

Registered number: 49855

RENTOKIL INITIAL (1896) LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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RENTOKIL INITIAL (1896) LIMITED
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COMPANY INFORMATION

Directors	D P F Fagan J E Hauck
Company secretary	C J Stead
Registered number	49855
Registered office	Riverbank Meadows Business Park Camberley Surrey GU17 9AB
Independent auditor	KPMG LLP Chartered Accountants & Statutory Auditor 15 Canada Square London E14 5GL

RENTOKIL INITIAL (1896) LIMITED

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RENTOKIL INITIAL (1896) LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

Introduction

The directors present their annual report, together with the audited financial statements of the Company for the year ended 31 December 2016.

Business review

The results for the year are set out in the statement of comprehensive income on page 6. During the year the Company made a profit after tax of £660,528,000 (2015: £10,549,000). The Company has net assets of £1,581,225,000 (2015: £1,593,998,000), and has net current assets of £545,834,000 (2015: £549,320,000). The Directors are satisfied that the Company is a going concern and has sufficient funds to meet its liabilities as they fall due.

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 Rentokil Initial plc 2016 Annual Report, which does not form part of this report.

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


J E Hauck
Director

Date: 27 September 2017

RENTOKIL INITIAL (1896) LIMITED
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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

The Directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

Results and dividends

The profit for the year, after taxation, amounted to £660,528k (2015 - £10,549k).

An interim dividend of £673,000,000 was paid (2015: £nil). The directors do not recommend the payment of a final dividend for 2016 (2015: £nil).

Directors

The Directors who served during the year were:

D P F Fagan
J E Hauck

Future developments

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.

RENTOKIL INITIAL (1896) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Disclosure of information to auditor

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

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

Post balance sheet events

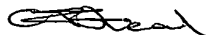
On 4 April 2017 Rentokil Initial (1896) Ltd acquired 110,000,000 6% non redeemable preference shares in Rentokil Initial (1993) Ltd for £91,910,229.

On 12 July 2017 Rentokil Initial (1896) Ltd declared an interim dividend in specie of £400,000,000 payable in the form of an intercompany loan to Rentokil Initial 1927 Plc.

Auditor

Under section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



C J Stead
Secretary

Date: 27 September 2017

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

We have audited the financial statements of Rentokil Initial (1896) Limited for the year ended 31 December 2016, set out on pages 6 to 34. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 2, 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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

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



Anna Jones (Senior Statutory Auditor)

for and on behalf of
KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square
London
E14 5GL

27 September 2017

RENTOKIL INITIAL (1896) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £000	2015 £000
Administrative expenses		455	(279)
Other operating income	4	-	11,257
Operating profit	5	<u>455</u>	<u>10,978</u>
Income from fixed assets investments	8	673,000	-
Amounts written off investments		(12,491)	-
Interest receivable and similar income	9	13	-
Interest payable and expenses	10	(356)	(472)
Profit before tax		<u>660,621</u>	<u>10,506</u>
Tax on profit	11	(93)	43
Profit for the year		<u><u>660,528</u></u>	<u><u>10,549</u></u>
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Deferred tax on actuarial gain		62	(20)
Actuarial gain for the year		(363)	98
		<u>(301)</u>	<u>78</u>
Total comprehensive income for the year		<u><u>660,227</u></u>	<u><u>10,627</u></u>

The notes on pages 10 to 34 form part of these financial statements.

RENTOKIL INITIAL (1896) LIMITED
REGISTERED NUMBER: 49855

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	13	-	90
Investments	14	1,056,219	1,068,710
		<u>1,056,219</u>	<u>1,068,800</u>
Current assets			
Debtors: amounts falling due after more than one year	16	459	490
Debtors: amounts falling due within one year	16	1,065,432	985,984
Cash at bank and in hand	17	1,544	4,592
		<u>1,067,435</u>	<u>991,066</u>
Creditors: amounts falling due within one year	18	(521,601)	(441,746)
Net current assets		<u>545,834</u>	<u>549,320</u>
Total assets less current liabilities		<u>1,602,053</u>	<u>1,618,120</u>
Creditors: amounts falling due after more than one year	19	(992)	(992)
		<u>1,601,061</u>	<u>1,617,128</u>
Provisions for liabilities			
Other provisions	21	(17,134)	(20,677)
Net assets excluding pension liability		<u>1,583,927</u>	<u>1,596,451</u>
Pension liability	23	(2,702)	(2,453)
Net assets		<u><u>1,581,225</u></u>	<u><u>1,593,998</u></u>
Capital and reserves			
Called up share capital	22	243,416	243,416
Other reserves		92,500	92,500
Profit and loss account		1,245,309	1,258,082
		<u><u>1,581,225</u></u>	<u><u>1,593,998</u></u>

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



J E Hauck

RENTOKIL INITIAL (1896) LIMITED REGISTERED NUMBER: 49855

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2016

Director

Date: 27 September 2017

The notes on pages 10 to 34 form part of these financial statements.

RENTOKIL INITIAL (1896) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £000	Share premium account £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2015	243,416	1,257,028	92,500	(9,573)	1,583,371
Comprehensive income for the year					
Profit for the year	-	-	-	10,549	10,549
Deferred tax on actuarial gain	-	-	-	(20)	(20)
Actuarial gain for the year	-	-	-	98	98
Other comprehensive income for the year	-	-	-	78	78
Total comprehensive income for the year	-	-	-	10,627	10,627
Total transactions with owners	-	(1,257,028)	-	1,257,028	-
At 1 January 2016	243,416	-	92,500	1,258,082	1,593,998
Comprehensive income for the year					
Profit for the year	-	-	-	660,528	660,528
Deferred tax on actuarial gain	-	-	-	62	62
Actuarial gain for the year	-	-	-	(363)	(363)
Other comprehensive income for the year	-	-	-	(301)	(301)
Total comprehensive income for the year	-	-	-	660,227	660,227
Dividends: Equity capital	-	-	-	(673,000)	(673,000)
Total transactions with owners	-	-	-	(673,000)	(673,000)
At 31 December 2016	243,416	-	92,500	1,245,309	1,581,225

RENTOKIL INITIAL (1896) LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. General information

Rentokil Initial 1896 Limited is a company incorporated and domiciled in the United Kingdom. The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements. The Company is a wholly owned subsidiary of Rentokil Initial plc Group ("the Group") and operates as part of the Group's central division.

The Company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The presentation currency used is sterling and amounts have been presented in round thousands (£000).

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 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.

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.5 Debtors

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

2.6 Cash and cash equivalents

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

2.7 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. 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. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

RENTOKIL INITIAL (1896) LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.7 Financial instruments (continued)

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

2.8 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.9 Finance costs

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

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.11 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.12 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.13 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

When the effect of the time value of money is material, provision amounts are calculated on the present value of the expenditure expected to be required to settle the obligation. The present value is calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The rates used are between 0.3% and 0.5% (2015: between 0.9% and 1.4%).

2.15 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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

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 only estimate and assumptions that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below.

(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. An impairment test was carried out in 2016 and an impairment was recognised (see note 13).

(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.

4. Other operating income

	2016	2015
	£000	£000
Other operating income	-	11,257
	<u>-</u>	<u>11,257</u>
	<u>-</u>	<u>11,257</u>

There is no operating income in 2016, the operating income in 2015 relates to income from the settlement of a legal claim.

5. Operating profit

Included within the 2016 administrative expenses of £455k is a profit on disposal of leasehold land of £398k, as well as other miscellaneous income of £57k.

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

6. Auditors' remuneration

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. The audit fee for the year ended 31 December 2016 was £2,250 (2015: £2,250).

7. Employees

The Company has no employees (2015: NIL). The directors received no emoluments or fees in respect of qualifying services to the Company, nor did they have any retirement benefits accruing to them under defined benefit pension schemes (2015: NIL).

8. Income from investments

	2016 £000	2015 £000
Dividends received from unlisted investments	673,000	-
	673,000	-

9. Interest receivable

	2016 £000	2015 £000
Other interest receivable	13	-
	13	-

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10. Interest payable and similar charges

	2016	2015
	£000	£000
Bank and other interest payable	-	10
Discount unwind on provision	225	338
Debenture interest	79	80
Interest on post-retirement healthcare benefits	52	44
	<u>356</u>	<u>472</u>

11. Taxation

	2016	2015
	£000	£000
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	93	(43)
Total deferred tax	<u>93</u>	<u>(43)</u>
Taxation on profit/(loss) on ordinary activities	<u>93</u>	<u>(43)</u>

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (*2015 - lower than*) the standard rate of corporation tax in the UK of 20% (*2015 - 20.25%*). The differences are explained below:

	2016	2015
	£000	£000
Profit on ordinary activities before tax	660,621	10,506
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (<i>2015 - 20.25%</i>)	132,124	2,127
Effects of:		
Expenses not deductible for tax purposes	2,544	164
Utilisation of tax losses	-	(2,280)
Non-taxable income	(17)	-
Changes in provisions leading to a decrease in the tax charge	(124)	(54)
Dividends from UK companies	(134,600)	-
Group relief	96	-
Deferred tax current year rate differential	70	-
Total tax charge for the year	93	(43)

RENTOKIL INITIAL (1896) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

11. Taxation (continued)

Factors that may affect future tax charges

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 and this rate was substantively enacted on 6 September 2016. These changes in corporation tax rates will reduce the company's future current tax charge accordingly.

12. Dividends

	2016 £000	2015 £000
Interim dividend	673,000	-
	<u>673,000</u>	<u>-</u>

The directors do not propose a final dividend for the year ended 31 December 2016 (2015: NIL). The total dividend paid during the year was 69.12p per share (2015: NIL).

13. Tangible fixed assets

	Long-term leasehold land £000
At 1 January 2016	90
Disposals	(90)
At 31 December 2016	<u>-</u>
Net book value	
At 31 December 2016	<u>-</u>
At 31 December 2015	<u>90</u>

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

14. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2016	1,068,710
Amounts written off	(12,491)
At 31 December 2016	1,056,219
Net book value	
At 31 December 2016	1,056,219
At 31 December 2015	1,068,710

At 31 December 2016, Rentokil Initial (1993) Ltd did not have sufficient net assets to support the investment and therefore this investment was impaired by £12,490k.
In addition, BET (No. 17) was dissolved on 11 October 2016 and therefore the full investment of £1k was impaired.

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

15. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Registered office
Anzak Landscapes Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
AW Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
BET Environmental Services Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
B.E.T. Building Services Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
BET (No.18) Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
BET (No.68) Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
BET Management Services (Commercial & Industrial) Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
BET Pension Trust Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
BPS Offshore Services Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Broadcast Relay Service (Overseas) Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Castlefield House Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Chard Services Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Dudley Industries Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Enigma Laundries Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Enigma Services Group Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Enviro-Fresh Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Grayston Central Services Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Hometrust Kitchens Limited	UK	Ordinary	25%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Hometrust Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Industrial Clothing Services Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey

<p align="center">RENTOKIL INITIAL (1896) LIMITED</p>
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Initial Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Initial Medical Services Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Opel Transport & Trading Company Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Peter Cox Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Plant Nominees Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Prokill (UK) Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Prokill Limited	UK	Ordinary - A Ordinary - B Ordinary - C Ordinary - D	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Rentokil Dormant (No. 6) Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Rentokil Initial (1993) Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Rentokil Initial Asia Pacific Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Rentokil Initial Investments South Africa	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey

<p align="center">RENTOKIL INITIAL (1896) LIMITED</p>
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Rentokil Initial Pension Trustee Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Rentokil Initial Services Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Rentokil Initial UK Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Rentokil Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Rentokil Overseas Holdings Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Rentokil Property Holdings Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
RI Dormant No.18 Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
RI Dormant No.20 Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
RI Dormant No.6 Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Stratton House Leasing Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Target Express Holdings Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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Target Express Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Target Express Parcels Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
TEB Cleaning Services Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Anti-Eater Environmental Services Pty Limited	Australia	Ordinary	100%	Unit A1, Lidcombe Business Park, 3- 29 Birnie Avenue
Knock Out Pest Control Pty Limited	Australia	Ordinary	100%	Unit A1, Lidcombe Business Park, 3- 29 Birnie Avenue
Knock Out National Pty Limited	Australia	Ordinary	100%	Unit A1, Lidcombe Business Park, 3- 29 Birnie Avenue
Pest Away Australia Pty Limited	Australia	Ordinary	100%	Unit A1, Lidcombe Business Park, 3- 29 Birnie Avenue
Rentokil Australia Pty Limited	Australia	Ordinary	100%	Unit A1, Lidcombe Business Park, 3- 29 Birnie Avenue
Rentokil Initial Asia Pacific Pty Limited	Australia	Ordinary	100%	Unit A1, Lidcombe Business Park, 3- 29 Birnie Avenue
Rentokil Initial Pty Limited	Australia	Ordinary	100%	Unit A1, Lidcombe Business Park, 3- 29 Birnie Avenue
Rentokil Pest Control (QLD) Pty Limited	Australia	Ordinary	100%	Unit A1, Lidcombe Business Park, 3- 29 Birnie Avenue
Rentokil Pty Limited	Australia	Ordinary	100%	Unit A1, Lidcombe Business Park, 3- 29 Birnie Avenue
Copes Pest Control Pty Limited	Australia	Ordinary	100%	Unit A1, Lidcombe Business Park, 3- 29 Birnie Avenue
Green Fingers Plant Hire Pty Limited	Australia	Ordinary	100%	Unit A1, Lidcombe Business Park, 3- 29 Birnie Avenue
Rentokil Pest Holdings Pty Limited	Australia	Ordinary	100%	Unit A1, Lidcombe Business Park, 3- 29 Birnie Avenue
Rentokil Pest Services Pty Limited	Australia	Ordinary	100%	Unit A1, Lidcombe Business Park, 3- 29 Birnie Avenue

RENTOKIL INITIAL (1896) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Samson Hygiene Services Pty Limited	Australia	Ordinary	100%	Unit A1, Lidcombe Business Park, 3-29 Birnie Avenue
Rentokil Initial GmbH	Austria	Ordinary	100%	Dieselstraße 12, 3362 Mauer bei Amstetten
Ambius N.V.	Belgium	Ordinary	100%	Ingberthoeveweg, 17, Aartselaar 2630
Initial N.V.	Belgium	Ordinary	100%	Ingberthoeveweg, 17, Aartselaar 2630
Rentokil N.V.	Belgium	Ordinary	100%	Ingberthoeveweg, 17, Aartselaar 2630
Rentokil Pest Control Canada Limited	Canada	Common	100%	8699 Escarpment Way, Milton
Residex Canada Inc	Canada	Common	100%	8699 Escarpment Way, Milton
Direct Line Sales Ltd	Canada	Class A	100%	3325 North Service Road, Burlington
Initial Ecotex s.r.o.	Czech Republic	Ordinary	100%	V Piskovne 2058, Kralupy nad Vltavou 278 01
Rentokil Initial A/S	Denmark	Ordinary	100%	Paul Bergsøes Vej 22, 2600 Glostrup
Rentokil Initial Oy	Finland	Ordinary	100%	Valuraudankuja 3, 00700 Helsinki
BTMF SAS	France	Ordinary	100%	137 Chemin de Saint-Jean du Désert, 13005 Marseille
CAFI SAS	France	Ordinary	100%	6 Rue Livio, 67100 Strasbourg
CAWE FTB Group SAS	France	Ordinary	100%	6 Rue Livio, 67100 Strasbourg
Medicline SAS	France	Ordinary	100%	34, rue du Général Malleret, 94400 Joinville, VITRY SUR
Ambius SAS	France	Ordinary	100%	13-27 avenue Jean Moulin, 93240, Stains
Rentokil Initial Environmental Services SAS	France	Ordinary	100%	13-27 avenue Jean Moulin, 93240, Stains
Rentokil Initial SAS	France	Ordinary	100%	13-27 avenue Jean Moulin, 93240, Stains
Initial SAS	France	Ordinary	100%	145, rue de Billancourt, 92100 Boulogne Billancourt

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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Rentokil Initial Holdings (France) SA	France	Ordinary	100%	145, rue de Billancourt, 92100 Boulogne Billancourt
SCI Gravigny	France	Ordinary	100%	145, rue de Billancourt, 92100 Boulogne Billancourt
SCI Vargan	France	Ordinary	100%	145, rue de Billancourt, 92100 Boulogne Billancourt
Technivap SAS	France	Ordinary	100%	Z.A. des Quatre Chemins, BP 21, 95540 Mery-sur-Oise
Initial Hygieneservice GmbH	Germany	Ordinary	100%	Herzforder Str. 9, 49808 Lingen (Ems)
Initial Textile Holdings GmbH	Germany	Ordinary	100%	Herzforder Str. 9, 49808 Lingen (Ems)
Initial Textil Service GmbH & Co KG	Germany	Ordinary	100%	Herzforder Str. 9, 49808 Lingen (Ems)
Rentokil Initial Holdings GmbH	Germany	Ordinary	100%	Herzforder Str. 9, 49808 Lingen (Ems)
Medentex GmbH	Germany	Ordinary	100%	Piderits Bleiche 11, 33689 Bielefeld
Rentokil Dental GmbH	Germany	Ordinary	100%	Piderits Bleiche 11, 33689 Bielefeld
Rentokil Initial Hellas EPE	Greece	Ordinary	100%	7 Aristotelous Street, Tavros, Athens 177 78
Rentokil Hong Kong Investment	Hong Kong	Ordinary	100%	23/F Westin Centre, 26 Hung To Rd, Kwun Tong
Limited Rentokil Initial Hong Kong Limited	Hong Kong	Ordinary	100%	23/F Westin Centre, 26 Hung To Rd, Kwun Tong
Rentokil India Private Limited	India	Ordinary	100%	No. 105, 4th Floor, Sreela Terrace, 1st Main Road, Gandhi Nagar, Adyar, Chennai
Rentokil Initial Lesotho (Pty) Limited	Lesotho	Ordinary	100%	No 7 Arrival Centre, Kofi Annan Road, Maseru

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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Initial Sàrl	Luxembourg	Ordinary	100%	66, rue de Koerich, L-8437 Steinfort, R.C.S Luxembourg, B 100740
R-Control Désinfections SA	Luxembourg	Ordinary	100%	Rue de la Chapelle 47, 4967 Clemency
Rentokil Luxembourg Sàrl	Luxembourg	Ordinary	100%	Rue de la Chapelle 47, 4967 Clemency
Balance Urbano Control de Plagas SA de CV	Mexico	Ordinary	100%	Juan Álvarez 482, Centro, 64000 Monterrey, N.L.
Rentokil Initial Mozambique Limitada	Mozambique	Ordinary	100%	Avenida da Namaacha, kilometro 6, Residencial Mutateia, Cidade da Matola
Ambius BV	Netherlands	Ordinary	100%	Impact 6, 6921 RZ Duiven
BET Finance BV	Netherlands	Ordinary	100%	Oude Middenweg 75, 2491 AC Den Haag1191 BN Ouderkerk, Den Haag
BET (Holdings) V BV	Netherlands	Ordinary	100%	Oude Middenweg 75, 2491 AC Den Haag1191 BN Ouderkerk, Den Haag
BET (Properties) BV	Netherlands	Ordinary	100%	Oude Middenweg 75, 2491 AC Den Haag1191 BN Ouderkerk, Den Haag
BV Rentokil Funding	Netherlands	Ordinary	100%	Oude Middenweg 75, 2491 AC Den Haag1191 BN Ouderkerk, Den Haag
Initial BV	Netherlands	Ordinary	100%	Oude Middenweg 75, 2491 AC Den Haag1191 BN Ouderkerk, Den Haag
Rentokil Initial International BV	Netherlands	Ordinary	100%	Oude Middenweg 75, 2491 AC Den Haag1191 BN Ouderkerk, Den Haag

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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Rentokil Initial Overseas (Holdings) BV	Netherlands	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Rentokil Initial BV	Netherlands	Ordinary	100%	Ravenswade 54-S, 3439, Nieuwegein, LD
Holland Reconditioning BV	Netherlands	Ordinary	100%	Frontstraat 1a, 5405 AK, Uden
Rentokil Initial Norge AS	Norway	Ordinary	100%	Frysjaeveien 40, Postboks 24 Okern, Oslo 0508
Rentokil Initial China Limited	People's Republic of China	Ordinary	100%	Room 623-624, No. 27 Middle of the Northern Sanhuan street, Xi Cheng District, Beijing
Rentokil Initial Sp zoo	Poland	Ordinary	100%	ul. Matuszewska 14 B1, 03-876 Warszawa
Rentokil Initial Portugal – Serviços de Protecção Ambiental Lda	Portugal	Ordinary	100%	Complexo Industrial de Vialonga, Fraccao C-1 e C-21, Granja Alpriate 2626-501, Vialonga
Rentokil Initial Holdings (Ireland) Limited	Republic of Ireland	Ordinary	100%	Hazel House, Millennium Park, Naas, County Kildare
Rentokil Saudi Arabia Limited (JV)	Saudi Arabia	Ordinary	60%	PO Box 30164, Office No. 401, 4th Floor, Al Tamimi Building, Al Khobar, North Al Khobar
RI Dormant No.12 Limited	Scotland	Ordinary	100%	1 George Square, G2 1AL Glasgow
Pestterminator Pte Limited	Singapore	Ordinary	100%	No. 16 & 18 Jalan Mesin
Rentokil Initial Asia Pacific Management Pte Limited	Singapore	Ordinary	100%	No. 16 & 18 Jalan Mesin
Rentokil Initial Singapore Private Limited	Singapore	Ordinary	100%	No. 16 & 18 Jalan Mesin
Newshelf 1232 Pty Limited	South Africa	Ordinary Preference	100%	2 Stignant Road, Claremont
Rentokil Initial (Dikapi) JV Pty Limited	South Africa	Ordinary	59%	2 Stignant Road, Claremont

<p align="center">RENTOKIL INITIAL (1896) LIMITED</p>
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Rentokil Initial (Proprietary) Limited	South Africa	Ordinary	100%	2 Stignant Road, Claremont
Ambius AB	Sweden	Ordinary	100%	Avestagatan 61, 163 53 Spånga
Initial Sverige AB	Sweden	Ordinary	100%	Avestagatan 61, 163 53 Spånga
Rentokil AB	Sweden	Ordinary	100%	Avestagatan 61, 163 53 Spånga
Sweden Recycling AB	Sweden	Ordinary	100%	Avestagatan 61, 163 53 Spånga
Rent a Plant Interessenter AB	Sweden	Ordinary	100%	Avestagatan 61, 163 53 Spånga
AntInsekt AG	Switzerland	Ordinary	100%	Gutstrasse 2, CH- 8055 Zürich
Hostettler Schädlingsbekämpfun gs GmbH	Switzerland	Ordinary	100%	Hauptstrasse 181, 4625 Oberbuchsiten
Rentokil Initial AG	Switzerland	Ordinary	100%	Hauptstrasse 181, 4625 Oberbuchsiten
Medentex GmbH	Switzerland	Ordinary	100%	Bertschenackerstr asse 15, 4104 Oberwil
Initial Hygiene Co Limited	Taiwan	Ordinary	100%	7F, No.56, Lane 258, Rueiguang Rd, Neihu District, Taipei, 114 Taiwan, Province of China
Rentokil Ding Sharn Co Limited	Taiwan	Ordinary	100%	7F, No.56, Lane 258, Rueiguang Rd, Neihu District, Taipei, 114 Taiwan, Province of China
Rentokil Initial (Thailand) Limited	Thailand	Ordinary	100%	160 Vibhavadi Rangsit Road, Khwaeng Dindaeng, Khet Dindaeng, Bangkok 10400
CAP Tunis	Tunisia	Ordinary	100%	Zone Industrielle route de Moknine, 5080 Teboulba
Rentokil Initial Pest Control LLC	United Arab Emirates	Ordinary	100%	1001 & 1009 Tameem, House Tecom, Dubai
Longgo LLC	United States	Ordinary	100%	The Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Anza LLC	United States	Ordinary	100%	The Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware
Asiatic Holdings LLC	United States	Ordinary	100%	1780 Corporate Drive, STE 440 Norcross, GA
Asiatic Investments Inc	United States	Ordinary	100%	PO Box 4510, 10 Free Street, Portland, ME
Nippon Calmic Limited	Japan	Ordinary	49%	Kyoritsu Seiyaku Building, 1-5-to Kudan, Minami Chiyoda-Ku, Tokyo
Torchsound Properties Limited	UK	Ordinary	50%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey

16. Debtors

	2016 £000	2015 £000
Due after more than one year		
Deferred tax asset	459	490
	459	490
Due within one year		
Amounts owed by group undertakings	549,096	469,582
Amounts owed by ultimate parent	516,103	516,103
Other debtors	233	299
	1,065,432	985,984

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

17. Cash and cash equivalents

	2016	2015
	£000	£000
Cash at bank and in hand	1,544	4,592
	1,544	4,592

18. Creditors: Amounts falling due within one year

	2016	2015
	£000	£000
Amounts owed to group undertakings	521,582	441,692
Accruals	19	54
	521,601	441,746

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment.

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

	2016	2015
	£000	£000
Debentures loans	992	992
	992	992

The unsecured debentures are perpetual in nature and have an effective interest rate in the range of 4.5% - 5.0% (2015: 4.5% - 5.0%) per par value.

20. Deferred taxation

	2016	2015
	£000	£000
At beginning of year	490	467
Charged to profit or loss	(93)	43
Taken to reserves	62	(20)
At end of year	459	490

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

20. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2016 £000	2015 £000
Other timing differences	459	490
	<u>459</u>	<u>490</u>

21. Provisions

	Vacant property provision £000
At 1 January 2016	20,677
Charged to profit or loss	225
Utilised in year	(3,768)
At 31 December 2016	<u>17,134</u>

Of the £225k (2015: £2,363k) charged to the P&L, £nil (2015: £5,710k) relates to additional provisions created in the year, £nil (2015: £3,685k) relates to provisions released in the year and £225k (2015: £338k) relates to discount unwind.

22. Share capital

	2016 £000	2015 £000
Shares classified as equity		
Authorised, allotted, called up and fully paid		
973,664,283 Ordinary shares of £0.25 each	<u>243,416</u>	<u>243,416</u>

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

23. Pension commitments

The Company operates a Defined Benefit Pension Scheme which is closed to new members.

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:

Reconciliation of present value of plan liabilities:

	2016	2015
	£000	£000
Reconciliation of present value of plan liabilities		
At the beginning of the year	2,453	2,335
Interest cost	52	44
Actuarial gains/(losses)	363	(98)
Benefits paid	(166)	(100)
Transfer	-	272
At the end of the year	2,702	2,453
	2016	2015
	£000	£000
Present value of plan liabilities	(2,702)	(2,453)
Net pension scheme liability	(2,702)	(2,453)

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

24. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016	<i>2015</i>
	£000	<i>£000</i>
Not later than 1 year	3,733	<i>3,770</i>
Later than 1 year and not later than 5 years	10,370	<i>17,749</i>
	<u>14,103</u>	<u><i>21,519</i></u>

These operating leases are all related to vacant properties.

25. Post balance sheet events

On 4 April 2017 Rentokil Initial (1896) Ltd acquired 110,000,000 6% non redeemable preference shares in Rentokil Initial (1993) Ltd for £91,910,229.

On 12 July 2017 Rentokil Initial (1896) Ltd declared an interim dividend in specie of £400,000,000 payable in the form of an intercompany loan to Rentokil Initial 1927 plc.

26. Controlling party

The Company's immediate parent 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 Rentokil Initial plc, Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey, GU17 9AB.