

REGISTERED NUMBER: 05436235 (England and Wales)

*** * * AMENDED * * ***

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE PERIOD 1 JULY 2017 TO 29 JUNE 2018

FOR

DUO EQUIPMENT LIMITED



Harrison Beale & Owen Limited
Chartered Accountants and Statutory Auditor
Highdown House
11 Highdown Road
Leamington Spa
Warwickshire
CV31 1XT

DUO EQUIPMENT LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS for the period 1 July 2017 to 29 June 2018

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Income Statement	8
Other Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Cash Flow Statement	12
Notes to the Cash Flow Statement	13
Notes to the Financial Statements	14

DUO EQUIPMENT LIMITED

COMPANY INFORMATION
for the period 1 July 2017 to 29 June 2018

DIRECTORS:

Miss M N Jones
A F Moss
J Bracken
L Talbot
O S Bolt

REGISTERED OFFICE:

4 Rye Hill Office Park
Birmingham Road
Allesley
Coventry
West Midlands
CV5 9AB

REGISTERED NUMBER:

05436235 (England and Wales)

AUDITORS:

Harrison Beale & Owen Limited
Chartered Accountants and Statutory Auditor
Highdown House
11 Highdown Road
Leamington Spa
Warwickshire
CV31 1XT

BANKERS:

Barclays Bank
513 Fletchamstead Highway
Coventry
West Midlands
CV4 9EJ

DUO EQUIPMENT LIMITED

STRATEGIC REPORT for the period 1 July 2017 to 29 June 2018

The directors present their strategic report for the period 1 July 2017 to 29 June 2018.

REVIEW OF BUSINESS

Duo Equipment provide a comprehensive range of equipment for the Quarrying and Aggregate Recycling Industries. We are dealers for industry leading manufacturers Terex Washing Systems, Terex Mineral Processing Systems, Terex Powerscreen and Matec Water treatment systems. Duo Equipment can offer everything from individual plant to bespoke designed turnkey solutions.

With over 30 years' experience we are experts in washing both virgin and recycled materials. We are also experts in the water and silt management technologies that support our wash plants. In addition to this we offer mobile and static crushing and screening equipment making us a 'one-stop-shop' for the quarrying and aggregate recycling industries.

We have a broad customer base ranging from the large PLC aggregate producers to the small independent companies.

PRINCIPAL RISKS AND UNCERTAINTIES

Our current market is buoyant and confidence is rapidly growing. Our customers are constantly striving to grow their business' whilst faced with the challenge of restricted cash flow and tempered access to finance. Traditionally, finance companies prefer funding mobile equipment, equipment that can easily be moved or sold on, however we are working very hard to change this. We have been working alongside our suppliers to develop modular, more mobile equipment which will support the customer in their application for funding. In addition to this we have made it our focus to educate key funding houses on these changes and developments in our equipment. We envisage that this understanding will in turn mean that the customer should find it a lot easier to get funding in place.

Due to political risks with the uncertainty on the EU and the decision for the UK to leave Europe, this may have an impact on the profitability of our business as we deal with some suppliers from this region. With the change in exchange rates between Euro and GBP we have to be aware of this impact as some of our supplier's deal in Euros. Therefore, we must monitor this situation.

RESULTS AND PERFORMANCE

Over the financial year we have seen a significant growth in business. Both our capital sales and spare parts division have grown, and we see this continuing through to the next financial year. We have invested within our spares and service team to support our customer base efficiently and professionally. Due to the increase in capital sales this year, we believe the spare parts business will continue to grow and Duo intend to invest in this area again. Also, due to the buoyant marketplace we have increased our sales team to provide more market coverage which will ensure we are covering the UK and maintaining our position as number one in the UK market.

The results of the company as set out in these accounts shows revenue of £23 million (2017 - £16 million) with a pre-tax reported profit of £807k (2017 - £408k).

DUO EQUIPMENT LIMITED
STRATEGIC REPORT
for the period 1 July 2017 to 29 June 2018

KEY PERFORMANCE INDICATORS

As the business continues to grow the main areas we are analysing as performance indicators are:

Sales Growth - We have continued to improve our closed sales target year on year and we see this continuing in the present market conditions.

Sales Opportunities - With a growing sales team we have seen a rise in sales opportunities in the UK market and these need to continue to be developed from lead generation through to close of sale.

Spare Parts/After Sales Service - Again with continued growth in Capital Sales, the spare parts business is going from strength to strength and we see this as a key area to concentrate on.

Project Gross Margins - This team is now analysed on a weekly basis to maximise gross profit margins on all major projects.

ON BEHALF OF THE BOARD:



Miss M N Jones - Director

11 July 2019

DUO EQUIPMENT LIMITED
REPORT OF THE DIRECTORS
for the period 1 July 2017 to 29 June 2018

The directors present their report with the financial statements of the company for the period 1 July 2017 to 29 June 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of the sale and hire of equipment to the quarrying industry.

DIVIDENDS

The total distribution of dividends for the period ended 29 June 2018 will be £60,000.

EVENTS SINCE THE END OF THE PERIOD

Information relating to events since the end of the period is given in the notes to the financial statements.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 July 2017 to the date of this report unless otherwise stated.

Other changes in directors holding office are as follows:

T Last - appointed 4.9.2017

O S Bolt was appointed as a director after 29 June 2018 but prior to the date of this report.

T Last ceased to be a director after 29 June 2018 but prior to the date of this report.

The beneficial interests of the directors holding office at 29 June 2018 in the shares of the company, according to the register of directors' interests, were as follows:

	29.6.18	1.7.17 or date of appointment if later
Ordinary shares of £1 each		
Miss M N Jones	-	-
A F Moss	1	1
J Bracken	-	-
L Talbot	-	-
T Last - appointed 4.9.2017	-	-

These directors did not hold any non-beneficial interests in the shares of the company.

Subsequent to the year end but before the approval of these financial statements A F Moss relinquished his beneficial interest.

DUO EQUIPMENT LIMITED

REPORT OF THE DIRECTORS for the period 1 July 2017 to 29 June 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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:

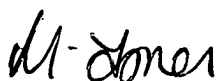
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:



Miss M N Jones - Director

11 July 2019

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DUO EQUIPMENT LIMITED

Opinion

We have audited the financial statements of Duo Equipment Limited (the 'company') for the period ended 29 June 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, 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 29 June 2018 and of its profit for the period 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 Auditors' 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 UK, including the FRC'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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DUO EQUIPMENT LIMITED

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 Report of the Directors.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 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.

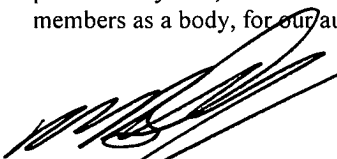
Auditors' responsibilities for the audit of the financial statements

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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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 a Report of the Auditors 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.



Mark Ashfield BA FCA (Senior Statutory Auditor)
for and on behalf of Harrison Beale & Owen Limited
Chartered Accountants and Statutory Auditor
Highdown House
11 Highdown Road
Leamington Spa
Warwickshire
CV31 1XT

11 July 2019

DUO EQUIPMENT LIMITED
INCOME STATEMENT
for the period 1 July 2017 to 29 June 2018

		Period 1.7.17 to 29.6.18		Year ended 30.6.17 as restated	
	Notes	£	£	£	£
TURNOVER	3		22,963,667		16,126,599
Cost of sales			19,048,087		13,755,820
GROSS PROFIT			3,915,580		2,370,779
Distribution costs		261,687		220,567	
Administrative expenses		2,705,860		1,666,093	
			2,967,547		1,886,660
OPERATING PROFIT	6		948,033		484,119
Interest payable and similar expenses	7		140,910		76,442
PROFIT BEFORE TAXATION			807,123		407,677
Tax on profit	8		225,116		93,037
PROFIT FOR THE FINANCIAL PERIOD			582,007		314,640

The notes form part of these financial statements

DUO EQUIPMENT LIMITED

OTHER COMPREHENSIVE INCOME
for the period 1 July 2017 to 29 June 2018

		Period 1.7.17 to 29.6.18	Year ended 30.6.17 as restated £
	Notes	£	£
PROFIT FOR THE PERIOD		582,007	314,640
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			<u>314,640</u>
Prior year adjustment	Note 10	<u>(211,537)</u>	
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT		<u><u>370,470</u></u>	

The notes form part of these financial statements

DUO EQUIPMENT LIMITED

BALANCE SHEET
29 June 2018

		2018	2017 as restated
	Notes	£	£
FIXED ASSETS			
Tangible assets	11	458,341	246,201
CURRENT ASSETS			
Stocks	12	3,955,121	2,483,571
Debtors	13	7,295,341	2,969,947
Cash at bank and in hand		62,907	1,097,660
		11,313,369	6,551,178
CREDITORS			
Amounts falling due within one year	14	8,872,088	5,891,359
NET CURRENT ASSETS		2,441,281	659,819
TOTAL ASSETS LESS CURRENT LIABILITIES		2,899,622	906,020
CREDITORS			
Amounts falling due after more than one year	15	(1,622,237)	(172,913)
PROVISIONS FOR LIABILITIES	18	(51,021)	(28,750)
NET ASSETS		1,226,364	704,357
CAPITAL AND RESERVES			
Called up share capital	19	1	1
Retained earnings	20	1,226,363	704,356
SHAREHOLDERS' FUNDS		1,226,364	704,357

The financial statements were approved by the Board of Directors on 11 July 2019 and were signed on its behalf by:

M. Jones

Miss M N Jones - Director

The notes form part of these financial statements

DUO EQUIPMENT LIMITED

STATEMENT OF CHANGES IN EQUITY
for the period 1 July 2017 to 29 June 2018

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 July 2016	1	434,716	434,717
Changes in equity			
Dividends	-	(45,000)	(45,000)
Total comprehensive income	-	526,177	526,177
Balance at 30 June 2017	1	915,893	915,894
Prior year adjustment	-	(211,537)	(211,537)
As restated	1	704,356	704,357
Changes in equity			
Dividends	-	(60,000)	(60,000)
Total comprehensive income	-	582,007	582,007
Balance at 29 June 2018	1	1,226,363	1,226,364

The notes form part of these financial statements

DUO EQUIPMENT LIMITED

CASH FLOW STATEMENT
for the period 1 July 2017 to 29 June 2018

		Period 1.7.17 to 29.6.18	Year ended 30.6.17 as restated £
	Notes	£	
Cash flows from operating activities			
Cash generated from operations	1	(1,939,523)	3,181,907
Interest paid		(79,715)	(51,965)
Interest element of hire purchase payments paid		(61,195)	(24,477)
Tax paid		(230,276)	-
		<u>(2,310,709)</u>	<u>3,105,465</u>
Net cash from operating activities			
Cash flows from investing activities			
Purchase of tangible fixed assets		(8,000)	-
Sale of tangible fixed assets		15,350	-
		<u>7,350</u>	<u>-</u>
Net cash from investing activities			
Cash flows from financing activities			
New assets on HP in the year		3,409,387	-
Capital repayments in year		(1,871,281)	(2,314,707)
Amount introduced by directors		-	1,110,000
Amount withdrawn by directors		(209,500)	(884,000)
Equity dividends paid		(60,000)	(45,000)
		<u>1,268,606</u>	<u>(2,133,707)</u>
Net cash from financing activities			
		<u>(1,034,753)</u>	<u>971,758</u>
(Decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of period	2	1,097,660	125,902
		<u>62,907</u>	<u>1,097,660</u>
Cash and cash equivalents at end of period	2		

The notes form part of these financial statements

DUO EQUIPMENT LIMITED

NOTES TO THE CASH FLOW STATEMENT for the period 1 July 2017 to 29 June 2018

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Period 1.7.17 to 29.6.18 £	Year ended 30.6.17 as restated £
Profit before taxation	807,123	407,677
Depreciation charges	128,430	31,507
Profit on disposal of fixed assets	(3,980)	-
Finance costs	140,910	76,442
	<u>1,072,483</u>	<u>515,626</u>
(Increase)/decrease in stocks	(1,471,550)	1,854,407
(Increase)/decrease in trade and other debtors	(4,325,394)	2,759,161
Increase/(decrease) in trade and other creditors	2,784,938	(1,947,287)
	<u>2,784,938</u>	<u>(1,947,287)</u>
Cash generated from operations	<u>(1,939,523)</u>	<u>3,181,907</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Period ended 29 June 2018

	29.6.18 £	1.7.17 £
Cash and cash equivalents	<u>62,907</u>	<u>1,097,660</u>

Year ended 30 June 2017

	30.6.17 as restated £	1.7.16 £
Cash and cash equivalents	<u>1,097,660</u>	<u>125,902</u>

The notes form part of these financial statements

DUO EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the period 1 July 2017 to 29 June 2018

1. STATUTORY INFORMATION

Duo Equipment Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The accounts have been prepared in accordance with applicable accounting standards. The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year.

Critical accounting judgements and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Accounting estimates:

i) Inventory provisioning

The company purchases and installs industrial equipment within the quarrying and recycling sectors. When calculating the inventory provision, management consider both the historic cost movement of individual items as well as groups of items installed as a system compared with current costs, and the potential resale ability of these lines, at or above cost, when determining the associated provisioning required.

ii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See the notes below for the net carrying amount of the debtors and associated impairment provision.

Accounting judgements:

iii) Inventory provisioning

The business model of the Company is to buy individual items from selected manufacturers and install these at end user premises. The key judgements in the financial statements are:

a) whether to make a provision or not for inventory, given that some items of inventory may be held for many years before they are sold; and

b) how much any formulaically calculated provision is amended by for management's judgement of whether the inventory can be sold in a different manner than initially intended (for example, whether a higher quality item can be substituted for, and sold instead of, a lower quality item).

Accounting judgements:

iv) Operating leases

The company utilises assets which it does not own and pays for on an ongoing basis. In making the judgement as to whether such arrangements constitute finance leases or operating leases, management have assessed where the substantial risk and rewards of the ownership of the assets fall, and assessed that the counter-party, rather than the company, bears substantially all of the risks and rewards of ownership of the assets.

Turnover

Turnover comprises the value of sales (net of value added tax) of goods provided in the normal course of business. Revenue is recognised in respect of service contracts when the company obtains the right to consideration.

DUO EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the period 1 July 2017 to 29 June 2018

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Furniture and equipment	- 33% on cost
Motor vehicles	- 33% on cost

Tangible fixed assets are carried at cost less accumulated depreciation.

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase and other costs incurred in bringing stock to its present location and condition, including any import costs, duties and carriage.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Fixed assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter. The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Stocks obtained under hire purchase contracts are recorded at cost in the balance sheet. The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

DUO EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the period 1 July 2017 to 29 June 2018

2. ACCOUNTING POLICIES - continued

Financial instruments

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	Period 1.7.17 to 29.6.18 £	Year ended 30.6.17 as restated £
United Kingdom	22,893,240	15,851,858
Europe	70,427	29,114
Rest of World	-	245,627
	<u>22,963,667</u>	<u>16,126,599</u>

4. EMPLOYEES AND DIRECTORS

	Period 1.7.17 to 29.6.18 £	Year ended 30.6.17 as restated £
Wages and salaries	1,176,201	1,060,946
Social security costs	137,133	124,138
Other pension costs	10,461	5,300
	<u>1,323,795</u>	<u>1,190,384</u>

The average number of employees during the period was as follows:

	Period 1.7.17 to 29.6.18	Year ended 30.6.17 as restated
Management and administration	7	6
Sales and quarrying services	18	17
	<u>25</u>	<u>23</u>

DUO EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the period 1 July 2017 to 29 June 2018

5. DIRECTORS' EMOLUMENTS

	Period 1.7.17 to 29.6.18	Year ended 30.6.17 as restated
	£	£
Directors' remuneration	141,552	142,859
Directors' pension contributions to money purchase schemes	<u>1,578</u>	<u>833</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
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6. OPERATING PROFIT

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

	Period 1.7.17 to 29.6.18	Year ended 30.6.17 as restated
	£	£
Hire of plant and machinery	429,567	220,304
Other operating leases	113,264	9,009
Depreciation - owned assets	3,543	983
Depreciation - assets on hire purchase contracts	124,887	30,524
Profit on disposal of fixed assets	(3,980)	-
Auditors' remuneration	7,500	7,500
Foreign exchange differences	2,019	(4,321)
Stock recognised as an expense	<u>19,641,515</u>	<u>14,663,701</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 1.7.17 to 29.6.18	Year ended 30.6.17 as restated
	£	£
Finance charges	79,609	51,965
Interest on overdue tax	106	-
Hire purchase	<u>61,195</u>	<u>24,477</u>
	<u>140,910</u>	<u>76,442</u>

DUO EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the period 1 July 2017 to 29 June 2018

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the period was as follows:

	Period 1.7.17 to 29.6.18 £	Year ended 30.6.17 as restated £
Current tax:		
UK corporation tax	184,320	64,287
Tax provision variances	<u>18,525</u>	<u>-</u>
Total current tax	202,845	64,287
Deferred tax	<u>22,271</u>	<u>28,750</u>
Tax on profit	<u>225,116</u>	<u>93,037</u>

UK corporation tax has been charged at 19% (2017 - 20%).

Reconciliation of total tax charge included in profit and loss

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1.7.17 to 29.6.18 £	Year ended 30.6.17 as restated £
Profit before tax	<u>807,123</u>	<u>407,677</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.750%)	153,353	80,516
Effects of:		
Expenses not deductible for tax purposes	53,238	17,519
Income not taxable for tax purposes	(756)	(3,484)
Capital allowances in excess of depreciation	-	(1,257)
Depreciation in excess of capital allowances	756	-
Adjustments to tax charge in respect of previous periods	18,525	-
Variance due to change of tax rate during the year	<u>-</u>	<u>(257)</u>
Total tax charge	<u>225,116</u>	<u>93,037</u>

During the year the UK corporation tax rate decreased to 19%.

A further reduction to 17% (effective from 1 April 2020) was enacted in the 2016 Finance Act.

DUO EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the period 1 July 2017 to 29 June 2018

9. DIVIDENDS

	Period 1.7.17 to 29.6.18	Year ended 30.6.17 as restated
	£	£
Interim	<u>60,000</u>	<u>45,000</u>

10. PRIOR YEAR ADJUSTMENT

Following a review of all contracts, work in progress and profitability, the company has identified that certain contracts had incorrectly recognised profits at an early stage and these were not considered to be in line with the policy of income recognition over the period of the contract and in line with the underlying value of the work at June 30 2017.

This has been addressed and the arising correction for 2017 has been treated as a prior year adjustment. This has resulted in a decrease to reported operating profits of £263,598 being a reduction in turnover totalling £1,575,000 and a reduction in cost of sales of £1,311,402. There has also been a reduction in tax provision of £52,061 resulting in a total reduction in net assets at 30 June 2017 of £211,537.

11. TANGIBLE FIXED ASSETS

	Furniture and equipment £	Motor vehicles £	Totals £
COST			
At 1 July 2017	2,950	277,354	280,304
Additions	92,273	259,667	351,940
Disposals	-	(27,250)	(27,250)
At 29 June 2018	<u>95,223</u>	<u>509,771</u>	<u>604,994</u>
DEPRECIATION			
At 1 July 2017	1,310	32,793	34,103
Charge for period	3,543	124,887	128,430
Eliminated on disposal	-	(15,880)	(15,880)
At 29 June 2018	<u>4,853</u>	<u>141,800</u>	<u>146,653</u>
NET BOOK VALUE			
At 29 June 2018	<u>90,370</u>	<u>367,971</u>	<u>458,341</u>
At 30 June 2017	<u>1,640</u>	<u>244,561</u>	<u>246,201</u>

DUO EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the period 1 July 2017 to 29 June 2018

11. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 July 2017	277,354
Additions	259,667
Disposals	<u>(27,250)</u>
At 29 June 2018	<u>509,771</u>
DEPRECIATION	
At 1 July 2017	32,793
Charge for period	124,887
Eliminated on disposal	<u>(15,880)</u>
At 29 June 2018	<u>141,800</u>
NET BOOK VALUE	
At 29 June 2018	<u>367,971</u>
At 30 June 2017	<u>244,561</u>

12. STOCKS

	2018	2017 as restated
	£	£
Stocks	<u>3,955,121</u>	<u>2,483,571</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017 as restated
	£	£
Trade debtors	1,636,804	757,400
Other debtors	5,300	660
Amounts owed by related entities	5,464,685	2,027,365
Prepayments and accrued income	<u>188,552</u>	<u>184,522</u>
	<u>7,295,341</u>	<u>2,969,947</u>

All debtors are financial instruments measured at amortised cost.

DUO EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the period 1 July 2017 to 29 June 2018

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017 as restated
	£	£
Hire purchase contracts (see note 16)	1,282,879	850,157
Trade creditors	3,263,200	1,195,708
Tax	132,259	159,690
Social security and other taxes	71,088	111,951
VAT	546,820	590,322
Other creditors	43,500	2,998
Amount owed to related entities	2,324,186	671,449
Directors' current accounts	16,500	226,000
Accruals and deferred income	<u>1,191,656</u>	<u>2,083,084</u>
	<u>8,872,088</u>	<u>5,891,359</u>

All creditors are financial instruments measured at amortised cost.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018	2017 as restated
	£	£
Hire purchase contracts (see note 16)	<u>1,622,237</u>	<u>172,913</u>

16. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	2018	2017 as restated
	£	£
Net obligations repayable:		
Within one year	1,282,879	850,157
Between one and five years	<u>1,622,237</u>	<u>172,913</u>
	<u>2,905,116</u>	<u>1,023,070</u>

DUO EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the period 1 July 2017 to 29 June 2018

17. SECURED DEBTS

The following secured debts are included within creditors:

	2018	2017 as restated
	£	£
Hire purchase contracts	<u>2,905,116</u>	<u>1,023,070</u>

The company has a cross guarantee with Powerscreen Washing Systems Limited, International Construction Equipment Limited and Duo Manufacturing Limited. There is a fixed and floating charge over the undertaking and all assets present and future, including the benefits of any licences.

Hire purchase contracts includes £297,593 (2017 - £199,481) in relation to fixed assets held under hire purchase contracts and £2,607,523 (2017 - £823,589) in relation to stock held under hire purchase contracts. Hire purchase contracts are secured against the related assets.

18. PROVISIONS FOR LIABILITIES

	2018	2017 as restated
	£	£
Deferred tax		
Accelerated capital allowances	<u>51,021</u>	<u>28,750</u>
		Deferred tax
		£
Balance at 1 July 2017		<u>28,750</u>
Charge to Income Statement during period		<u>22,271</u>
Balance at 29 June 2018		<u>51,021</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018	2017 as restated
			£	£
1	Ordinary	£1	<u>1</u>	<u>1</u>

DUO EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the period 1 July 2017 to 29 June 2018

20. RESERVES

	Retained earnings £
At 1 July 2017	915,893
Prior year adjustment	<u>(211,537)</u>
	704,356
Profit for the period	582,007
Dividends	<u>(60,000)</u>
At 29 June 2018	<u><u>1,226,363</u></u>

Retained earnings includes all current and prior period retained profits and losses.

21. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The scheme and its assets were held by independent managers. The pension charge represents contributions due from the company and amounted to £10,461 (2017 - £5,300) during the year. Included within creditors at the year end, are outstanding amounts in respect of pension contributions totalling £7,500 (2017 - £2,998).

22. RELATED PARTY DISCLOSURES

The directors are considered to be the key management, whose remuneration are disclosed in the notes above.

23. POST BALANCE SHEET EVENTS

Subsequent to the year end but before the approval of these financial statements the share capital of the company was acquired by Duo Group Holdings Limited.

24. CONTROLLING INTERESTS

The directors are considered to be the ultimate controlling parties by virtue of their ability to act in concert in respect of the financial and operating policies of the company.

25. AMENDED ACCOUNTS

These financial statements are now deemed to be the final statutory accounts for the period and will replace the originals that have been amended. They have been prepared as at the date of the original accounts and not as at the date of the revision and accordingly do not deal with events between those dates.