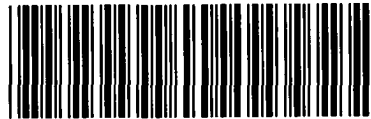

RENTOKIL INITIAL (1896) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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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 2018

Introduction

The directors present their annual report, together with the audited financial statements of the Company for the year ended 31 December 2018.

Business review

The results for the year are set out in the statement of comprehensive income on page 9.

During the year the Company made a profit after tax of £12,176,000 (2017: £359,577,000). The Company has net assets of £1,193,242,000 (2017: £1,180,868,000), and has net current assets of £56,198,000 (2017: £49,513,000). 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 2018 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 June 2019

RENTOKIL INITIAL (1896) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their report and the financial statements for the year ended 31 December 2018.

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 £12,176,000 (2017 - £359,577,000).

No interim dividend was paid (2017: £760,000,000). The directors do not recommend the payment of a final dividend for 2018 (2017: £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 2018**

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 2018.

Auditor

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 June 2019 and signed on its behalf.



C J Stead
Secretary

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 2018 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 2018 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 first appointed as auditor by the shareholders in August 2009. The period of total uninterrupted engagement is for the ten financial years ended 31 December 2018. 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 (unchanged from 2017), 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.

RENTOKIL INITIAL (1896) LIMITED

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

	The risk	Our response
Recoverable amount of investments in subsidiary undertakings. Investments £1,148 m (2017: £1,148 m).	Forecast-based valuation The carrying amount of the Company's investments in subsidiaries represents 54% (2017: 53%) 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.	<p>Our procedures included:</p> <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: <ol style="list-style-type: none"> 1. Our experience: Our 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. <p>Our results We found the Company's assessment of the recoverability of the investment in subsidiaries to be acceptable (2017 result: acceptable).</p>

RENTOKIL INITIAL (1896) LIMITED

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

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

Materiality for the parent company financial statements as a whole was set at £21.3m (2017: £21.6m), determined with reference to a benchmark of the Company total assets as at 31 December 2018, of which it represents 1% (2017: 1%).

We agreed to report any corrected or uncorrected identified misstatements exceeding £1.065m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

4 We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Company's available financial resources over this period was the increased risk of rising interest rates impacting future debt cost.

As these were risks that could potentially cast significant doubt on the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Company's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise.

Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's 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, and we did not identify going concern as a key audit matter.

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

RENTOKIL INITIAL (1896) LIMITED

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

- 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.

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 www.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.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some

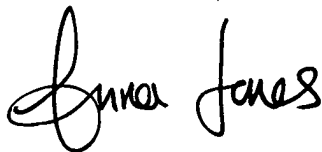
RENTOKIL INITIAL (1896) LIMITED

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

material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

27 June 2019

RENTOKIL INITIAL (1896) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Administrative income		533	1,059
Other operating income	4	79	-
Operating profit	5	612	1,059
Income from fixed assets investments		5,841	364,362
Interest receivable and similar income	8	7,005	31
Interest payable and expenses	9	(1,268)	(5,860)
Profit before tax		12,190	359,592
Tax on profit	10	(14)	(15)
Profit for the financial year		12,176	359,577
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Deferred tax on actuarial gain		(41)	(13)
Actuarial gain for the year		239	79
		198	66
Total comprehensive income for the year		12,374	359,643

The notes on pages 13 to 37 form part of these financial statements.

RENTOKIL INITIAL (1896) LIMITED
REGISTERED NUMBER: 49855

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Investments	12	1,148,142	1,148,142
		<u>1,148,142</u>	<u>1,148,142</u>
Current assets			
Debtors: amounts falling due after more than one year	14	15,069	431
Debtors: amounts falling due within one year	14	956,921	1,031,401
Cash at bank and in hand	15	12,099	239
		<u>984,089</u>	<u>1,032,071</u>
Creditors: amounts falling due within one year	16	(927,891)	(982,558)
Net current assets		<u>56,198</u>	<u>49,513</u>
Total assets less current liabilities		<u>1,204,340</u>	<u>1,197,655</u>
Creditors: amounts falling due after more than one year	17	(992)	(992)
		<u>1,203,348</u>	<u>1,196,663</u>
Other provisions	19	(7,893)	(13,257)
Net assets excluding pension liability		<u>1,195,455</u>	<u>1,183,406</u>
Pension liability	21	(2,213)	(2,538)
Net assets		<u><u>1,193,242</u></u>	<u><u>1,180,868</u></u>
Capital and reserves			
Called up share capital	20	243,416	243,416
Other reserves		92,500	92,500
Profit and loss account		857,326	844,952
		<u><u>1,193,242</u></u>	<u><u>1,180,868</u></u>

RENTOKIL INITIAL (1896) LIMITED
REGISTERED NUMBER: 49855

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 June 2019.



J E Hauck
Director

The notes on pages 13 to 37 form part of these financial statements.

RENTOKIL INITIAL (1896) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total equity £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 1 January 2018	243,416	92,500	844,952	1,180,868
Profit for the year	-	-	12,176	12,176
Deferred tax on actuarial gain	-	-	(41)	(41)
Actuarial gain for the year	-	-	239	239
Other comprehensive income for the year	-	-	198	198
Total comprehensive income for the year	-	-	12,374	12,374
At 31 December 2018	243,416	92,500	857,326	1,193,242

The notes on pages 13 to 37 form part of these financial statements.

RENTOKIL INITIAL (1896) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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'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 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 130(f)(ii), 130(f)(iii), 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 2018

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 Impact of new international reporting standards, amendments and interpretations

IFRS 9

IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and certain contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The Company has performed an assessment to understand the requirements of IFRS 9 and how these differ from IAS 39 and has concluded there is no significant impact on the financial statements from the date of adoption except for the classification and measurement of financial assets. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

Under IFRS 9, on initial recognition, a financial asset is classified as:

- amortised cost;
- fair value through other comprehensive income (FVTOCI) – debt investment;
- FVTOCI – equity investment; or
- fair value through profit or loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Company has debtors falling within one year and after more than one year which are classified as loans and receivables under IAS 39 then changed into amortised cost under IFRS 9.

Financial assets are subject to new rules regarding provisions for impairment. The Company has minimal financial assets (debtors falling within one year and after more than one year), and a history of minimal impairments against these assets, the impact on transition is not material.

IFRS 15

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15 revenue is recognised when a customer obtains control of goods or services in line with identifiable performance obligations.

The Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 using the cumulative effect method (adopting all practical expedients). The Company does not undertake transactions with customers therefore there is no impact identified from adopting this standard.

2.5 Interest income

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

RENTOKIL INITIAL (1896) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

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.

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.

RENTOKIL INITIAL (1896) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

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.

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% (2017: 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 and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on

RENTOKIL INITIAL (1896) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.14 Financial instruments (continued)

specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

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 2018 and no investments were found to be impaired.

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Other operating income

	2018	2017
	£000	£000
Other operating income	79	-
	<u>79</u>	<u>-</u>

The operating income in 2018 relates to an escrow arrangement on an onerous lease. There was no operating income in 2017.

5. Operating profit

Included within administrative income of £533,000 is provision adjustments of £547,956, as well as other miscellaneous expenses of £15,286 (2017: £1,065,000, provision release as well as other miscellaneous income of £6,000).

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 2018 was £2,250 (2017: £2,250). There are no other fees payable to KPMG LLP (2017: £NIL).

6. Employees

The Company has no employees (2017: 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 (2017: NIL).

7. Income from investments

	2018	2017
	£000	£000
Dividends received from unlisted investments	5,841	364,362
	<u>5,841</u>	<u>364,362</u>

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Interest receivable

	2018 £000	2017 £000
Interest receivable from group companies	6,951	-
Other interest receivable	54	31
	<u>7,005</u>	<u>31</u>

9. Interest payable and similar expenses

	2018 £000	2017 £000
Bank interest payable	12	5
Discount unwind on provision	38	41
Debenture interest	79	79
Other interest payable and similar charges	1,139	5,735
	<u>1,268</u>	<u>5,860</u>

10. Taxation

	2018 £000	2017 £000
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	14	15
Total deferred tax	<u>14</u>	<u>15</u>
Taxation on profit	<u>14</u>	<u>15</u>

RENTOKIL INITIAL (1896) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit before tax	12,190	359,592
Profit multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	2,316	69,221
Effects of:		
Disallowable expenses	5	(197)
Non taxable UK dividend income	(1,110)	(70,140)
Movement in provisions on which no deferred tax has been provided	(218)	-
Group relief	(979)	1,131
Total tax charge for the year	14	15

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.

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Dividends

	2018 £000	2017 £000
Interim dividend	-	760,000
	<u>-</u>	<u>760,000</u>

12. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2018	1,148,142
At 31 December 2018	<u>1,148,142</u>

RENTOKIL INITIAL (1896) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

13. 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 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
Castlefield House 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 2018

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	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%	The Ca'D'Oro, 45 Gordon Street, Glasgow, G1 3PE
Initial Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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
RI Dormant No.12 Limited	UK	Ordinary	100%	1 George Square, G2 1AL Glasgow
Rentokil Initial (1993) Limited	UK	Ordinary	100%	Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey
Rentokil Property Care 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
Pest Protection Services (Scotland) Limited Uk	UK	Ordinary	100%	The Ca'D'Oro, 45 Gordon Street, Glasgow, G1 3PE
Pest Protection Services (East) Limited	UK	Ordinary	100%	The Ca'D'Oro, 45 Gordon Street, Glasgow, G1 3PE

RENTOKIL INITIAL (1896) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Cannon Hygiene 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 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
Stratton House Leasing 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 2018

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
TEB Cleaning Services 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 INITIAL (1896) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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
Cannon Hygiene Australia 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
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
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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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
Traitement des Nuisances Environnementales	France	Ordinary	100%	50 Route de Bergues, 59180, Cappelle-la-Grande
IH Services SAS	France	Ordinary	100%	145, rue de Billancourt, 92100 Boulogne Billancourt
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

RENTOKIL INITIAL (1896) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Corporate Millenium Hygiene Solutions Private Ltd	India	Ordinary	100%	Ground Floor, Gala No 4 Bldg No 18.b, Sagedpool, Andheri Kurla Road, Andheri East, Mumbai, Maharashtra
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
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 (1896) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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
Pest Control Services Europe BV	Netherlands	Ordinary	100%	Oude Middenweg 75, 2491 AC Den Haag 1191 BN Ouderkerk, Den Haag
Rentokil Initial Norge AS	Norway	Ordinary	100%	Frysjavaeien 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
Cleanstation S.A	Portugal	Ordinary	100%	Zona Industrial da Aveleda Park, Rua 1 de Maio, n40, 4485-010 Aveleda VCD
Rentokil Initial Portugal – Serviços de Protecção Ambiental Lda	Portugal	Ordinary	100%	Complexo Industrial de Vialonga, Fraccão 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
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 (1896) LIMITED

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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
Cannon Hygiene (SA) Proprietary Limited	South Africa	Ordinary	100%	Unit D12 Connaught Park, Riely Road, Beaconvale, Parow, 7000
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
PreventiQ AB	Sweden	Ordinary	100%	Verkstadsavagen 3, 24534, Staffanstrop
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 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
National Pest Control LLC	United Arab Emirates	Ordinary	100%	Office no 523, Oud Metha Office, Oud Metha

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. Debtors

	2018 £000	2017 £000
Due after more than one year		
Amounts owed by group undertakings	14,693	-
Deferred tax asset	376	431
	<u>15,069</u>	<u>431</u>
Due within one year		
Amounts owed by group undertakings	955,994	515,298
Amounts owed by joint ventures and associated undertakings	-	516,103
Other debtors	927	-
	<u>956,921</u>	<u>1,031,401</u>

Amounts owed by group undertakings are made up of interest-bearing and interest-free loans. The interest-bearing loans of £81,009,853, (2017: £Nil) have an effective interest rate ranging from 4.905% - 8.509% (2017: Nil).

Of this amount £66,316,662 is due within 1 year. Interest-free loans are unsecured and repayable on demand.

15. Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	12,099	239
Less: bank overdrafts	(227)	(1,402)
	<u>11,872</u>	<u>(1,163)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Bank overdrafts	227	1,402
Trade creditors	14	-
Amounts owed to group undertakings	926,731	981,137
Accruals and deferred income	919	19
	<u>927,891</u>	<u>982,558</u>

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

	2018 £000	2017 £000
Debentures loans	992	992
	<u>992</u>	<u>992</u>

The unsecured debentures are perpetual in nature and have an effective interest rate in the range of 4.5% - 5.0% (2017: 4.5% - 5.0%) per par value.

18. Deferred taxation

	2018 £000	2017 £000
At beginning of year	431	459
Charged to the profit or loss	(14)	(15)
Taken to reserves	(41)	(13)
At end of year	<u>376</u>	<u>431</u>

The deferred tax asset is made up as follows:

	2018 £000	2017 £000
Other timing differences	376	431
	<u>376</u>	<u>431</u>

RENTOKIL INITIAL (1896) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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19. Provisions

	Vacant property provision £000
At 1 January 2018	13,257
Charged to profit or loss	(512)
Utilised in year	(4,852)
At 31 December 2018	7,893

Of the £512,000 (2017: £1,024,000) credited to the P&L, £625,956 relates to provisions released in the year and £38,262 (2017: £41,000) relates to discount unwind. £78,000 relates to provisions created in the year (2017: NIL). All provisions are expected to be utilised by the end of 2021.

20. Share capital

	2018 £000	2017 £000
Authorised, allotted, called up and fully paid		
973,664,283 (2017 - 973,664,283) Ordinary shares of £0.25 each	243,416	243,416

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**NOTES TO THE FINANCIAL STATEMENTS
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21. 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:

	2018	2017
	£000	£000
At the beginning of the year	2,538	2,702
Interest cost	36	41
Actuarial losses	(239)	(79)
Benefits paid	(122)	(126)
At the end of the year	2,213	2,538
	2018	2017
	£000	£000
Present value of plan liabilities	(2,213)	(2,538)
Net pension scheme liability	(2,213)	(2,538)

RENTOKIL INITIAL (1896) LIMITED

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22. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
	£000	£000
Not later than 1 year	3,601	4,657
Later than 1 year and not later than 5 years	2,700	5,769
	6,301	10,426

These operating leases are all related to vacant properties.

23. Post balance sheet events

There were no significant post balance sheet events affecting the company since 31 December 2018.

24. 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.