

RUG DOCTOR LIMITED

Registered Number: 1544366

Rug Doctor Limited

Annual Report and Financial Statements

For the year from 1 January 2017 to 31 December 2017



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RUG DOCTOR LIMITED

Consolidated Financial Statements - 31 December 2017

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RUG DOCTOR LIMITED

General Information

DIRECTORS:	K S Dosanjh T L Lewis
SECRETARY:	A N Howell
REGISTERED OFFICE:	Park House Crawley Business Quarter Manor Royal Crawley West Sussex RH10 9AD
BANKERS:	National Westminster Bank plc Worthing West Sussex BN11 3AR
SOLICITORS:	Coole and Haddock 5 The Steyne Worthing West Sussex BN11 3DT
REGISTERED AUDITORS:	Mazars LLP Tower Bridge House St Katherine's Way London E1W 1DD
REGISTERED NUMBER:	1544366

RUG DOCTOR LIMITED

Directors' Report

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2017.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the group and parent company financial statements (the "financial statements") in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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 (FRS 102).

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 group and the company and of the profit or loss of the group 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;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS

The directors who served throughout the year and up to the date of signing financial statements were as follows:

K S Dosanjh
T L Lewis

DETAILS CONTAINED WITHIN THE STRATEGIC REPORT

Details relating to principal activities including future developments, risks and uncertainties, and financial KPIs are contained within the Strategic Report.

FINANCIAL RISK MANAGEMENT

Financial risks are managed through division of responsibilities, and monitoring and reporting principles. The most significant financial risk is currency risk associated with purchases from immediate parent undertaking, Rug Doctor, LLC. This risk is managed through timing of repatriation when rates are favourable.

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Directors' Report (continued)

DIVIDENDS

The directors do not propose a dividend payment (2017 - £nil).

PROVISION OF INFORMATION TO AUDITORS

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

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing its report and to establish that the company's auditors are aware of that information.

Approved by the board on 24/09/2018
and signed on its behalf by

A handwritten signature in black ink, appearing to read 'K S Dosanjh', with a horizontal line drawn underneath it.

K S Dosanjh
Director

RUG DOCTOR LIMITED

Strategic Report

The directors present their Strategic Report and the audited consolidated financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activities of the company continue to be the sale and rental of carpet cleaning equipment and products.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Trading performance was ahead of prior year due to improved wholesale margins, and reduced administration expenses, particularly due to the closure of the German subsidiary. The directors expect that business performance will continue to improve in the foreseeable future, driven by increased footfall in maturing outlets, further expansion into grocery and value retailers, in addition to growth in consumer machine sales.

PRINCIPAL RISKS AND UNCERTAINTIES

Going forward, the company has recognised principal risks and uncertainties within the German market. The company is now closing Rug Doctor GmbH.

KEY PERFORMANCE INDICATORS

The group's profit for the financial year for 2017 of £587k (2016: £645k) was £58k less than that achieved in 2016, largely due to the change in revenue mix with an increase in product sales by 10%, which has generated an increase in cost of goods sold. Sales increased by 6% as a total from £9,639k in 2016 to £10,197k in 2017, cost of sales increased by 16% from £2,138k in 2016 to £2,485k in 2017, and administrative expenses increased by 6%. The effect of these is seen on the profit on ordinary activities before taxation, which has decreased by 22% from £903k in 2016 to £707k in 2017. The group also monitors EBITDA (earnings before interest, tax, depreciation and amortisation) which increased by 13% from £3,306k in 2016 to £3,740k in 2017. In addition, rental occasions non-financial indicator decreased by 1.6% 374k in 2016 to 368k in 2017.

The company's profit for the financial year for 2017 of £516k (2016: £557k) was £41k less than achieved in 2016. Net assets increased from £10,400k in 2016 to £10,940k in 2017, primarily due to an increase in debtors, which has increased by 19% from £2,227k in 2016 to £2,652k in 2017. The company's EBITDA increased by 8%, from £3,468k in 2016 to £3,740k in 2017. The company's rental occasions decreased by 3% from 368k in 2016 to £357k in 2017.

Approved by the board on 24/09/2018
and signed by its order by

A handwritten signature in black ink, appearing to read 'K S Dosanjh', with a horizontal line drawn underneath it.

K S Dosanjh
Director

RUG DOCTOR LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RUG DOCTOR LIMITED

Opinion

We have audited the financial statements of Rug Doctor Limited (the 'parent company') and its subsidiary (the 'group') for the year ended 31 December 2017 which comprise the Consolidated and Company Statements of Financial Position as at 31 December 2017; the Consolidated Statement of Comprehensive Income for the year then ended; the Consolidated Statement of Cash Flows for the year then ended; the Consolidated and Company Statement of Changes in Equity for the year then ended; and the 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 FRS 102 "The Financial Reporting Standard applicable in the United Kingdom 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 group's and of the parent company's affairs as at 31 December 2017 and of the group's 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 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 group's or the parent 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 included in the annual report other than the financial statements and our auditors' report 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

RUG DOCTOR LIMITED

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 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 light of the knowledge and understanding of the group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specific 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

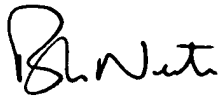
Auditor's responsibilities for the audit of the financial statements

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.

RUG DOCTOR LIMITED

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

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 auditor's report.



Robert Neate (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

26th September 2018

RUG DOCTOR LIMITED

Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2017

	Note	2017 £	2016 £
REVENUE	4	10,197,330	9,639,004
Cost of sales		(2,484,799)	(2,137,645)
GROSS PROFIT		<u>7,712,531</u>	<u>7,501,359</u>
Administrative expenses		(7,016,030)	(6,611,198)
Interest receivable and similar income		10,586	12,545
PROFIT BEFORE INCOME TAX	5	<u>707,087</u>	<u>902,706</u>
Income tax expense	8	(26,503)	(258,055)
PROFIT FOR THE FINANCIAL YEAR		<u><u>680,584</u></u>	<u><u>644,651</u></u>
OTHER COMPREHENSIVE INCOME:			
Gain/Loss on opening balance retranslation of subsidiary		134,884	(421,732)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		<u><u>134,884</u></u>	<u><u>(421,732)</u></u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>815,468</u></u>	<u><u>222,919</u></u>

The group's turnover and expenses all relate to continuing operations.

The notes on pages 16 to 34 form part of these financial statements.

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Consolidated Statement of Financial Position at 31 December 2017

	Note	£	2017 £	2016 £
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	9	0	0	
Property, plant and equipment	10	1,046,820	1,341,340	
TOTAL NON-CURRENT ASSETS		1,046,820	1,341,340	
CURRENT ASSETS				
Inventories	12	1,671,557	1,588,254	
Trade and other receivables	13	4,401,064	2,430,567	
Cash and cash equivalents		2,511,543	4,025,862	
TOTAL CURRENT ASSETS		8,584,164	8,044,683	
TOTAL ASSETS			<u>9,630,984</u>	<u>9,386,023</u>
EQUITY AND LIABILITIES				
EQUITY				
Called up share capital	16	276,000	276,000	
Retained earnings		8,168,420	7,352,952	
TOTAL EQUITY			<u>8,444,420</u>	<u>7,628,952</u>
CURRENT LIABILITIES				
Trade and other payables	14	1,186,564	1,757,071	
TOTAL CURRENT LIABILITIES		1,186,564	1,757,071	
TOTAL LIABILITIES			<u>1,186,564</u>	<u>1,757,071</u>
TOTAL EQUITY AND LIABILITIES			<u>9,630,984</u>	<u>9,386,023</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

The financial statements on pages 10 to 34 were approved by the Board of Directors on 24/09/2018 and were signed on its behalf by



K S Dosanjh - Director

The notes on pages 16 to 34 form part of these financial statements

RUG DOCTOR LIMITED

Company Statement of Financial Position at 31 December 2017

	Note	2017 £	2016 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,046,820	1,341,340
Investments	11	0	22,506
TOTAL NON-CURRENT ASSETS		1,046,820	1,363,846
CURRENT ASSETS			
Inventories	12	1,671,557	1,588,254
Trade and other receivables (including £2,355,791 (2015: £2,508,168) due after one year)	14	6,756,855	4,786,358
Cash and cash equivalents		2,511,543	4,025,862
TOTAL CURRENT ASSETS		10,939,955	10,400,474
TOTAL ASSETS		11,986,775	11,764,320
EQUITY AND LIABILITIES			
EQUITY			
Called up share capital	16	276,000	276,000
Retained earnings		10,524,211	9,731,249
TOTAL EQUITY		10,800,211	10,007,249
CURRENT LIABILITIES			
Trade and other payables	14	1,186,564	1,757,071
TOTAL CURRENT LIABILITIES		1,186,564	1,757,071
TOTAL LIABILITIES		1,186,564	1,757,071
TOTAL EQUITY AND LIABILITIES		11,986,775	11,764,320

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

The financial statements on pages 9 to 36 were approved by the Board of Directors on 24/09/2018 and were signed on its behalf by



K S Dosanjh - Director

The notes on pages 15 to 34 form part of these financial statements.

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Consolidated Statement of Changes in Equity For the Year Ended 31 December 2017

	Note	Called-up share capital	Retained earnings	Total
		£	£	£
BALANCE AS AT 1 JANUARY 2016	16	276,000	7,130,033	7,406,033
Profit for the financial year		-	644,651	644,651
Gain on opening balance retranslation of subsidiary		-	(421,732)	(421,732)
		<u> </u>	<u> </u>	<u> </u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	222,919	222,919
		<u> </u>	<u> </u>	<u> </u>
BALANCE AS AT 31 DECEMBER 2016	16	276,000	7,352,952	7,628,952
Profit for the financial year		-	680,584	680,584
Gain on opening balance retranslation of subsidiary		-	134,884	134,884
		<u> </u>	<u> </u>	<u> </u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	815,468	815,468
		<u> </u>	<u> </u>	<u> </u>
BALANCE AS AT 31 DECEMBER 2017		<u>276,000</u>	<u>8,168,420</u>	<u>8,444,420</u>

RUG DOCTOR LIMITED

Company Statement of Changes in Equity For the Year Ended 31 December 2017

	Note	Called-up share capital	Retained earnings	Total
		£	£	£
BALANCE AS AT 1 JANUARY 2016	16	276,000	9,259,811	9,535,811
Profit for the financial year		-	471,438	471,438
		<u> </u>	<u> </u>	<u> </u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	471,438	471,438
		<u> </u>	<u> </u>	<u> </u>
BALANCE AS AT 31 DECEMBER 2016	16	276,000	9,731,249	10,007,249
Profit for the financial year			792,962	792,962
		<u> </u>	<u> </u>	<u> </u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	792,962	792,962
		<u> </u>	<u> </u>	<u> </u>
BALANCE AS AT 31 DECEMBER 2017		276,000	10,524,211	10,800,211
		<u> </u>	<u> </u>	<u> </u>

Profit for the financial year 2016 has been corrected to include 2016 adjustments.

RUG DOCTOR LIMITED

Consolidated Statement of Cash Flows For the Year Ended 31 December 2017

	Note	2017	2016
		£	£
Net cash from operating activities	17	(1,036,423)	3,117,796
Taxation paid		(156,207)	(153,471)
Net cash generated from operating activities		<u>(1,192,630)</u>	<u>2,964,325</u>
Cash flow from investing activities			
Purchase of tangible assets		(333,696)	(516,442)
Proceeds from disposals of tangible assets		20,833	7,041
Interest received		10,586	12,545
Net cash used in investing activities		<u>(302,277)</u>	<u>(496,856)</u>
Net increase in cash and cash equivalents		(1,514,319)	2,753,122
Cash and cash equivalents at the beginning of year		<u>4,025,862</u>	<u>1,272,740</u>
Cash and cash equivalents at the end of the year		2,511,543	4,025,862
Cash and cash equivalents consists of:			
Cash at bank and in hand		2,511,543	4,025,862
Short term deposits (included in current asset investments)		-	-
Cash and cash equivalents		<u><u>2,511,543</u></u>	<u><u>4,025,862</u></u>

RUG DOCTOR LIMITED
Notes to the Financial Statements
For the year ended 31 December 2017

1 General information

The principal activities of Rug Doctor Limited ('the company') and its subsidiary (together "the group") is the sale and rental of carpet cleaning equipment and products.

The company is a private company limited by shares and is incorporated in England. The address of its registered office is Global House, High Street, Crawley, West Sussex, RH10 1DL.

2 Statement of compliance

The group and individual financial statements of Rug Doctor Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The group and company have also early adopted the Amendments to FRS 102 (issued in July 2015).

3 Summary of significant accounting policy

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The date of transition to FRS 102 was 1 January 2014.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3(s).

The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual Statement of Comprehensive Income. The company's profit for the financial year was £516,302 (2016 - £557,639).

(b) Going concern

On the basis of their assessment of the company's financial position and resources, the directors believe that the company is well placed to manage its business risks. Therefore, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(c) Exemptions for qualifying entities under FRS 102

FRS 102 allows qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. Rug Doctor Limited is a not qualifying entity as its results are consolidated into the financial statements of Rug Doctor, LLC which are not publicly available.

RUG DOCTOR LIMITED
Notes to the Financial Statements
For the year ended 31 December 2017 (continued)

3 Summary of significant accounting policy (continued)

(c) Exemptions for qualifying entities under FRS 102 (continued)

As a qualifying entity, the company has taken advantage of the following exemptions:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- iii) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

(d) Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2017. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where a subsidiary has different accounting policies to the group, adjustments are made to those subsidiary financial statements to apply the group's accounting policies when preparing the consolidated financial statements.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control respectively.

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated statement of comprehensive income. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

(e) Foreign currencies

(i) Functional and presentation currency

The group financial statements are presented in pound sterling. The company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

RUG DOCTOR LIMITED
Notes to the Financial Statements
For the year ended 31 December 2017 (continued)

3 Summary of significant accounting policy (continued)

(f) Foreign currencies (continued)

(iii) Translations

The trading results of group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income'.

(g) Revenue

Revenue represents the amounts (excluding value added tax) derived from the provision of goods and services to customers. Distribution centre chemical revenue is recognised upon delivery date. For online bookings, rental revenue is recognised when service occurs. Rental and chemical electronic point of sale (EPOS) data is invoiced or accrued within the relevant period. Handheld terminal transaction revenue is recognised on upload, or accrued within the relevant period.

(h) Employee benefits

The group provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The company pays contributions into defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

(i) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These 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.

RUG DOCTOR LIMITED
Notes to the Financial Statements
For the year ended 31 December 2017 (continued)

3 Summary of significant accounting policy (continued)

(i) Taxation (continued)

(ii) Deferred tax (continued)

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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.

(j) Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the Consolidated Statement of Comprehensive Income. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

(k) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all property, plant and equipment in use, at rates estimated to write off the cost, less estimated residual value, of each asset over its expected useful economic life, as follows

Leasehold improvements	- 5%-33.33% pa
Office, rental and other equipment	- 10%-33% pa
Motor vehicles	- 20%-33% pa

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains.

RUG DOCTOR LIMITED

Notes to the Financial Statements

For the year ended 31 December 2017 (continued)

3 Summary of significant accounting policy (continued)

(l) Leased assets

At inception the group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

(m) Impairment of non-financial assets

At each reporting date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income, unless the asset has been revalued when the amount is recognised in the other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the Statement of Comprehensive Income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

(n) Investments

In the company's financial statements, investments in subsidiary undertakings are stated at cost less accumulated impairment losses.

(o) Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

In determining the cost of raw materials, consumables and goods purchased for resale, a standard cost is assigned based on the most recent purchase price at specific points in time during the year. One standard cost review was carried out during the year. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

RUG DOCTOR LIMITED
Notes to the Financial Statements
For the year ended 31 December 2017 (continued)

3 Summary of significant accounting policy (continued)

(p) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

(q) Financial instruments

The group and company has chosen to adopt the recognition and measurement provisions of IAS 39 (as amended following the publication of IFRS 9) and disclosure requirements of sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Classification

The group classifies its financial assets in the following categories:

- measured at fair value through profit or loss (FVTPL);
- measured at fair value through other comprehensive income (FVOCI); and
- measured at amortised cost

Financial liabilities are classified in the following categories:

- measured at fair value through profit or loss (FVTPL); and
- measured at amortised cost

(ii) Measurements

At initial recognition, the group measures a financial asset and liability at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Consolidated Statement of Comprehensive Income.

Assets classified as subsequently measured at amortised cost, the interest revenue, expected credit losses and foreign exchange gains or losses are recognised in the consolidated statement of comprehensive income. On de-recognition, any gain or loss is recognised in the Consolidated Statement of Comprehensive Income.

Assets classified as subsequently measured at fair value through other comprehensive income, the interest revenue, expected credit losses and foreign exchange gains or losses are recognised in the Consolidated Statement of Comprehensive Income. Other gain and losses on re-measurement to fair value are recognised in other comprehensive income. On de-recognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to Consolidated Statement of Comprehensive Income. The company have available for sale investments as FVOCI, which is detailed in the subsequent policy.

Assets classified as subsequently measured at fair value through profit and loss, all gains and losses are recognised in the Consolidated Statement of Comprehensive Income.

Financial liabilities held for trading; derivatives; and financial liabilities designated as at fair value through profit or loss on initial recognition are subsequently measured at fair value with all gains and losses being recognised in the Consolidated Statement of Comprehensive Income.

Financial liabilities that are not classified at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

RUG DOCTOR LIMITED
Notes to the Financial Statements
For the year ended 31 December 2017 (continued)

3 Summary of significant accounting policy (continued)

(q) Financial instruments (continued)

(iii) Impairment

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Consolidated Statement of Comprehensive Income.

(iv) De-recognition

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(v) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(r) Related party transactions

The group has taken the exemption as provided by paragraph 33.1A of FRS 102 and does not disclose transactions with members of the same group that are wholly owned. The group discloses transactions with related parties which are not wholly owned with the same group in note 21.

(s) Critical judgements and estimates in applying the accounting policies

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

RUG DOCTOR LIMITED
Notes to the Financial Statements
For the year ended 31 December 2017 (continued)

3 Summary of significant accounting policy (continued)

(s) Critical judgements and estimates in applying the accounting policies (continued)

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.

- Useful economic lives of tangible assets (Section 17)

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of tangible fixed assets and note 3(k) for the useful economic lives for each class of asset.

4 REVENUE

GROUP	2017 %	2016 %
A geographical analysis of turnover for the group is as follows:		
United Kingdom	98	96
Europe	2	4
	<u>100</u>	<u>100</u>
	<u>100</u>	<u>100</u>
	2017 £	2016 £
Analysis of revenue by category:		
Sales of goods	5,894,350	5,345,835
Rendering of services	4,302,980	4,293,169
	<u>10,197,330</u>	<u>9,639,004</u>

RUG DOCTOR LIMITED
Notes to the Financial Statements
For the year ended 31 December 2017 (continued)

5 PROFIT BEFORE INCOME TAX

	2017 £	2016 £
GROUP		
The profit before income tax is stated after charging:		
Auditors' remuneration:		
Fees payable to company's auditor for the audit of parent company and consolidated financial statements	21,000	21,000
Fees payable to company's auditors and its associates for other services:		
-Tax compliance services	8,392	6,732
Depreciation on tangible and intangible fixed assets owned	580,589	736,061
Total rentals payable under operating leases	182,281	193,895
Loss on disposal of tangible assets	-	19,497
	<u> </u>	<u> </u>

Inventories recognised as an expense during the year ended 31 December 2017 amounted to £2,284,599 (2016: £2,049,341).

6 STAFF NUMBERS AND COSTS

GROUP

The monthly average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Number of employees 2017	Number of employees 2016
Sales	31	33
Manufacturing	12	11
Administration	24	24
	<u> </u>	<u> </u>
	67	68
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2017 £	2016 £
Wages and salaries	2,049,233	2,088,777
Social security costs	197,804	224,782
Other pension costs	26,399	26,670
	<u> </u>	<u> </u>
	2,273,436	2,340,229
	<u> </u>	<u> </u>

RUG DOCTOR LIMITED
Notes to the Financial Statements
For the year ended 31 December 2017 (continued)

7 DIRECTORS' REMUNERATION

	2017 £	2016 £
Remuneration	190,937	176,033
Contributions to money purchase pension schemes	-	-
	<u>190,937</u>	<u>176,033</u>

One director received remuneration.

8 INCOME TAX EXPENSE

	2017 £	2016 £
(a) Tax expense included in profit or loss		
Current tax:		
UK corporation tax on income for the year	124,786	154,080
Adjustments in respect of prior years	26,880	5,523
Total current tax	<u>151,666</u>	<u>159,603</u>
Deferred tax	(125,163)	98,452
Tax on profit on ordinary activities (see (b) below)	<u>26,503</u>	<u>258,055</u>

RUG DOCTOR LIMITED
Notes to the Financial Statements
For the year ended 31 December 2017 (continued)

8 INCOME TAX EXPENSE (CONTINUED)

(b) Reconciliation of tax charge

The tax charged for the year is higher (2016: higher) than the standard rate of corporation tax in the UK of 19.25% (2015: 20%). The differences are explained below:

	2017 £	2016 £
Profit before income tax	707,087	902,706
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	136,090	180,541
Effects of:		
Fixed Asset differences	1,144	-
Expenses not deductible for tax purposes	1,262	923
Foreign losses not deductible for tax	(19,730)	83,958
Adjustments respect of prior years	(92,967)	5,523
Change in tax rate	704	(12,890)
Total tax charge (see (a) above)	<u>26,503</u>	<u>258,055</u>

The figures noted above relate to the company, Rug Doctor Limited. There is no tax charge or credit relating to Rug Doctor GmbH.

(c) Tax rate changes

The main rate of Corporation tax in the United Kingdom reduced from 20% to 19% effective for 1 April 2017. As these changes had been substantively enacted at the reporting date, the deferred tax balances have been re-measured at 19%.

In addition to the changes noted above, further changes to the main rate of Corporation tax in the United Kingdom were announced in the 2015 Summer Budget. These include further reductions from 29% to 18% effective 1 April 2020. These have not been substantively enacted at the reporting date and therefore are not included in these financial statements.

RUG DOCTOR LIMITED
Notes to the Financial Statements
For the year ended 31 December 2017 (continued)

9 INTANGIBLE ASSETS

	Goodwill £
GROUP	
COST	
At 1 January 2017	130,217
Revaluation	-
Additions	-
	<u>130,217</u>
At 31 December 2017	<u><u>130,217</u></u>
ACCUMULATED AMORTISATION	
At 1 January 2017	130,217
Revaluation	-
Charge for the year	-
	<u>130,217</u>
At 31 December 2017	<u><u>130,217</u></u>
NET BOOK VALUES	
At 31 December 2017	<u><u>-</u></u>
At 31 December 2016	<u><u>-</u></u>
Amortisation rate	20%

RUG DOCTOR LIMITED
Notes to the Financial Statements
For the year ended 31 December 2017 (continued)

10 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improve- ments	Office equipment	Rental equipment	Other Equipment	Motor vehicles	Total
GROUP	£	£	£	£	£	£
COST						
At 1 January 2017	49,174	275,698	5,699,104	173,527	350,199	6,547,702
Revaluation	-	-	-	-	-	-
Additions	1,272	1,375	163,558	11,280	179,624	357,109
Disposals	-	-	(232,286)	-	(132,669)	(364,955)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2017	50,446	277,073	5,630,376	184,807	397,154	6,539,856
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ACCUMULATED DEPRECIATION						
At 1 January 2017	31,361	223,149	4,636,346	127,499	188,007	5,206,362
Revaluation	-	-	-	-	-	-
Charge for the year	4,029	24,074	475,357	8,072	92,197	603,729
On disposals	-	-	(207,897)	-	(109,158)	(317,055)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2017	35,390	247,223	4,903,806	135,571	171,046	5,493,036
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE						
At 31 December 2017	15,056	29,850	726,570	49,236	226,108	1,046,820
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2016	17,813	52,549	1,062,758	46,028	162,192	1,341,340
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Depreciation rates:

Leasehold improvements	- 5%-33.33% pa
Office, rental and other equipment	- 10%-33% pa
Motor vehicles	- 20%-33% pa

RUG DOCTOR LIMITED
Notes to the Financial Statements
For the year ended 31 December 2017 (continued)

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	Leasehold improve- ments £	Office equipment £	Rental equipment £	Other Equipment £	Motor vehicles £	Total £
COST						
At 1 January 2017	49,174	275,698	5,699,104	173,527	350,199	6,547,702
Additions	1,272	1,375	163,558	11,280	179,624	357,109
Disposals	-	-	(232,286)	-	(132,669)	(364,955)
At 31 December 2017	50,446	277,073	5,630,376	184,807	397,154	6,539,856
ACCUMULATED DEPRECIATION						
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Charge for the year	4,029	24,074	475,357	8,072	92,197	603,729
Disposals	-	-	(207,897)	-	(109,158)	(317,055)
At 31 December 2017	35,390	247,223	4,903,806	135,571	171,046	5,493,036
NET BOOK VALUE						
At 31 December 2017	15,056	29,850	726,570	49,236	226,108	1,046,820
At 31 December 2016	17,813	52,549	1,062,758	46,028	162,192	1,341,340

Depreciation rates:

Leasehold improvements	- 5%-33.33% pa
Office, rental and other equipment	- 10%-33% pa
Motor vehicles	- 20% -33% pa

RUG DOCTOR LIMITED
Notes to the Financial Statements
For the year ended 31 December 2017 (continued)

11 INVESTMENTS

COMPANY

	Shares in group undertakings 2017 £	Shares in group undertakings 2016 £
COST AND NET BOOK VALUE		
At 1 January and 31 December 2017	-	22,506

The undertakings in which the company's interest at the year end is more than 20% are as follows:

	Country of incorporation	Class and percentage of shares held
Direct investment		
Rug Doctor GmbH	Germany	Ordinary 100%

The aggregate value of capital and reserves and the result for this undertaking for the last relevant financial year were as follows:

	Capital and reserves	Gain for the financial year
Rug Doctor GmbH	(2,464,252)	86,297

12 INVENTORIES

	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Raw materials and consumables	290,722	290,722	301,149	301,149
Work in progress	1,656	1,656	-	-
Finished goods and goods for resale	1,379,179	1,379,179	1,287,105	1,287,105
	<u>1,671,557</u>	<u>1,671,557</u>	<u>1,588,254</u>	<u>1,588,254</u>

There is no material difference between the carrying amount of inventory and the replacement cost.

RUG DOCTOR LIMITED
Notes to the Financial Statements
For the year ended 31 December 2017 (continued)

13 TRADE AND OTHER RECEIVABLES

AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Trade receivables	2,652,425	2,652,425	2,223,534	2,223,534
Amounts owed by group undertakings	1,481,964	1,481,964	(246,829)	(246,829)
Deferred taxation	52,120	52,120	(73,043)	(73,043)
Other receivables	6,382	6,382	6,902	6,902
Prepayments and accrued income	208,173	208,173	520,003	520,003
	<u>4,401,064</u>	<u>4,401,064</u>	<u>2,430,567</u>	<u>2,430,567</u>

Prior year balance of 220k was reclassified from Prepayments and accrued income to Trade receivables to align with the current year presentation.

Amounts owed by group undertakings are non-interest bearing and are repayable on demand.

AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Amounts owed by group undertakings	<u>-</u>	<u>2,355,791</u>	<u>-</u>	<u>2,355,791</u>

Amounts owed by group undertakings are non-interest bearing and the directors have confirmed they will not call upon this debt within the next 12 months.

DEFERRED TAX

Group and company	2017 £	2016 £
At 1 January 2017	(73,043)	25,409
Charge to consolidated statement of comprehensive income	125,163	(98,452)
At 31 December 2017	<u>52,120</u>	<u>(73,043)</u>

Deferred tax balances comprise:

Group and company	2017 £	2016 £
Accelerated capital allowances	52,120	(73,043)
Other timing differences	-	-
Total	<u>52,120</u>	<u>(73,043)</u>

RUG DOCTOR LIMITED
Notes to the Financial Statements
For the year ended 31 December 2017 (continued)

14 TRADE AND OTHER PAYABLES

	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Trade payables	158,449	158,449	311,721	311,721
Corporation tax	15,072	15,072	120,641	120,641
Other taxation and social security	275,074	275,074	461,755	461,755
Other payables	1,138	1,138	(850)	(850)
Accruals and deferred income	736,831	736,831	863,804	863,804
	<u>1,186,564</u>	<u>1,186,564</u>	<u>1,757,071</u>	<u>1,757,071</u>

15 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Financial assets					
Financial assets that are debt instruments measured at amortised cost:					
Trade receivables	13	2,652,425	2,652,425	2,226,569	2,226,569
Amounts owed by group undertakings	13	1,481,964	3,837,755	(246,829)	2,108,962
Other receivables	13	6,382	6,382	6,902	6,902
Cash and cash equivalent		2,511,543	2,511,543	4,025,862	4,025,862
		<u>6,652,314</u>	<u>9,008,105</u>	<u>6,012,504</u>	<u>8,368,295</u>
Financial liabilities					
Financial liabilities measured at amortised cost:					
Trade payables	14	158,449	158,449	311,721	311,721
Other payables	14	1,138	1,138	(850)	(850)
		<u>159,587</u>	<u>159,587</u>	<u>310,871</u>	<u>310,871</u>

RUG DOCTOR LIMITED
Notes to the Financial Statements
For the year ended 31 December 2017 (continued)

16 CALLED UP SHARE CAPITAL

	2017 £	2016 £
Authorised		
276,000 (2016: 276,000) Ordinary shares of £1 each	276,000	276,000
	<u>276,000</u>	<u>276,000</u>
	2017 £	2016 £
Allotted, issued and fully paid		
276,000 (2016: 276,000) Ordinary shares of £1 each	276,000	276,000
	<u>276,000</u>	<u>276,000</u>

17 NOTES TO THE STATEMENT OF CASH FLOWS

	2017 £	2016 £
Profit for the financial year	680,584	644,651
Adjustments for:		
Income tax expense	26,503	258,055
Net interest income	(10,586)	(12,545)
FX revaluation of opening balances	256,097	(421,732)
Operating profit	<u>952,598</u>	<u>468,428</u>
Amortisation of intangible assets	-	19,710
FX revaluation of intangible assets of opening position on consolidation	-	(2,754)
Depreciation of property, plant and equipment	603,729	736,061
FX revaluation of property, plant and equipment of opening position on consolidation	-	(22,005)
(Profit)/loss on disposal of property, plant and equipment	31,447	19,497
Working capital movements:		
- (Increase)/decrease in inventories	(83,304)	578,905
- (Increase)/decrease in receivables	(1,970,387)	1,293,276
- (Decrease)/increase in payables	(570,507)	26,678
Cash flow from operating activities	<u>(1,036,423)</u>	<u>3,117,796</u>

RUG DOCTOR LIMITED
Notes to the Financial Statements
For the year ended 31 December 2017 (continued)

18 COMMITMENTS UNDER OPERATING LEASES

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

Group and company	2017	2016
	£	£
Not later than one year	179,314	187,663
Later than one year and not later than five years	391,496	556,422
Later than five years	156	-
	<u>570,966</u>	<u>744,085</u>

19 ULTIMATE PARENT UNDERTAKING AND CONTROLLING ENTITY

The immediate parent undertaking is Rug Doctor, LLC.

The ultimate parent undertaking and controlling party is RD Holdco Inc., a company incorporated in the USA.

RD Holdco Inc. is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2017. The consolidated financial statements of RD Holdco Inc. are available from 4701 Old Shephard Place Plano, TX 75093.

Rug Doctor, LLC is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Rug Doctor, LLC can be obtained from 4701 Old Shephard Place Plano, TX 75093.