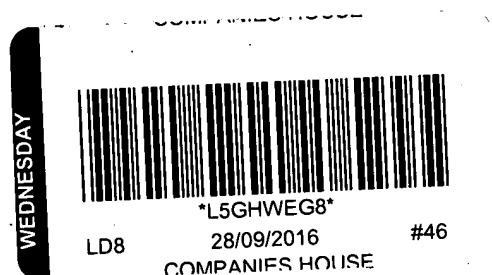


RENTOKIL INITIAL (1896) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Private company; limited by shares
Registered in England & Wales
Registered Number: 49855
Registered Office:
Riverbank
Meadows Business Park
Blackwater
Camberley
Surrey
GU17 9AB



RENTOKIL INITIAL (1896) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2015

Contents	Page
Strategic report	1
Directors' report	2
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Independent Auditor's report to the members of Rentokil Initial (1896) Limited	4
Profit and loss account	5
Balance sheet	6
Statement of changes in equity	7
Notes to the financial statements	8

RENTOKIL INITIAL (1896) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2015

STRATEGIC REPORT

The directors present their annual report, together with the audited financial statements of the Company for the year ended 31 December 2015.

Principal activity/future developments

The Company is a wholly owned subsidiary of Rentokil Initial 1927 plc. The principal activity of the Company is that of a holding Company for companies involved in providing business services. There have been no significant changes in the Company's principal activity in the year under review. The directors do not intend, at the date of this report, that there will be any major changes in the Company's activities in the next year.

The Rentokil Initial plc Group ("the Group") manages its operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the central division of Rentokil Initial plc, which includes the Company, is discussed in the Group's Annual Report which does not form part of this report.

Principal risks and uncertainties

The directors of Rentokil Initial plc manage the risks of the Group at a group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a discussion of the Company's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's 2015 Annual Report, which does not form part of this report.

Results and dividends

The profit for the year, after taxation, amounted to £10,549,000 (2014: loss £100,859,000). No interim dividend was paid (2014: £nil). The directors do not recommend the payment of a final dividend for 2015 (2014: £nil).

During the year the company underwent a share premium reduction with the entire share premium balance of £1,257,028,000 being reclassified to the profit and loss account.

Directors

C Stead (appointed 8 August 2016)

J E Hauck (appointed 2 February 2015)

D P F Fagan (resigned 8 August 2016)

S M Ingall-Tombs (resigned 2 February 2015)

The directors named above held office throughout the year except where indicated.

Directors' remuneration

The directors received no emoluments in respect of qualifying services to the Company, nor did they have any retirement benefits accruing to them under defined benefit pension schemes.

RENTOKIL INITIAL (1896) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2015

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2015.

Employees

The Company had no employees in the year under review and accordingly there are no employee costs (2014: £nil).

Statement of disclosure of information to auditor

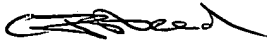
In accordance with the Companies Act 2006, each director who was a director at the time the report was approved confirms the following:

- so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each has taken all steps that each ought to have taken as director to make himself aware of any relevant information and to establish that the Company's auditors are aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Catherine Stead
Secretary
Riverbank
Meadows Business Park
Blackwater
Camberley
Surrey
GU17 9AB
Company number 49855

27 September 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE REPORT TO THE DIRECTORS AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework" (FRS 101) 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RENTOKIL INITIAL (1896) LIMITED

We have audited the financial statements of Rentokil Initial (1896) Limited for the year ended 31 December 2015 set out on pages 5 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced disclosure Framework*.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

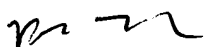
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Paul Sawdon (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

27 September 2016

RENTOKIL INITIAL (1896) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2015

Profit and loss account and other comprehensive income for the year ended 31 December

	Notes	<u>2015</u> £'000	<u>2014</u> £'000
Operating income/(expenses)	3	10,978	(512,927)
Operating profit/(loss)		10,978	(512,927)
Dividends received from subsidiaries		-	412,968
Profit/(loss) on ordinary activities before interest and taxation		10,978	(99,959)
Interest payable and similar charges	5	(472)	(885)
Profit/(loss) on ordinary activities before taxation		10,506	(100,844)
Taxation on profit/(loss) on ordinary activities	6	43	(15)
Profit/(loss) on ordinary activities after taxation		10,549	(100,859)

The results of the year are wholly attributable to the continuing operations of the Company.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial year and their historical cost equivalents.

The notes on pages 8 to 18 form part of the financial statements.

RENTOKIL INITIAL (1896) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2015

Balance sheet as at 31 December

Company Number 49855	Notes	<u>2015</u> £'000	<u>2014</u> £'000
Fixed assets			
Investments - shares in group undertakings	8	1,068,710	1,068,710
Tangible fixed assets	7	90	90
		1,068,800	1,068,800
Current assets			
Debtors – amounts falling due within one year	9	985,984	986,203
Debtors – amounts falling due after more than one year	9	490	467
Cash at bank		4,592	-
		991,066	986,670
Current liabilities			
Creditors amounts falling due within one year	10	(441,746)	(444,381)
Net current assets		549,320	542,289
Total assets less current liabilities		1,618,120	1,611,089
Non-current liabilities			
Unsecured debentures	11	(992)	(992)
Defined benefit liability	11	(2,453)	(2,335)
Provisions for liabilities and charges	12	(20,677)	(24,391)
Net assets		1,593,998	1,583,371
Capital and reserves			
Called up share capital	14	243,421	243,421
Share premium account		-	1,257,028
Other reserves		92,500	92,500
Profit and loss account		1,258,077	(9,578)
Capital employed		1,593,998	1,583,371

The financial statements on pages 5 to 18 were approved by the board on 27 September 2016 and were signed on its behalf by:



J E Hauck
Director

The notes on pages 8 to 18 form part of the financial statements.

RENTOKIL INITIAL (1896) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2015

Statement of changes in equity for the year ended 31 December

	Share Capital £'000	Share Premium £'000	Other Reserves £'000	Profit and loss account £'000	Total £'000
1 January 2014	243,421	1,257,028	92,500	91,676	1,684,625
Loss for the year	-	-	-	(100,859)	(100,859)
Actuarial loss for the year	-	-	-	(495)	(495)
Deferred tax on actuarial loss	-	-	-	100	100
At 31 December 2014	243,421	1,257,028	92,500	(9,578)	1,583,371
Profit for the year	-	-	-	10,549	10,549
Actuarial gain for the year	-	-	-	98	98
Capital reduction	-	(1,257,028)	-	1,257,028	-
Deferred tax on actuarial gain	-	-	-	(20)	(20)
At 31 December 2015	243,421	-	92,500	1,258,077	1,593,998

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 *Application of Financial Reporting Requirements* and Financial Reporting Standard 101 *Reduced Disclosure Framework* which have been applied for the first time in these financial statements. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on an historical cost basis, except for the revaluation of certain financial instruments. The presentation currency used is sterling and amounts have been presented in round thousands (£'000).

Disclosure exemptions adopted

In preparing these financial statements the Company applies the recognition measurement and disclosure requirements of the International Financial Reporting Standards as adopted by the EU but makes amendments where necessary to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

- a Cash Flow Statement and related notes;
- comparative period reconciliations for tangible and intangible assets;
- disclosures in respect of capital management;
- the effect of new but not yet effective IFRSs; and
- disclosure in respect of transactions with other wholly owned members of the group headed by Rentokil Initial plc.

Exemption from preparation of consolidated financial statements

The financial statements contain information about Rentokil Initial (1896) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption conferred by s400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the European Economic Area consolidated accounts of a larger group.

Judgements and key areas of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the Company's directors to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

Going concern

After making due enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the accounts.

First time adoption of FRS 100 and 101

In the current year the Company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

First time adoption of FRS 100 and 101 (continued)

This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with UK accounting standards. Consequently the principal accounting policies are unchanged from the prior year. The change in basis of preparation has enabled the Company to take advantage of all of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised above. There have been no other material amendments to the disclosure requirements previously applied in accordance with UK Accounting standards.

Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company has not classified any of its financial assets as fair value through profit and loss or held to maturity.

The Company's accounting policy for each category is as follows:

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

The Company's loans and receivables comprise trade and other receivables, loans from group companies and cash and cash equivalents in the statement of financial position.

- Loans to group companies are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method. The carrying value of non-interest bearing loans owed by and payable to the parent and group undertakings are repayable on demand. Therefore, the carrying value is equal to the fair value of the instruments.
- Cash and cash equivalents include cash in hand and call deposits. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

Financial liabilities

The Company classifies its financial liabilities at amortised cost. Financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.
- Loans from group companies are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method. The carrying value of non-interest bearing loans owed by and payable to the parent and group undertakings are repayable on demand. Therefore, the carrying value is equal to the fair value of the instruments. The carrying value of interest bearing loans owed by and payable to the parent and group undertakings is considered to be a reasonable approximation of fair value as the loans are at commercial rates of interest.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Investments

Investments in subsidiaries and fixed assets are carried at cost less provision for impairment.

Tangible fixed assets

Freehold land is not depreciated. When the properties are sold the difference between sale proceeds and net book value is dealt with in the profit and loss account.

Pensions and post-retirement healthcare benefits

The Company provides pensions and post-retirement healthcare benefits to certain of its former employees. The liabilities for these benefits are valued annually by an independent actuary. Interest costs are charged to the profit and loss account and any actuarial revaluation is taken to reserves.

Provisions

Provision is made in accordance with IAS 37 for vacant property in respect of vacant and partly sub-let leasehold properties to the extent that future rental payments are expected to exceed future rental income. Provisions are calculated by discounting all expected future cashflows over the life of the lease at a rate between 1.4% and 1.5% (2014: 0.7% and 1.3%).

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the taxable profits and results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all the available evidence, it can be regarded as more likely than not that there will be suitable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currency transactions

Foreign currency transactions are translated into sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit and loss account.

2. Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. 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 discussed below.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Critical accounting estimates and judgements (continued)

Estimates and assumptions

(a) Impairment of investments

The Company is required to test for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. More information on carrying values is included in note 8. An impairment test was carried out in 2015 and no investments were found to be impaired.

(b) Provisions

The Company has a number of vacant and sub-let leasehold properties, with the majority of the head leases expiring before 2021. Provision has been made for the residual lease commitments together with other outgoings, after taking into account existing sub-tenant arrangements and assumptions relating to later periods of vacancy.

(c) Post-retirement benefits

The Company operates several unfunded plans which provide certain past employees with post-retirement benefits. These defined benefit schemes are reappraised annually by independent actuaries based upon actuarial assumptions in accordance with IAS 19 "Employee Benefits", using the projected unit method.

3. Profit on ordinary activities before taxation

There is no charge to the profit and loss account for auditor's remuneration as the costs of the Company's audit are borne by another group company. £10.8m related to the net income from the settlement of a legal claim. The audit fee for 2015 was £2,550 (2014: £2,550). The 2014 loss related to the impairment of investments shown in note 8.

4. Employees' and directors' remuneration

The Company has no employees and accordingly there are no employee costs (2014: £nil). The directors received no emoluments in respect of qualifying services to the Company, nor did they have any retirement benefits accruing to them under defined benefit pension schemes.

5. Interest payable and similar charges

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Discount unwind on provision	338	745
Interest cost on post- retirement healthcare benefits	44	55
Debenture interest	80	85
Other interest	10	-
	472	885

RENTOKIL INITIAL (1896) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Taxation on profit/(loss) on ordinary activities

	<u>2015</u> £'000	<u>2014</u> £'000
Current tax :		
UK corporation tax on profit/(loss) for the year	-	-
Total current tax	-	-
Deferred tax :		
Current year	(43)	15
Tax on profit/loss on ordinary activities	(43)	15

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are explained below:

	<u>2015</u> £'000	<u>2014</u> £'000
Profit/(loss) on ordinary activities before tax	10,506	(100,844)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	2,127	(21,681)
Effects of :		
Non taxable UK dividend income	-	(88,788)
Disallowable expenses	164	110,217
Other timing difference	-	(47)
Movement in provisions on which no deferred tax has been provided	(54)	(32)
Utilisation of brought forward tax losses on which no deferred tax asset is recognised	(2,280)	-
Group relief surrendered for nil consideration	-	299
Current tax charge for the year	(43)	15

In the 2015 Summer Budget the Chancellor announced a reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) and these rates were substantively enacted on 26 October 2015. In the 2016 Budget the Chancellor announced a further reduction in the UK corporation tax rate to 17% from 1 April 2020. This will reduce the Company's future current tax charge accordingly. The UK deferred tax asset at 31 December 2015 has been calculated based on the corporation tax rate that is expected to apply when the asset is settled.

7. Tangible fixed assets

Long leasehold land	£'000
Cost	
At 31 December 2014 and 31 December 2015	90
Depreciation	-
Net book value	
At 31 December 2014 and 31 December 2015	90

The only asset held during the year is long leasehold land which has an infinite life and does not depreciate (note 1).

RENTOKIL INITIAL (1896) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Investments

Movement in investments during the year

	<u>2015</u> £'000	<u>2014</u> £'000
Shares in group undertakings		
At 1 January	1,068,710	1,581,248
Impairment of investment	-	(512,538)
At 31 December	1,068,710	1,068,710

On 12 November 2014, the directors of Rentokil Ltd approved a capital reduction and as a result of this capital reduction, Rentokil Initial (1896) Ltd impaired the investment in Rentokil Ltd by £387,000,000.

At 31 December 2014, Rentokil Initial (1993) Ltd did not have sufficient net assets to support the investment and therefore this investment was impaired by £125,538,250.

The Company owns directly 100% of the ordinary share capital of the following companies (except where indicated):

Subsidiary name	Country of Incorporation
Rentokil Initial UK Ltd	United Kingdom
Rentokil Initial (1993) Ltd	United Kingdom
Rentokil Limited (19%)	United Kingdom
RI Dormant No. 18 Limited	United Kingdom
BET (No. 17) Limited	United Kingdom
BET (No. 18) Limited	United Kingdom
Rentokil Initial Pension Trustee Ltd	United Kingdom
Initial Limited	United Kingdom

The Company owns indirectly 100% of the ordinary share capital of the following companies (except where indicated):

Subsidiary name	Country of Incorporation
BPS Offshore Services Limited	United Kingdom
Dudley Industries Ltd	United Kingdom
Initial Medical Services Ltd	United Kingdom
Rentokil Initial Asia Pacific Limited	United Kingdom
Rentokil Initial Investments Limited	United Kingdom
Rentokil Initial Investments South Africa	United Kingdom
Rentokil Overseas Holdings Limited	United Kingdom
Rentokil Property Holdings Limited	United Kingdom
Stratton House Leasing Limited	United Kingdom
Torchsound Properties Limited – 50%	United Kingdom
Rentokil Pest Control (QLD) Pty Limited	Australia
Ant-Eater Environmental Services Pty Limited	Australia
Rentokil Initial Asia Pacific Pty Limited	Australia
Rentokil Initial Pty Ltd	Australia
Rentokil Pest Holdings Pty Limited	Australia
Rentokil Pty Limited	Australia
Initial Austria GmbH	Austria
Initial NV	Belgium
Rentokil NV	Belgium
Ambius NV	Belgium
Rentokil Pest Control Canada Ltd	Canada

RENTOKIL INITIAL (1896) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2015

8. Investments (continued)

Rentokil Initial China Limited	China
Initial Ecotex sro	Czech Republic
Rentokil Initial A/S	Denmark
Rentokil Initial Pest Control LLC	Dubai
Rentokil Initial OY	Finland
BTMF SAS	France
CAFI SASFrance	France
CAWE FTB Group SAS	France
Initial SAS	France
Rentokil Initial SAS	France
Ambius SAS	France
Medicline SAS	France
Rentokil Initial Environmental Services S.A.S.	France
Rentokil Initial Holdings (France) SA	France
SCE Gravigny	France
SCI Vargan	France
Technivap SAS	France
Initial Textil Service GmbH and Co KG	Germany
Initial Textile Holdings GmbH	Germany
Initial Hygieneservice GmbH	Germany
Medentex GmbH	Germany
Profitex GmbH	Germany
Rentokil Dental GmbH	Germany
Rentokil Initial GmbH	Germany
Rentokil Initial Holdings GmbH	Germany
Rentokil Rhein GmbH	Germany
Rentokil Initial Hellas EPE	Greece
Po Hong Services Limited	Hong Kong
Rentokil Initial Hong Kong Ltd	Hong Kong
Rentokil Hong Kong Investments Limited	Hong Kong
Rentokil India Pte Ltd	India
Rentokil Initial Holdings (Ireland) Limited	Ireland
Nippon Calmic Ltd – 49%	Japan
Initial Sarl	Luxembourg
Rentokil Luxembourg Sarl	Luxembourg
R-Control Desinfections SA	Luxembourg
Balance Urbano Control de Plagas S.A. de CV	Mexico
Rentokil Initial Mozambique Limitad	Mozambique
Ambius BV	Netherlands
BET Finance BV	Netherlands
BET (Holdings) BV	Netherlands
BET (International) BV	Netherlands
BET (Properties) BV	Netherlands
B.V. Rentokil Funding	Netherlands
Holland Herstel Groep Ureco BV	Netherlands
Initial BV	Netherlands
Rentokil Initial BV	Netherlands
Rentokil Initial Overseas (Holdings) BV	Netherlands
Beekhuizen Hydrokultuur BV	Netherlands
Protekta Bird Control BV	Netherlands
Protekta Plaagdierbestrijding BV	Netherlands
Rentokil Initial International BV	Netherlands
Rentokil Initial Norge As	Norway
A1 Insecta A/S	Norway

RENTOKIL INITIAL (1896) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Investments (continued)

Rentokil Initial Sp z.o.o	Poland
Rentokil Initial Portugal – Servicos de protecao Ambiental Lda	Portugal
Pestterminator Pte. Ltd	Singapore
Rentokil Initial Singapore Pte Ltd	Singapore
Rentokil Initial Asia Pacific Management Pte Ltd	Singapore
Rentokil Initial (Pty) Ltd (75%)	South Africa
Ambius AB	Sweden
Initial Sverige AB	Sweden
Rentokil AB	Sweden
Sweden Recycling AB	Sweden
Medentex Recycling Service Sarl	Switzerland
Rentokil Schweiz AG	Switzerland
Spiromed AG	Switzerland
Initial Hygiene Co Ltd	Taiwan
Rentokil Ding Sharn Co Ltd	Taiwan
Rentokil Initial (Thailand) Ltd	Thailand
CAP Tunis	Tunisia
Anza LLC	United States
Asiatic Investments Inc. – 47.6%	United States
Longgo LLC	United States

RENTOKIL INITIAL (1896) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Debtors

	<u>2015</u> £'000	<u>2014</u> £'000
Amounts falling due less than one year		
Amounts owed by ultimate parent	516,103	516,103
Amounts owed by group undertakings	469,582	469,882
Social security and VAT	191	205
Prepayments and accrued income	108	13
	<u>985,984</u>	<u>986,203</u>
Amounts falling due after more than one year		
Deferred taxation (note 13)	490	467
	<u>986,474</u>	<u>986,670</u>

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

10. Creditors: amounts falling due within one year

	<u>2015</u> £'000	<u>2014</u> £'000
Amounts due to group undertakings	441,692	441,690
Accruals	54	26
Bank overdraft	-	2,665
	<u>441,746</u>	<u>444,381</u>

11. Creditors: amounts falling due after one year

	<u>2015</u> £'000	<u>2014</u> £'000
Debentures – unsecured	992	992
Defined benefit liabilities (note 15)	2,453	2,335
	<u>3,445</u>	<u>3,327</u>

Obligations under the unsecured debentures

Amounts payable		
- after 5 years	992	992

The unsecured debentures are perpetual in nature and have an effective interest rate in the range of 4.5% - 5.0% (2014: 4.5% - 5.0%) per par value.

12. Provisions for liabilities and charges

	<u>2015</u> £'000	<u>2014</u> £'000
1 January	24,391	27,489
Created	5,710	4,313
Released	(3,685)	(2,318)
Utilised during the year	(6,077)	(5,838)
Discount unwind	338	745
At 31 December	<u>20,677</u>	<u>24,391</u>

The Company holds leases on five properties of which two are vacant and three are partially or fully sub-let, all leases expire in 2020 except for one which expires in 2017. Provision has been made for the residual lease commitments together with other outgoings, after taking into account existing sub-tenant arrangements and assumptions relating to later periods of vacancy. In accordance with IAS 37 the provisions have been reviewed for movements in these properties during the year as disclosed above.

RENTOKIL INITIAL (1896) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Deferred taxation

The movement on the deferred taxation account is as follows:

	<u>2015</u> £'000	<u>2014</u> £'000
1 January (note 9)	467	382
Charged to profit and loss account (note 6)	43	(15)
Taken to reserves	(20)	100
At 31 December	490	467

Deferred tax

Provision for deferred tax comprises:

Other timing differences	490	467
--------------------------	-----	-----

14. Share Capital

	<u>2015</u> £'000	<u>2014</u> £'000
Allotted and fully paid:		
973,664,283 ordinary shares of £0.25	243,421	243,421

15. Pension and post-retirement healthcare benefits

The Company operates several unfunded plans, which provides certain past employees with post-retirement benefits. These defined benefit schemes are reappraised annually by independent actuaries, based upon actuarial assumptions in accordance with IAS 19 "Employee Benefits", using the projected unit method.

Interest costs are shown in the profit and loss account; however as the schemes are closed to new members no further contributions are being made.

The amounts recognised in the balance sheet and the movement in the fair value of unfunded liabilities are as follows:

	<u>2015</u> £'000	<u>2014</u> £'000
At 1 January	2,335	1,916
Payments	(100)	(133)
Interest cost	44	55
Actuarial (loss)/gain for the year	(98)	418
Transfer	272	79
At 31 December	2,453	2,335

The date of the most recent independent actuarial assessment was 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Pension and post-retirement healthcare benefits (continued)

The actuarial valuation of the post-retirement healthcare benefits liability assumed that healthcare costs will increase by 7.0% in 2016, reducing by 0.5% for five years and 4.9% thereafter with a net present value discount rate of 3.6%.

The equivalent valuation for 2014 assumed healthcare costs would increase by 7.5% per year, reducing by 0.5% for six years and 4.9% thereafter with a net present value discount rate of 3.5%.

The total liability as at 31 December 2015 is £135,000 lower than previously expected as a result of:

- there has been a change in assumptions, particularly the use of a higher discounted rate leading to a lower value on liabilities.
- the base cost used for the 2015 valuation being lower than expected in 2014.

16. Operating lease commitments

Future lease payments under non-cancellable operating leases falling due are as follows:

	<u>2015</u>	<u>2014</u>
	<u>£'000</u>	<u>£'000</u>
Within one year	3,770	5,016
In the second to fifth years inclusive	17,749	15,723
After five years	-	4,300
	<u>21,519</u>	<u>25,039</u>

17. Ultimate parent company

The Company's immediate parent Company is Rentokil Initial 1927 plc. The Company's ultimate parent Company is Rentokil Initial plc, which forms the only group into which the financial statements of the Company are consolidated. The consolidated financial statements of Rentokil Initial plc are available from Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey, GU17 9AB