Rentokil Initial Services Limited

Annual report and financial statements

Registered number 293397

For the year ended 31 December 2014

Contents

Strategic report

Business review and principal activities

The principal activities of the Company consist of the provision of washroom services and floor care activities.

Market conditions have remained challenging, particularly in the SME market place and this continues to put pressure on the portfolio of the business. However we have seen a 1.4% increase in revenue through delivery of improved service and customer relationship management.

Pressure remains on the workplace service industry to deliver a value for money service through both cost efficiencies and innovation. We feel that we are in a stronger position heading in to 2015 due to our good relationship with our customer base and a pro-active approach to developing and continuing to bring new and innovative products to market.

The focus for 2015 is about stability of the plan, driving the benefit of improved relationships with customers, and a focused cost plan to allow us to compete more effectively in a difficult margin business with established competitors.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risk is a lack of sustained improvement in the economy. Should our markets weaken it may become difficult for the business to maintain volumes and pass price increases to customers. Cash collection could potentially prove more difficult and bad debts may rise as customers suffer from recession. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided in the group's annual report, which does not form part of this report. Group is defined as Rentokil Initial plc group.

Financial Risk Management

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk and liquidity risk. The Company is not significantly exposed to price risk. The company does not use derivative financial instruments to manage its financial risk, and as such no hedge accounting is applied.

Key Performance Indicators (KPIs)

The directors of Rentokil Initial plc manage the group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business. The development performance and position of the UK & Rest of World Region of Rentokil Initial plc, which includes the company, is discussed in the group's annual report which does not form part of this report.

By order of the board

K Hampson
Director
14 September 2015

Directors' report

The directors present their directors' report and audited financial statements for the year ended 31 December 2014.

Results and dividend

A summary of the results for the year is given in the profit and loss account on page 6. The directors do not recommend the payment of a dividend *(2013: £nil)*. The net profit for the year of £381,000 *(2013: Profit £1,003,000)* will be transferred to reserves.

Policy and practice on payment of creditors

It is the Company's policy to pay suppliers in accordance with either negotiated or standard terms (60 days) provided that the relevant invoice is properly presented and is not the subject of dispute.

Directors

The Directors who held office during the year were as follows:-

Mr P Wood
Mr M Gillespie
Mr J K Hampson

Employees

The Company attaches considerable importance to keeping its employees informed of matters affecting their jobs and the progress of the business.

Employees have frequent opportunities to meet and have discussion with their managers. Senior executives make regular visits for meetings with managers and staff. An employee consultative committee has been established as a means of informing, communicating and consulting with employees.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure their employment with the company and that appropriate training is arranged. It is the policy of the company that the training, career development, and promotion of disabled persons should, as far as possible, be identical to those of other employees.

Donations

The company donated £nil *(2013: £nil)* for charitable purposes during the year. No amounts were donated to political organisations.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

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

By order of the board

K Hampson
Director

14 September 2015

Riverbank,
Meadows Business Park,
Blackwater
Camberley
Surrey
GU17 9AB

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RENTOKIL INITIAL SERVICES LIMITED

We have audited the financial statements of Rentokil Initial Services Limited for the year ended 31 December 2014 set out on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Richard De La Rue **(Senior Statutory Auditor)**
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

16 September 2015

Profit and Loss Account
for the year ended 31 December 2014

	Note	2014 £000	2013 £000
Turnover	2	**51,835**	51,084
Cost of sales		**(34,680)**	(32,995)
Gross profit		**17,155**	18,089
Operating expenses	3	**(15,437)**	(14,200)
Operating profit		**1,718**	3,889
Interest receivable	6	**3**	14
Interest payable and similar charges	7	**(1,288)**	(204)
Profit on ordinary activities before taxation		**433**	3,699
Tax on profit on ordinary activities	8	**(52)**	(2,696)
Profit for the financial year	18	**381**	1,003

The Company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

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

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

The notes on pages 8 to 22 form part of the financial statements

Balance Sheet
at 31 December 2014

	Note	**2014** **£000**	2013 £000
Fixed assets			
Intangible asset	*9*	**6,369**	6,665
Tangible asset	*10*	**20,710**	21,570
		27,079	28,235
Current assets			
Stocks	*11*	**1,060**	1,007
Debtors	*12*	**85,356**	134,118
Cash in bank and in hand		**6,482**	7,505
		92,898	142,630
Creditors: amounts falling due within one year	*14*	**(90,072)**	(141,078)
Net current assets / (liabilities)		**2,826**	1,552
Total assets less current liabilities		**29,905**	29,787
Provisions for liabilities	*15*	**(589)**	(852)
Net assets		**29,316**	28,935
Capital and reserves			
Called up share capital	*16*	**22,250**	22,250
Share premium account	*17*	**24,000**	24,000
Profit and loss account	*18*	**(16,934)**	(17,315)
Total shareholders' funds	*19*	**29,316**	28,935

The noted on pages 8 to 22 form part of the financial statements.

These financial statements were approved by the board of directors on 14 September 2015 and were signed on its behalf by:

K Hampson
Director

Company registered number: 293397

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. There are no new standards or amendments to standards which are applicable to the Company for the financial year beginning 1 January 2014.

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards and, except in relation to goodwill as explained below, with the requirements of the Companies Act 2006.

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.

Cashflow

As a wholly owned subsidiary of Rentokil Initial plc, the cash flow of the company is included in the consolidated group cash flow statement of Rentokil Initial plc. Consequently, the company is exempt under the terms of Financial Reporting Standard No.1 (revised 1996) from publishing a cash flow statement.

Turnover

Turnover comprises the fair value of consideration received from the customer for the rendering of services, net of value-added tax (VAT) and other similar sales-based taxes, rebates and discounts. For non-contract-based income, turnover represents the value of goods delivered or services performed during the year. For contract-based income, revenue represents the sales value of work carried out for customers during the period. Contract income is recognised in accounting periods on a straight-line basis over the life of the contract. For long-term contracts involving the installation of equipment, turnover is recognised using the percentage completion method and represents the sales value of work executed during the period

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation

Historical purchase cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated using straight-line method to allocate the difference between their cost and their residual values over their estimated useful economic lives.

Service contract equipment represents the pool of assets used by the company in delivering contractual services to customers such as towelling, floormats, warm air dryers etc which are owned by the company or where at least substantially all the risks and rewards of such equipment is retained by the company are capitalised as fixed assets and depreciated over their estimated useful economic lives.

Notes *(continued)*

1 Accounting policies *(continued)*

Tangible Fixed Assets and Depreciation *(continued)*

The main rates of depreciation used are:

Freehold Land -	nil
Freehold Buildings -	1% to 2% on cost
Leasehold Properties -	Shorter of the lease term or estimated useful life of the leased asset
Plant & Machinery -	10% to 20% on cost
Office Equipment, Furniture & Fittings	10% to 20% on cost
Motor Vehicles -	16.6% to 25% on cost
Service Contract Equipment -	14.3% to 100% on cost
Computer Equipment -	20% to 33.33% on cost

Service Contract Equipment includes towelling, floormats, cabinets, warm air dryers, handcare and aircare dispensers, sanitary disposal units and vending machines.

Assets useful economic lives are reviewed annually and amended as necessary. When tangible fixed assets are sold the difference between sale proceeds and net book value is dealt with in the profit & loss account.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life unless it is considered to have an indefinite useful life, in which case it is not amortised but is subject to annual review for impairment. The latter is not in accordance with Schedule 1 Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations, SI 2008/410 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the accounts of this departure. Any impairment charge is included within operating profits.

Notes *(continued)*

1 Accounting policies *(continued)*

Impairment of fixed assets and goodwill

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exits, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses are recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible assets and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income-generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and the market value has increased above the impaired carrying amount. For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset than the resultant reversal of the impairment loss should be recognised in the current period.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Stock

Stocks are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Exchange rates

Foreign currency monetary assets and liabilities included in the Balance Sheet are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction. All exchange gains and losses are taken to the profit and loss account.

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease.

Notes *(continued)*

1 Accounting policies *(continued)*

Provisions

Provision is made in accordance with FRS12 in respect of vacant and partly sub-let leasehold properties to the extent that future rental payments are expected to exceed future rental income.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

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

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

Pensions

The Company participates in group pension schemes operated by Rentokil Initial plc. The principal scheme is the UK scheme which has a number of defined benefit sections, which are now closed to new entrants, and a defined contribution scheme. The defined benefit scheme is funded through payments to a trustee- administered fund, determined by periodic actuarial calculations. The defined benefit obligation, which is not recognised in these financial statements, is calculated annually by independent actuaries using the projected unit credit method.

In accordance with paragraph 9 of FRS17 ' Retirement Benefits' the contributions paid by the Company will be accounted for as defined contribution schemes, since the share of the assets and liabilities of the schemes relating to the company cannot be separately identified.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as profit and loss expense when they are due. Particulars of the valuation of the group schemes are contained in the financial statements of Rentokil Initial plc.

Investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Notes *(continued)*

2 Analysis of turnover

The analysis of turnover of the company by activity is shown below:

	2014 £000	2013 £000
Washroom Services	**50,553**	50,048
Laundry Services	**1,282**	1,036
	51,835	51,084

Turnover includes rental income from service contract equipment of £47,382,000 *(2013: £46,524,000).* All turnover derived is from a single geographic market.

3 Operating expenses

	2014 £000	2013 £000
Sales and marketing costs	**5,121**	5,405
Administration expenses	**10,316**	8,795
	15,437	14,200

Notes *(continued)*

3 Operating expenses *(continued)*

Operating profit, all of which is generated in the United Kingdom from the principal activities of the business, is arrived at after charging/(crediting):

	2014	2013
	£000	£000
Depreciation of Tangible Fixed Assets		
Owned	**7,899**	7,653
Profit on sale of tangible fixed assets	**(15)**	(48)
Hire of plant and equipment	**4**	8
Other operating lease rentals	**4,144**	4,520
Auditors' remuneration – Audit of these financial statements	**49**	50
Amortisation charge – Customer Lists and Brands	**296**	278
Vacant Property Provision Release - Property Exit	**-**	2,744
Exceptional operating charges		
Reorganisation costs	**452**	852

4 Directors' emoluments

The Directors received no remuneration for their services as directors of the Company in the period (2013:nil).

Retirement benefits are accruing for 3 directors *(2013:3)* under a defined contribution pension schemes operated by the ultimate holding Company. Costs associated with the defined benefit scheme are funded by Rentokil Initial UK Ltd. There are no other benefits accruing to directors.

Notes *(continued)*

5 Employees

Particulars of employees (including executive directors) are shown below:

Employee costs during the year amounted to:

	2014	2013
	£000	£000
Wages and salaries includes bonus	**17,235**	17,320
Social security costs	**1,391**	1,422
Other pension costs (note 22)	**463**	376
	19,089	19,118

The average number of persons employed by the company during the year were as follows:

	2014	2013
	Number	Number
Servicing	**633**	622
Selling	**103**	107
Administration	**121**	128
	857	857

6 Interest receivable

	2014	2013
	£000	£000
Other interest receivable	3	14
	3	14

7 Interest payable and similar charges

	2014	2013
	£000	£000
Bank interest payable	1,288	204
	1,288	204

Notes *(continued)*

8 Taxation

Analysis of charge in period

	2014 £000	2013 £000
UK corporation tax		
Current tax on income for the period	-	-
Deferred tax (see note 13)		
Origination/reversal of timing differences	74	449
Effect of reduction of UK corporation tax to 20% (2013: 20%)	-	348
Adjustment in respect of previous year	(22)	1,899
Tax (credit) / charge on profit on ordinary activities	52	2,696

Factors affecting the tax charge for the current period

The current tax charge for the period is lower *(2013: lower)* than the standard rate of corporation tax in the UK 21.5% *(2013: 23.25 %)*. The differences are explained below.

	2014 £000	2013 £000
Current tax reconciliation		
Profit / (Loss) on ordinary activities before tax	433	3,699
Current tax at 21.5% *(2013:23.25 %)*	93	860
Effects of:		
Depreciation in excess of capital allowances/ (Capital allowances in excess of depreciation)	(87)	(77)
Expenses not deductible for tax purposes	193	208
Group relief claimed for nil consideration	(208)	(446)
Utilisation of tax losses brought forward	-	(524)
Other timing difference	9	(21)
Current tax charge for the year	-	-

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes *(continued)*

9 Intangible assets

	Goodwill £000	Customer Lists £000	Brands £000	Total £000
Cost				
At 1 January 2014	6,577	1,628	2,285	10,490
Additions	-	0	-	-
At 31 December 2014	6,577	1,628	2,285	10,490
Amortisation				
At 1 January 2014	1,837	1,033	955	3,825
Amortisation charge	-	145	151	296
At 31 December 2014	1,837	1,178	1,106	4,121
Net book value				
At 31 December 2014	**4,740**	**450**	**1,179**	**6,369**
At 31 December 2013	4,740	595	1,330	6,665

Goodwill is not amortised, as explained in note 1. Goodwill impairment of £1,700,000 was recorded in prior years.

Notes *(continued)*

10 Tangible assets

	Land & buildings	Service contract equipment, plant and machinery and motor vehicles	Total
	£000	£000	£000
Cost			
At 1 January 2014	6,275	34,531	40,806
Additions	682	6,730	7,412
Disposals	(311)	(10,299)	(10,610)
At 31 December 2014	6,646	30,962	37,608
Depreciation			
At 1 January 2014	3,204	16,032	19,236
Depreciation charge for the year	629	7,270	7,899
Disposals	(132)	(10,105)	(10,237)
At 31 December 2014	3,701	13,197	16,898
Net book value			
At 31 December 2014	**2,945**	**17,765**	**20,710**
At 31 December 2013	3,071	18,499	21,570

The net book value of land and buildings comprises:

	2014	2013
	£000	£000
Freehold property	**213**	220
Leasehold property – long term	**309**	326
Leasehold property – short term	**2,423**	2,525
	2,945	3,071

Notes *(continued)*

11 Stocks

	2014 £000	2013 £000
Finished goods	**1,060**	1,007

12 Debtors

	2014 £000	2013 £000
Trade debtors	**9,788**	10,058
Amounts owed by group undertakings	**73,416**	121,711
Other debtors	**174**	350
Prepayment and accrued income	**639**	608
Deferred tax (Note 13)	**1,339**	1,391
	85,356	134,118

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

13 Deferred taxation

Deferred taxation balance comprises:

	2014 £000	2013 £000
Tax effect of timing differences because of:		
Excess of tax allowance over depreciation	**1,237**	1,625
Other timing differences	**102**	114
Tax losses carried forward	**-**	-
Reduction in tax rate to 20% (2013:20%)		(348)
	1,339	1,391

Movements in the year

	£000
Balance at 1 January 2014	**1,391**
Profit and loss account – current year	**(74)**
– prior year	**22**
Balance at 31 December 2014	**1,339**

Notes *(continued)*

14 Creditors: amounts falling due within one year

	2014	2013
	£000	£000
Trade creditors	**-**	-
Amounts owed to group undertakings	**61,932**	62,023
Other taxation and social security	**86**	131
Other creditors	**0**	1,994
Accruals and deferred income	**11,750**	10,859
Bank Overdraft	**16,304**	66,071
	90,072	141,078

All lease obligations are repayable by instalments and bear interest at normal commercial rates. Amounts owed to group undertakings are unsecured, interest free, and have no fixed date of repayment but are repayable on demand.

15 Provisions for liabilities

	Vacant properties £000
Balance at 1 January 2014	852
Additions during the year	-
Released during the year	
Utilised in the year	(263)
At 31 December 2014	589

The Company has a number of vacant and partly sub-let leasehold properties, with the majority of the head leases expiring before 2020. Provisions have been made for the residual lease commitments together with other outgoings, after taking into account existing sub-tenant arrangements and assumptions relating to later periods of vacancy. In accordance with FRS12, the provisions have been reviewed for movements in these properties during the year and £263,000 has been utilised and nil released *(2013: £nil charge and £2,744,000 release)* to the profit and loss account.

Notes *(continued)*

16 Called up share capital

	£000
Authorised	
41,250,000 Ordinary shares of £1 each at 1 January and 31 December 2014	**41,250**
Issued and fully paid	
22,250,000 Ordinary shares of £1 each at 1 January and 31 December 2014	**22,250**

17 Share premium account

	£000
Balance at 1 January and 31 December 2014	**24,000**

18 Profit and loss account

	£000
At 1 January 2014	**(17,315)**
Profit for the financial year	**381**
At 31 December 2013	**(16,934)**

19 Reconciliation of movements in total shareholders' funds

	2014 **£000**	2013 £000
Opening shareholders' funds	**28,935**	27,932
Profit for the financial year	**381**	1,003
Closing shareholders' funds	**29,316**	28,935

Notes *(continued)*

20 Commitments

	2014 £000	2013 £000
Capital expenditure:		
Contracted but not provided for in the accounts	-	-

Operating leases:

	2014		2013	
	Land and buildings £000	**Other assets £000**	Land and buildings £000	Other assets £000
Payments due in following year under operating leases with expiry dates:				
Within one year	**51**	**951**	-	536
In the second to fifth years inclusive	**577**	**1,436**	575	1,921
Over five years	**624**	**-**	1,038	-
	1,252	**2,387**	1,613	2,457

21 Contingent Liabilities and Commitments

As part of the company's banking arrangement the company has entered into a multi-lateral guarantee, guaranteeing the bank account balances of a number of companies in the Rentokil Initial plc Group that are part of the company's HSBC and Citi banks notional pooling arrangements.

22 Pensions

The employees of the Company contribute to a defined contribution scheme. The principal defined benefit scheme operated by the Group, the Rentokil Initial Pension Scheme ('RIPS'), was closed to future service accrual on 30 September 2006.

At 31 December 2014, the RIPS asset disclosed in the consolidated financial statements of Rentokil Initial plc (prepared under International Financial Reporting Standards) amounted to £192.2m (2013: £70.6m). The directors are of the opinion that there is no material difference between an FRS 17 "Retirement Benefits" valuation and an IAS 19 "Employee Benefits" valuation.

The payment made by the Company to the pension scheme during the year was nil (2013: nil).

The directors believe that the Company's share of the underlying assets and liabilities of this scheme cannot be identified and as a consequence, the scheme has been accounted for as a defined contribution scheme.

Further information on the Group's pension commitments can be found in the Group's Annual Report 2014.

24 Related Party Transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related party Disclosures', on the grounds that it is a wholly owned subsidiary of a group by Rentokil Initial plc, whose accounts are publicly available.

25 Post balance sheet events

There were no significant post balance sheet events affecting the Company since 31 December 2014.

26 Ultimate holding company and parent undertaking of larger group of which the company is a member

The immediate parent undertaking is BET Environmental Services Limited, incorporated in Great Britain and registered in England and Wales.

The ultimate parent undertaking and controlling party is Rentokil Initial plc, incorporated in Great Britain and registered in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Rentokil Initial Plc, incorporated in Great Britain.

Consolidated financial statements of this group may be obtained from: The Company Secretary, Rentokil Initial plc, Riverbank, Meadows Business Park, Camberley GU17 9AB.