(504,893)	(307,096)
Profit for the financial year		2,228,444	2,128,116
Other comprehensive income for the year			
Total comprehensive income for the year		2,228,444	2,128,116

The notes on pages 17 to 31 form part of these financial statements.

STORM TECHNOLOGIES LIMITED
REGISTERED NUMBER: 03998372

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	1,701,834	1,508,449
Current assets			
Stocks	14	3,075,821	1,746,573
Debtors: amounts falling due within one year	15	25,484,546	23,444,625
Cash at bank and in hand	16	3,353,745	384,105
		<u>31,914,112</u>	<u>25,575,303</u>
Creditors: amounts falling due within one year	17	(26,212,880)	(20,235,743)
Net current assets		<u>5,701,232</u>	<u>5,339,560</u>
Total assets less current liabilities		<u>7,403,066</u>	<u>6,848,009</u>
Creditors: amounts falling due after more than one year	18	(4,699,366)	(4,464,240)
Provisions for liabilities			
Deferred tax	21	(144,597)	(103,110)
Net assets		<u><u>2,559,103</u></u>	<u><u>2,280,659</u></u>
Capital and reserves			
Called up share capital	22	77	77
Profit and loss account	23	2,559,026	2,280,582
		<u><u>2,559,103</u></u>	<u><u>2,280,659</u></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: **27 SEPTEMBER 2022**

The notes on pages 17 to 31 form part of these financial statements.

STORM TECHNOLOGIES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2020	77	1,957,466	1,957,543
Profit for the year	-	2,128,116	2,128,116
Total comprehensive income for the year	-	2,128,116	2,128,116
Dividends: Equity capital	-	(1,805,000)	(1,805,000)
Total transactions with owners	-	(1,805,000)	(1,805,000)
At 1 January 2021	77	2,280,582	2,280,659
Profit for the year	-	2,228,444	2,228,444
Total comprehensive income for the year	-	2,228,444	2,228,444
Dividends: Equity capital	-	(1,950,000)	(1,950,000)
Total transactions with owners	-	(1,950,000)	(1,950,000)
At 31 December 2021	77	2,559,026	2,559,103

The notes on pages 17 to 31 form part of these financial statements.

STORM TECHNOLOGIES LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	2,228,444	2,128,116
Adjustments for:		
Depreciation of tangible assets	443,842	361,677
Loss on disposal of tangible assets	-	6,500
Government grants	-	(281,270)
Interest paid	175,322	49,238
Interest received	(7,509)	(7,288)
Taxation charge	504,893	307,096
(Increase)/decrease in stocks	(1,329,247)	1,045,745
(Increase)/decrease in debtors	(2,213,858)	4,255,992
(Increase) in amounts owed by groups	(11,960)	(211,747)
Increase/(decrease) in creditors	2,066,670	(5,326,008)
Corporation tax (paid)	(277,509)	(251,811)
Net cash generated from operating activities	1,579,088	2,076,240
Cash flows from investing activities		
Purchase of tangible fixed assets	(637,881)	(3,584,760)
Sale of tangible fixed assets	654	17,538
Government grants received	-	281,270
Interest received	7,509	7,288
HP interest paid	(24,867)	(5,562)
Net cash from investing activities	(654,585)	(3,284,226)
Cash flows from financing activities		
New secured loans	946,763	4,261,396
Repayment of/new finance leases	207,790	240,574
Movements on invoice discounting	2,991,040	(1,489,233)
Dividends paid	(1,950,000)	(1,805,000)
Interest paid	(150,455)	(43,676)
Net cash used in financing activities	2,045,138	1,164,061
Net increase/(decrease) in cash and cash equivalents	2,969,641	(43,925)
Cash and cash equivalents at beginning of year	384,043	427,969
Cash and cash equivalents at the end of year	3,353,684	384,044
Cash and cash equivalents at the end of year comprise:		

STORM TECHNOLOGIES LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Cash at bank and in hand	3,353,745	384,105
Bank overdrafts	(61)	(61)
	<u>3,353,684</u>	<u>384,044</u>

The notes on pages 17 to 31 form part of these financial statements.

STORM TECHNOLOGIES LIMITED

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021

	At 1 January 2021 £	Cash flows £	New finance leases £	At 31 December 2021 £
Cash at bank and in hand	384,105	2,969,640	-	3,353,745
Bank overdrafts	(61)	-	-	(61)
Debt due after 1 year	(4,261,396)	(536,117)	-	(4,797,513)
Debt due within 1 year	-	(410,646)	-	(410,646)
Finance leases	(313,363)	160,707	(368,497)	(521,153)
	<u>(4,190,715)</u>	<u>2,183,584</u>	<u>(368,497)</u>	<u>(2,375,628)</u>

The notes on pages 17 to 31 form part of these financial statements.

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Storm Technologies Limited is a private company incorporated in England and Wales. The registered office is Unit 2 Boulevard, Blackmoor Lane, Croxley Business Park, Watford, Hertfordshire, WD18 8YW.

The principal activity of the company is that of an IT reseller.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.3 Revenue

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

Sale of goods

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

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

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss 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 lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Finance costs

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

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss 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 2021

2. Accounting policies (continued)

2.8 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the 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.

2.9 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.

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

Depreciation is provided on the following basis:

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.10 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.

2.11 Debtors

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

2.12 Cash and cash equivalents

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

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

2.13 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.

2.14 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 profit or loss 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.

2.15 Financial instruments

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

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.16 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.

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

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

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

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

4. Turnover

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	108,728,871	90,708,115
Rest of Europe	6,711,580	10,443,053
Rest of the world	2,717,145	2,279,027
	<u>118,157,596</u>	<u>103,430,195</u>

5. Other operating income

	2021 £	2020 £
Government grants receivable	-	281,270
	<u>-</u>	<u>281,270</u>

STORM TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Exchange differences	(26,165)	(112,353)
Other operating lease rentals	800,197	606,916
	<u>800,197</u>	<u>606,916</u>

7. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	23,750	22,250
	<u>23,750</u>	<u>22,250</u>
Fees payable to the Company's auditor and its associates in respect of:		
Other services relating to taxation	7,900	22,500
	<u>7,900</u>	<u>22,500</u>

8. Employees

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

	2021 £	2020 £
Wages and salaries	11,050,862	10,990,853
Social security costs	1,449,457	1,346,170
Cost of defined contribution scheme	264,785	252,683
	<u>12,765,104</u>	<u>12,589,706</u>

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

	2021 No.	2020 No.
Employees	171	164
	<u>171</u>	<u>164</u>

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	1,314,299	1,379,550
Company contributions to defined contribution pension schemes	19,150	25,077
	<u>1,333,449</u>	<u>1,404,627</u>

During the year retirement benefits were accruing to 5 directors (2020 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £410,023 (2020 - £453,988).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,733 (2020 - £5,856).

10. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	149,303	39,109
Finance leases and hire purchase contracts	24,867	5,562
Other interest payable	1,152	4,568
	<u>175,322</u>	<u>49,239</u>

STORM TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	463,411	416,841
Adjustments in respect of previous periods	(5)	(188,526)
	<u>463,406</u>	<u>228,315</u>
Total current tax	<u>463,406</u>	<u>228,315</u>
Deferred tax		
Origination and reversal of timing differences	41,487	78,781
Total deferred tax	<u>41,487</u>	<u>78,781</u>
Taxation on profit on ordinary activities	<u>504,893</u>	<u>307,096</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - *lower than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>2,733,337</u>	<u>2,435,213</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	519,334	462,690
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6,081	7,626
Capital allowances for year in excess of depreciation	-	14,683
Adjustments to tax charge in respect of prior periods	(5)	(188,526)
Changes in provisions leading to an increase (decrease) in the tax charge	(6,238)	36,266
Other differences leading to an increase (decrease) in the tax charge	(14,279)	(212)
Group relief	-	(25,431)
Total tax charge for the year	<u>504,893</u>	<u>307,096</u>

STORM TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Taxation (continued)

Factors that may affect future tax charges

On 3 March 2021 the Chancellor of the Exchequer announced an increase in the main rate of UK corporation tax to 25 per cent for businesses with profits greater than £250,000. These changes were substantially enacted on 25 May 2021 and will take effect from 1 April 2023.

12. Dividends

	2021 £	2020 £
Dividends analysis	<u>1,950,000</u>	<u>1,805,000</u>

13. Tangible fixed assets

	Short-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation					
At 1 January 2021	1,869,785	85,075	525,200	1,308,166	3,788,226
Additions	115,117	-	300,087	222,677	637,881
Disposals	-	-	-	(654)	(654)
At 31 December 2021	<u>1,984,902</u>	<u>85,075</u>	<u>825,287</u>	<u>1,530,189</u>	<u>4,425,453</u>
Depreciation					
At 1 January 2021	1,158,030	72,615	312,375	736,757	2,279,777
Charge for the year on owned assets	125,786	3,115	32,046	117,052	277,999
Charge for the year on financed assets	7,462	-	85,195	73,186	165,843
At 31 December 2021	<u>1,291,278</u>	<u>75,730</u>	<u>429,616</u>	<u>926,995</u>	<u>2,723,619</u>
Net book value					
At 31 December 2021	<u>693,624</u>	<u>9,345</u>	<u>395,671</u>	<u>603,194</u>	<u>1,701,834</u>
At 31 December 2020	<u>711,755</u>	<u>12,460</u>	<u>212,825</u>	<u>571,409</u>	<u>1,508,449</u>

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. Tangible fixed assets (continued)

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

	2021 £	2020 £
Land and buildings	18,292	25,754
Office equipment	527,540	29,691
	<u>545,832</u>	<u>55,445</u>

14. Stocks

	2021 £	2020 £
Finished goods and goods for resale	<u>3,075,821</u>	<u>1,746,573</u>

15. Debtors

	2021 £	2020 £
Trade debtors	12,711,185	10,700,397
Amounts owed by group undertakings	11,155,690	11,173,192
Other debtors	1,311,545	1,288,818
Prepayments and accrued income	306,126	282,218
	<u>25,484,546</u>	<u>23,444,625</u>

16. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	3,353,745	384,105
Less: bank overdrafts	(61)	(61)
	<u>3,353,684</u>	<u>384,044</u>

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

17. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	61	61
Bank loans	827,514	-
Trade creditors	9,843,249	8,811,352
Other taxation and social security	1,086,901	454,602
Obligations under finance lease and hire purchase contracts	202,432	110,519
Proceeds of factored debts	11,831,632	8,840,592
Other creditors	83,828	69,160
Accruals and deferred income	2,337,263	1,949,457
	<u>26,212,880</u>	<u>20,235,743</u>

The following liabilities were secured:

	2021 £	2020 £
Invoice discounting	11,831,632	8,840,592
Finance lease and hire purchase contracts	521,153	313,363
Bank loan	5,208,159	4,261,396
	<u>17,560,944</u>	<u>13,415,351</u>

Details of security provided:

The Company's invoice discounting facility provider holds a debenture granting them a fixed charge over all the fixed assets and stock held by the Company. Storm Technologies Group Limited, the Company's parent Company, is guarantor of the Company's invoice discounting obligations.

Hire purchase contracts and finance lease liabilities are secured over the assets that they fund.

The bank loan is secured by a fixed a floating charge over all assets of the Company.

A debenture exists between the Company and Storm Technologies Group Limited to give the loan provider a fixed charge over the freehold property Storm Technologies Group Limited.

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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

	2021 £	2020 £
Bank loans	4,380,645	4,261,396
Net obligations under finance leases and hire purchase contracts	318,721	202,844
	<u>4,699,366</u>	<u>4,464,240</u>

19. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	827,514	-
Amounts falling due 1-2 years		
Bank loans	416,868	416,868
Amounts falling due 2-5 years		
Bank loans	1,250,604	1,667,472
Amounts falling due after more than 5 years		
Bank loans	2,713,173	2,177,056
	<u>5,208,159</u>	<u>4,261,396</u>

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £	2020 £
Within one year	202,432	110,519
Between 1-5 years	318,721	202,844
	<u>521,153</u>	<u>313,363</u>

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

21. Deferred taxation

	2021 £
At beginning of year	(103,110)
Charged to profit or loss	(41,487)
At end of year	(144,597)

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(150,388)	(110,051)
Pension	5,791	6,941
	(144,597)	(103,110)

22. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
770 (2020 - 770) Ordinary shares of £0.10 each	77	77

23. Reserves

Profit and loss account

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

24. Contingent liabilities

HMRC have opened an investigation into the current VAT treatment on exports and have assessed an additional liability of £1,132,921. The Directors are confident that the current treatment is correct and the supporting evidence required is maintained so they are taking HMRC to tribunal, the outcome of which is uncertain. Advice obtained indicates that it is unlikely that any significant liability will arise. The Directors are of the view that no material losses will arise in respect of the investigation at the date of these financial statements.

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

25. Pension commitments

The Company operates a defined contribution 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 £264,705 (2020: £252,683). Contributions totalling £30,479 (2020: £36,534) were payable to the fund at the balance sheet date and are included in creditors.

26. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	320,000	320,000
Later than 1 year and not later than 5 years	960,000	960,000
Later than 5 years	453,333	773,333
	<u>1,733,333</u>	<u>2,053,333</u>

27. Transactions with directors

T Nickolls, a director during the year, owes £Nil (2020: £3,190) to the Company at the year end.

J Brooker, a director during the year, owes £7,396 (2020: £337) to the Company at the year end.

R Marquis, a director during the year, owes £219 (2020: £nil) to the Company at the year end.

STORM TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

28. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 102 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the parent company. Copies of the consolidated financial statements are available from the registered office.

During the financial year, the Company entered into transactions with other related parties on normal market terms:

	2021 £	2020 £
Sales to other related parties	632,785	309,596
Management charge to other related parties	210,385	260,700
Owed by other related parties at the year end	134,473	64,494
owed to other related parties at the year end	6,391	6,380
	<u>984,034</u>	<u>641,170</u>

29. Controlling party

The controlling party is Storm Technologies Group Limited by virtue of its combined 100% shareholding.