

Registered number: 49855

RENTOKIL INITIAL (1896) LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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RENTOKIL INITIAL (1896) LIMITED

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 2017**

Introduction

The directors present their annual report, together with the audited financial statements of the Company for the year ended 31 December 2017.

Business review

The results for the year are set out in the statement of comprehensive income on page 8.

During the year the Company made a profit after tax of £359,577,000 (2016: £660,528,000). The Company has net assets of £1,180,868,000 (2016: £1,581,225,000), and has net current assets of £49,513,000 (2016: £545,834,000). 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 2017 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: 9 August 2018

RENTOKIL INITIAL (1896) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The Directors present their report and the financial statements for the year ended 31 December 2017.

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;
- assess the Company's ability to continue as a going concern disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

Results and dividends

The profit for the year, after taxation, amounted to £359,577,000 (2016 - £660,528,000).

An interim dividend of £760,000,000 was paid (2016: £673,000,000). The directors do not recommend the payment of a final dividend for 2017 (2016: £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.

RĒNTOKIL INITIAL (1896) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Disclosure of information to auditor

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

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

Post balance sheet events

There were no significant post balance sheet events affecting the company since 31 December 2017.

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: 9 August 2018

RENTOKIL INITIAL (1896) LIMITED

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

1. Our opinion is unmodified

We have audited the financial statements of Rentokil Initial (1896) Limited ("the Company") for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes, including a summary of significant accounting policies.

In our opinion the financial statements:

- the financial statements give a true and fair view of the state of Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 "Reduced Disclosure Framework"; 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 are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the shareholders in August 2009. The period of total uninterrupted engagement is for the 9 financial years ended 31 December 2017. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to public interest entities. No non-audit services prohibited by that standard were provided.

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Recoverable amount of investments in subsidiary undertakings. Investments £1,148 m (2016: £1,056 m).	Forecast-based valuation The carrying amount of the Company's investments in subsidiaries represents 53% (2016: 50%) of the Company's total assets. We consider that generally recoverability of investments is area of significant judgements and estimates which was identified as a significant risk. There were also some investments impaired in the past that need to be assessed whether further impairment loss needs to be provided or there are any reversals of impairment. Therefore, this is considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our Company audit.	Our procedures included: <ul style="list-style-type: none">• Test of details: Comparing the carrying amounts of the investments with the relevant subsidiaries' audited balance sheets to identify whether their net assets, being an approximation of the minimum recoverable amount, were in excess of their carrying amounts and assessing whether the subsidiaries have historically been profit-making.• Test of details: Under certain circumstances where the carrying value exceeds the net assets, assessing the discounted cash flow model used to determine the recoverable amount of the investments by:

RENTOKIL INITIAL (1896) LIMITED

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

1. **Our sector experience:** Evaluating assumptions used, in particular those relating to forecast revenue growth and operating profit margins, reflect our knowledge of the business and industry, including known or probable changes in the business environment;
2. **Benchmarking assumptions:** Comparing the Company's assumptions to externally derived data in relation to key inputs such as long-term growth rates and discount rates;
3. **Sensitivity analysis:** Performing sensitivity analysis over the key assumptions noted above.

Our results

- We found the Company's assessment of the recoverability of the investment in subsidiaries to be acceptable (2016 result: acceptable).
-

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Company financial statements as a whole was set at £21.6m (2016: £64m), determined with reference to 1% (2016: 3%) on a benchmark of the Company total assets as at 31 December 2017, in line with industry consensus for listed entities.

We agreed to report any corrected or uncorrected identified misstatements exceeding £1.08m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

4. We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5. We have nothing to report on the strategic report and the Directors' report

The Directors are responsible for the strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in those reports;
- in our opinion the information given in the strategic report the Directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, 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.

We have nothing to report in these respects.

RENTOKIL INITIAL (1896) LIMITED

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

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 2, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience, through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence.

We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

In addition, we considered the impact of laws and regulations in the specific areas of health and safety, anti-bribery, environmental law and certain aspects of company legislation recognising the nature of the Company's activities. With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the Directors and other management and inspection of regulatory and legal correspondence. We considered the effect of any known or possible non-compliance in these areas as part of our procedures on the related financial statements items.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

As with any audit, there remained a higher risk of non-detection of non-compliance with relevant laws and regulations (irregularities), as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

RENTOKIL INITIAL (1896) LIMITED

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

8. The purpose of our audit work and to whom we owe our responsibilities

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.



Anna Jones (Senior statutory auditor)

for and on behalf of

KPMG LLP

Chartered Accountants
Statutory Auditor

15 Canada Square
London
E14 5GL
9 August 2018

RENTOKIL INITIAL (1896) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
Administrative income		1,059	455
Operating profit	4	<u>1,059</u>	<u>455</u>
Income from fixed assets investments		364,362	673,000
Amounts written off investments		-	(12,491)
Interest receivable and similar income	7	31	13
Interest payable and expenses	8	(5,860)	(356)
Profit before tax		<u>359,592</u>	<u>660,621</u>
Tax on profit	9	(15)	(93)
Profit for the financial year		<u><u>359,577</u></u>	<u><u>660,528</u></u>
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Deferred tax on actuarial gain		(13)	62
Actuarial gain for the year		79	(363)
		<u>66</u>	<u>(301)</u>
Total comprehensive income for the year		<u><u>359,643</u></u>	<u><u>660,227</u></u>

The notes on pages 12 to 34 form part of these financial statements.

RENTOKIL INITIAL (1896) LIMITED
REGISTERED NUMBER: 49855

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Fixed assets			
Investments	11	1,148,142	1,056,219
		<u>1,148,142</u>	<u>1,056,219</u>
Current assets			
Debtors: amounts falling due after more than one year	13	431	459
Debtors: amounts falling due within one year	13	1,031,401	1,065,432
Cash at bank and in hand	14	239	1,544
		<u>1,032,071</u>	<u>1,067,435</u>
Creditors: amounts falling due within one year	15	(982,558)	(521,601)
Net current assets		<u>49,513</u>	<u>545,834</u>
Total assets less current liabilities		<u>1,197,655</u>	<u>1,602,053</u>
Creditors: amounts falling due after more than one year	16	(992)	(992)
		<u>1,196,663</u>	<u>1,601,061</u>
Provisions for liabilities			
Other provisions	18	(13,257)	(17,134)
Net assets excluding pension liability		<u>1,183,406</u>	<u>1,583,927</u>
Pension asset		(2,538)	(2,702)
Net assets		<u><u>1,180,868</u></u>	<u><u>1,581,225</u></u>
Capital and reserves			
Called up share capital	19	243,416	243,416
Other reserves		92,500	92,500
Profit and loss account		844,952	1,245,309
		<u><u>1,180,868</u></u>	<u><u>1,581,225</u></u>

RENTOKIL INITIAL (1896) LIMITED
REGISTERED NUMBER: 49855

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2017

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



J E Hauck
Director

Date: 9 August 2018

The notes on pages 12 to 34 form part of these financial statements.

RENTOKIL INITIAL (1896) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
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 1 January 2017	243,416	92,500	1,245,309	1,581,225
Comprehensive income for the year				
Profit for the year	-	-	359,577	359,577
Deferred tax on actuarial gain	-	-	(13)	(13)
Actuarial gain for the year	-	-	79	79
Other comprehensive income for the year	-	-	66	66
Total comprehensive income for the year	-	-	359,643	359,643
Dividends: Equity capital	-	-	(760,000)	(760,000)
Total transactions with owners	-	-	(760,000)	(760,000)
At 31 December 2017	243,416	92,500	844,952	1,180,868

The notes on pages 12 to 34 form part of these financial statements.

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. General information

Rentokil Initial 1896 Limited is a company incorporated in England and Wales 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 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 paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- 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.

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

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.

2.4 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.

2.5 Interest income

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

2.6 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.

2.7 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 2017**

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in 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.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 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.

2.11 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.

2.12 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.

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.13 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% (2016: between 0.3% and 0.5%).

2.14 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.

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.14 Financial instruments (continued)

At amortised cost

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.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

The 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 2017 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.

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. Operating profit

Included within administrative income of £1,059,000 is provision releases of £1,065,000, as well as other miscellaneous expenses of £6,000 (2016: £455,000 is a profit on disposal of leasehold land of £398,000, as well as other miscellaneous income of £57,000).

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 2017 was £2,250 (2016: £2,250). There are no other fees payable to KPMG LLP (2016: £NIL).

5. Employees

The Company has no employees (2016: 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 (2016: NIL).

6. Income from investments

	2017	2016
	£000	£000
Dividends received from unlisted investments	364,362	673,000
	<u>364,362</u>	<u>673,000</u>

7. Interest receivable

	2017	2016
	£000	£000
Other interest receivable	31	13
	<u>31</u>	<u>13</u>

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. Interest payable and similar expenses

	2017	2016
	£000	£000
Bank interest payable	5	-
Discount unwind on provision	41	225
Debenture interest	79	79
Other interest payable and similar charges	5,735	52
	<u>5,860</u>	<u>356</u>

9. Taxation

	2017	2016
	£000	£000
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	15	93
Total deferred tax	<u>15</u>	<u>93</u>
Taxation on profit on ordinary activities	<u>15</u>	<u>93</u>

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - *lower than*) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	359,592	660,621
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	69,221	132,124
Effects of:		
Expenses not deductible for tax purposes	(197)	2,544
Non-taxable income	-	(17)
Changes in provisions leading to a decrease in the tax charge	-	(124)
Dividends from UK companies	(70,140)	(134,600)
Group relief	1,131	96
Deferred tax current year rate differential	-	70
Total tax charge for the year	15	93

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 17% (effective from 1 April 2020) are enacted in UK law at the Balance Sheet date. This will reduce the Company's future current tax charge accordingly. The UK deferred tax asset at 31 December has been calculated based on the corporation tax rate that is expected to apply when the asset is realised.

10. Dividends

	2017 £000	2016 £000
Interim dividend	760,000	673,000
	760,000	673,000

The directors do not propose a final dividend for the year ended 31 December 2017 (2016: NIL). The total dividend paid during the year was 78.05p per share (2016: 69.12p).

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2017	1,056,219
Additions	91,923
At 31 December 2017	<u>1,148,142</u>
 Net book value	
At 31 December 2017	<u>1,148,142</u>
 <i>At 31 December 2016</i>	<u>1,056,219</u>

On 4 April 2017 the Company purchased 110,000,000 6% non redeemable preference shares in Rentokil Initial (1993) Ltd for £91,910,229. On 29 November the Company purchased 15% of the share capital of Services PCM s.r.o (Slovakia) for consideration of £13,000.

RENTOKIL INITIAL (1896) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

12. Related undertakings

The following were the direct and indirect related 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%	2 City Place, Beehive Ring Road, Gatwick Airport
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
Broadcast Relay Service (Overseas) Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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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
Euroguard Technical Services Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Grayston Central Services Limited	UK	Ordinary	25%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Hometruster Kitchens Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Hometruster Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Industrial Clothing Services Limited	UK	Ordinary	100%	The Ca'D'Oro, 45 Gordon Street, Glasgow, G1 3PE

RENTOKIL INITIAL (1896) LIMITED

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Initial 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
Rentokil Initial Pension Trustee Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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Rentokil Initial Services UK Limited		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
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
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

RENTOKIL INITIAL (1896) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

TEB Cleaning Services UK Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Wise Property Care Limited	UK	Ordinary	100%	The Ca'D'Oro, 45 Gordon Street, Glasgow, G1 3PE
Ant-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
Samson Hygiene Services Pty Limited	Australia	Ordinary	100%	Unit A1, Lidcombe Business Park, 3-29 Birnie Avenue
Rentokil Initial GmbH	Austria	Ordinary	100%	Brown-Boveri-Straße 8/2/8, 2351, Wiener Neudorf

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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Ambius N.V.	Belgium	Ordinary	100%	Ingberthoeveweg, 17, Aartselaar 2630
Rentokil N.V.	Belgium	Ordinary	100%	Ingberthoeveweg, 17, Aartselaar 2630
Residex Canada Inc	Canada	Common	100%	8699 Escarpment Way, Milton
Rentokil Canada Corporation	Canada	Class A Class B	100%	8699 Escarpment Way, Milton
Direct Line Sales Ltd	Canada	Class A	100%	3325 North Service Road, Burlington
Rentokil Initial A/S	Denmark	Ordinary	100%	Paul Bergsøes Vej 22, 2600 Glostrup
Danica Skadedyrssikring ApS	Denmark	Ordinary	100%	Regnersvej 95, 3650, Ølstykke
Rentokil Initial Oy	Finland	Ordinary	100%	Valuraudankuja 3, 00700 Helsinki
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 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

RENTOKIL INITIAL (1896) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Technivap SAS	France	Ordinary	100%	Z.A. des Quatre Chemins, BP 21, 95540 Mery-sur-Oise
Rentokil Initial Hellas EPE	Greece	Ordinary	100%	7 Aristotelous Street, Tavros, Athens 177 78
Rentokil Hong Kong Investment Limited	Hong Kong	Ordinary	100%	23/F Westin Centre, 26 Hung To Rd, Kwun Tong
Rentokil Initial Hong Kong Limited	Hong Kong	Ordinary	100%	23/F Westin Centre, 26 Hung To Rd, Kwun Tong
Rentokil Initial Hygiene India Private Limited	India	Ordinary	100%	2nd floor, Narayani, Ambabai Temple Compound, Aarey Road, Goregaon (West), Mumbai 400062
PCI Pest Control Private Limited	India	Ordinary	57%	Villa No.3, Crescent Village, Candolim, Goa, 403515
Rentokil India Private Limited	India	Ordinary	57%	No. 105, 4th Floor, Sreela Terrace, 1st Main Road, Gandhi Nagar, Adyar, Chennai
PT Wesen Indonesia	Indonesia	Ordinary	100%	Gedung JDC Lt.6, Jl. Gatot Subroto Kav. 53 Petamburan, Tanah Abang, Jakarta, Pusat
Rentokil Initial Lesotho (Pty) Limited	Lesotho	Ordinary	100%	No 7 Arrival Centre, Kofi Annan Road, Maseru
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

RENTOKIL INITIAL (1896).LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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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
Rentokil Initial International BV	Netherlands	Ordinary	100%	Oude Middenweg 75, 2491 AC Den Haag1191 BN Ouderkerk, Den Haag
Rentokil Initial BV	Netherlands	Ordinary	100%	Ravenswade 54- S, 3439, Nieuwegein, LD
Holland Reconditioning BV	Netherlands	Ordinary	100%	Frontstraat 1a, 5405 AK, Uden
BV Rentokil Funding	Netherlands	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Rentokil Initial Overseas (Holdings) BV	Netherlands	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
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 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 (1896) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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
Rentokil Initial Singapore Private Limited	Singapore	Ordinary	100%	No. 16 & 18 Jalan Mesin
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
Services PCM s.r.o.	Slovakia	Ordinary	15%	Kopcianska 10, 851 01 Bratislava
Rentokil Initial (Proprietary) Limited	South Africa	Ordinary	100%	2 Stignant Road, Claremont
Rentokil Initial (Dikapi) JV Pty Limited	South Africa	Ordinary	59%	2 Stignant Road, Claremont
RI Swaziland (Pty) Limited	Swaziland	Ordinary	100%	Umkhiwa House, Lot 195, Kal Grant Street, Mbabane
Ambius 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 Schädlingsbekämpfungsges GmbH	Switzerland	Ordinary	100%	Hauptstrasse 181, 4625 Oberbuchsiten
Rentokil Schweiz AG	Switzerland	Ordinary	100%	Hauptstrasse 181, 4625 Oberbuchsiten
Initial Hygiene Co Limited	Taiwan	Ordinary	100%	7F, No.56, Lane 258, Rueiguang Rd, Neihu District, Taipei, 114 Taiwan, Province of China

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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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
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 Nocross, GA
Asiatic Investments Inc	United States	Ordinary	100%	PO Box 4510, 10 Free Street, Portland, ME

13. Debtors

	2017	2016
	£000	£000
Due after more than one year		
Deferred tax asset	431	459
	431	459
	2017	2016
	£000	£000
Due within one year		
Amounts owed by group undertakings	515,298	549,096
Amounts owed by ultimate parent	516,103	516,103
Other debtors	-	233

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Debtors (continued)

1,031,401	1,065,432
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Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

14. Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	239	1,544
Less: bank overdrafts	(1,402)	-
	(1,163)	1,544

15. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Bank overdrafts	1,402	-
Amounts owed to group undertakings	981,137	521,582
Accruals	19	19
	982,558	521,601

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

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

	2017 £000	2016 £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% (2016: 4.5% - 5.0%) per par value.

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. Deferred taxation

	2017 £000	2016 £000
At beginning of year	459	490
Charged to profit or loss	(15)	(93)
Taken to reserves	(13)	62
At end of year	431	459

The deferred tax asset is made up as follows:

	2017 £000	2016 £000
Other timing differences	431	459
	431	459

18. Provisions

	Vacant property provision £000
At 1 January 2017	17,134
Charged to profit or loss	(1,024)
Utilised in year	(2,853)
At 31 December 2017	13,257

Of the £1,024,000 (2016: £225,000) charged to the P&L, £1,065,000 relates to provisions released in the year and £41,000 (2016: £225,000) relates to discount unwind.

19. Share capital

	2017 £000	2016 £000
Authorised, allotted, called up and fully paid		
973,664,283 Ordinary shares of £0.25 each	243,416	243,416

RENTOKIL INITIAL (1896) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

20. Pension commitments

The Company operates a Defined Benefit Pension Scheme.

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:

	2017 £000	2016 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	2,702	2,453
Interest cost	41	52
Actuarial (losses)/gains	(79)	363
Benefits paid	(126)	(166)
At the end of the year	2,538	2,702
	2017 £000	2016 £000
Present value of plan liabilities	(2,538)	(2,702)
Net pension scheme liability	(2,538)	(2,702)

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

21. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	2016 £000
Not later than 1 year	4,657	3,733
Later than 1 year and not later than 5 years	5,769	10,370
	10,426	14,103

These operating leases are all related to vacant properties.

22. Post balance sheet events

There were no significant post balance sheet events affecting the company since 31 December 2017.

23. 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.