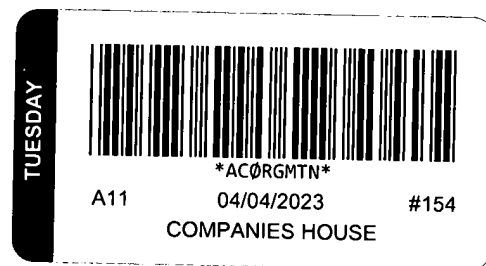


**DIRECTORS' AND STRATEGIC REPORTS AND FINANCIAL STATEMENTS**

**RENTOKIL INSURANCE LIMITED**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

**REGISTERED NUMBER: 677856**



## **RENTOKIL INSURANCE LIMITED**

### **CONTENTS**

	<b>Page</b>
Company Information	1
Strategic Report	2
Directors' Report	5
Independent Auditors' Report to the Members of Rentokil Insurance Limited	7
Statement of Profit or Loss: Technical Account -- general business	10
Statement of Profit or Loss: Non -Technical Account	11
Balance Sheet	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14

**RENTOKIL INSURANCE LIMITED**

**COMPANY INFORMATION**

**DIRECTORS:**

A Hewett  
P Griffiths  
P P Wood  
R Greany  
J K Hampson  
G E Harris

**COMPANY SECRETARY:**

A Iroche

**REGISTERED OFFICE:**

Compass House  
Manor Royal  
Crawley  
West Sussex  
RH10 9PY  
United Kingdom

**INDEPENDENT AUDITORS:**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London  
SE1 2RT

## RENTOKIL INSURANCE LIMITED

### STRATEGIC REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2022. The business activities of Rentokil Insurance Limited (the Company) together with its risks and uncertainties are set out in the business review below.

#### Principal Activities

The Company insures policyholders' premises against the risk of attack to timber by insects and fungi. Insurance is also offered against rising damp in walls and against wall-tie corrosion in cavity walls.

#### Business Review

The profit for the year, after taxation, amounted to £795,497 (2021: £686,450). Total technical income for the year was £2,101,602 (2021: £2,108,138), with revenue from earned premiums amounting to £1,774,551 (2021: £1,862,389). Trading has returned to pre-Covid normality and, whilst we are monitoring the wider economic climate, we do not anticipate a significant impact to performance as a result of inflation pressures and the war in Ukraine. The Company also received a lower management charge of £90,499 (2021: £188,518) from the parent company which helped offset the lower revenues and increased profit year on year.

#### Principal Risks and Uncertainties

Management have established an internal control environment that they believe is appropriate for the size and nature of the business and internal control activities are subject to on-going review by management. In 2022 the formal Risk Register was reviewed. The key business risks and uncertainties and mitigating actions affecting the Company were considered to be:

- the potential loss of key staff - the business has a robust succession plan in place for key staff members and where possible develops multiple colleagues to cover critical activities.
- the relationship with our Appointed Representatives, Rentokil Initial UK Limited, Peter Cox Limited and Rentokil Property Care Limited - as the Appointed Representatives are sister divisions under the control of Rentokil Initial plc, we deem there to be little risk of the relationship becoming an issue for trading performance of the business, but we actively monitor the interactions and ensure a strong working relationship is maintained with appropriate management.
- the potential fall in investment returns - investment returns are formally reviewed quarterly to ensure they meet the business needs. The board places greater importance on the security of investments than returns so we deem this to be a limited risk.
- the withdrawal of approved chemicals used - we review the legal and regulatory frameworks and likely future changes. Where it is likely a product is to be restricted, alternative treatments are developed.
- Any IT system failures - we have a strong Group IT function that supports the maintenance and performance of critical IT systems. We are also actively looking for ways to enhance the quality and security of the core support system. These risks are continually monitored and the impacts they may have on the business are assessed regularly.

Insurance risk relates to underwriting, claims management and the risk that arises from the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities. The Company manages insurance risk by setting an appetite annually through the business planning process, which includes targets for underwriting volumes and pricing sufficiency. Management monitors performance against the business plan throughout the year.

#### Key Performance Indicators

The retention rate is calculated with respect to the value of renewed policies in the year as a percentage of the total value of policies at the start of the year.

KEY PERFORMANCE INDICATORS	2022	2021
Policy retention rate	91.9 %	92.5 %
Number of claims received	248	273
Claims loss ratio	28 %	26.8 %

## **RENTOKIL INSURANCE LIMITED**

### **STRATEGIC REPORT (Continued)**

#### **Directors' statement of compliance with duty to promote the success of the Company**

Section 172(1) of the Companies Act 2006 ("section 172") requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole but having regard to a range of different matters including wider stakeholders. In discharging their section 172 duties the directors of the Company do this, although at times some factors may have been more relevant than others, and the interests of some stakeholders will have been more relevant than others.

In addition, the directors also have regard to other factors which they consider relevant to the decision being made. Whilst the directors of the Company retain responsibility for the operations and interests of the Company, those factors include for example the interests of the wider Rentokil Initial group under the Company's ultimate parent Rentokil Initial plc and the Company's relationship with its lenders. By considering the Company's purpose, vision and values together with its strategic priorities (which are aligned with those of the Rentokil Initial group as a whole) and having a process in place for decision-making, the directors aim to make sure that their decisions are consistent and appropriate in all circumstances, including with regards to the wider matters contemplated under section 172.

Authority for day-to-day management of the Company is delegated to executives who then engage management in setting, approving and overseeing execution of the business strategy and related policies. Board meetings are held as required where the directors consider the Company's activities and make decisions, as appropriate. As a part of those meetings the directors, where relevant receive information on section 172 matters when making decisions. Principal decisions taken during 2022 include capital allocation, funding, approval of the 2021 financial statements and Prudential Regulation Authority returns and a review of the board structure. In making such decisions, the directors of the Company considered a range of factors. For example, when reviewing financing options, factors included the long-term viability of the Company, its expected cash flow and financing requirements, the ongoing need for strategic investment in the business and the supply of long-term equity capital to the Company.

The Company's principal activity is providing insurance for policyholders' premises against the risk of attack to timber by insects and fungi. Insurance is also offered against rising damp in walls and against wall-tie corrosion in cavity walls. Further information on the Company's engagement with its employees and suppliers can be found in the Directors' Report.

#### **Climate change**

Climate change is a global challenge, one that presents material long-term risks to the viability of businesses, communities, and important habitats. The Prudential Regulation Authority has taken steps to ensure the importance of this systemic threat is formally recognised by regulated firms and to ensure they begin the process of planning for and managing its impact.

Management is not aware of material uncertainties linked to climate related issues that would cast doubt about the Company's ability to continue as a going concern. Rentokil Insurance Limited write policies with a fixed term of 12 months and as a result any future claims risks are limited to that duration. This also allows the business to continuously assess changes in claims rates and the associated drivers of risk, such as climate change, and to amend its pricing policies to ensure its ongoing financial security. As yet no direct impact has been identified between climate change and the claims incurred by the business but these trends are reviewed and monitored on an ongoing basis.

Management is also aware of any impact of climate related issues on the measurement bases used in preparing the financial statements, the accounting policies used, the judgements made by management in applying the accounting policies and the key assumptions and sources of estimation uncertainty that have a material impact on the valuation of the assets and liabilities. Finally, management are not aware of any climate related risks that may require the recognition of additional provisions and contingent liabilities.

## **RENTOKIL INSURANCE LIMITED**

### **STRATEGIC REPORT (Continued)**

#### **Climate change (Continued)**

The Company will incorporate climate change risk into its risk management processes and expect the identification and management of this to develop further over the next few years.

The Company also monitors the impact and sustainability of its operations on the community and environment. Waste generation is very low with the majority of processes purely electronic and no physical office location. The vehicle fleet is small and journeys are planned to minimise unnecessary travel. We are also planning to employ greater tracking and observation of vehicles to encourage safer and smarter driving practices. The Company will incorporate climate change risk into its risk management processes and expect the identification and management of this to develop further over the next few years.

By order of the board



Abrvols Iroche (Mar 30, 2023 11:52 GMT+1)

A Iroche  
Company Secretary  
30 March 2023

## **RENTOKIL INSURANCE LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2022.

#### **Directors**

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, are shown on page 1.

#### **Dividends**

A dividend was not paid or approved during 2022 (2021: £nil).

#### **Going Concern Assumption**

On the basis of their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for at least 12 months from the date of signing these financial statements. In reaching this conclusion, the directors have considered current economic factors and the adequacy of the Company's financial resources. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **Charitable and Political Donations**

The Company made no charitable or political donations during the year (2021: £nil).

#### **Creditor Payment Policy**

The Company's policy is to agree terms of payment with suppliers when agreeing the terms of each transaction and to ensure that suppliers are made aware of payment terms.

#### **Engagement with employees**

While the Company only has a small number of employees, as a member of the Rentokil Initial plc group of companies, the Company attaches considerable importance to engaging and communicating with its employees. Internal communications take place at a group, divisional, company, business and team level in order to ensure that colleagues receive accurate information in a timely manner, and a variety of structures exist for two-way communications at all levels. At a corporate level, the group intranet is used to announce Company news with the support of direct email communication from the Company's executive team and functional leaders. This is supplemented by a periodic electronic magazine, The Right Way, for employees. Details on methods of engagement deployed by the Rentokil Initial group as a whole can be found in the Rentokil Initial plc 2022 Annual Report and 2022 Responsible Business Report, both of which are available on its website at [www.rentokil-initial.com](http://www.rentokil-initial.com).

Applications for employment by disabled persons are always fully considered, taking into account the aptitudes of the applicants. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate re-training is made available. 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.

#### **Engagement with suppliers, customers and others**

The Company recognises the importance of engaging effectively and fostering successful business relationships with suppliers, customers and others. A comprehensive set of policies and procedures is in place to ensure high standards of professional business conduct, including adherence to the Rentokil Initial Code of Conduct. The directors have regard for such relationships when making decisions. Details of the regard directors have had to these business relationships among other matters can be found in the section 172(1) statement on page 3. Further detail on engagement with suppliers, customers and others at a Rentokil Initial group level can be found in the Rentokil Initial plc 2022 Annual Report and 2022 Responsible Business Report at [www.rentokil-initial.com](http://www.rentokil-initial.com).

#### **Post balance sheet events**

No significant post-balance sheet events have taken place.

## **RENTOKIL INSURANCE LIMITED**

### **DIRECTORS' REPORT (Continued)**

#### **Future Developments**

The Company's business is expected to continue at a similar level during 2023.

#### **Statement of Directors' Responsibilities in Respect of the Strategic Report and the Directors' Report and the Financial Statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

#### **Directors' confirmations**


In the case of each director in office at the date the directors' report is approved:

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

#### **Independent Auditors**

In accordance with section 487 of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed reappointed as the Company's auditors and will therefore continue in office.

By order of the Board

  
Abisola Iroche (Mar 30, 2023 11:52 GMT+1)

A Iroche  
Company Secretary  
30 March 2023

Registered office address: Compass House, Manor Royal, Crawley, West Sussex, RH10 9PY



## **RENTOKIL INSURANCE LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RENTOKIL INSURANCE LIMITED**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion, Rentokil Insurance Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' and Strategic Reports and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; the Statement of Profit or Loss: Technical Account - general business, the Statement of Profit or Loss: Non-Technical Account and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

##### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

##### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

## **RENTOKIL INSURANCE LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RENTOKIL INSURANCE LIMITED**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### **Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

#### **Responsibilities for the financial statements and the audit**

##### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities in respect of the Strategic Report and the Directors' Report and the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

##### **Auditors' responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) and relevant tax

## **RENTOKIL INSURANCE LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RENTOKIL INSURANCE LIMITED**

laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate revenue and management bias in accounting estimates and judgmental areas of the financial statements, such as the valuation of claims outstanding. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance, including consideration of known or suspected instance of non-compliance with laws and regulation and fraud;
- Reading key correspondence with the Prudential Regulation Authority and the Financial Conduct Authority in relation to compliance with laws and regulations;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Identifying and testing journal entries, in particular any manual journal entries with unusual account combinations, journals posted over the weekend and any manual journal entries posted to revenue accounts outside of the normal course of business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

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

- we have not obtained all the information and explanations we require for our audit; or
- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



John Hawley (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
30 March 2023

**RENTOKIL INSURANCE LIMITED**

**STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022**

**TECHNICAL ACCOUNT - GENERAL BUSINESS**

	Note	<u>2022</u>	<u>2021</u> <u>(restated*)</u>
		£	£
Gross premiums written	2	1,737,807	1,821,538
Change in the gross provision for unearned premiums	15	<u>36,744</u>	<u>40,851</u>
Earned premiums		1,774,551	1,862,389
Allocated investment return transferred from the non-technical account	7	127,470	53,528
Other technical income		199,601	192,221
Total technical income		<u>2,101,622</u>	<u>2,108,138</u>
Claims paid		(475,380)	(464,179)
Change in provision for claims	15	<u>(19,855)</u>	<u>(34,786)</u>
Claims incurred		(495,235)	(498,965)
Net operating expenses	3	(650,937)	(741,038)
Total technical charges		(1,146,172)	(1,240,003)
<b>BALANCE ON THE TECHNICAL ACCOUNT FOR GENERAL BUSINESS</b>		<u><b>955,450</b></u>	<u><b>868,135</b></u>

\*Refer to note 23

The notes on pages 14 to 28 form part of the audited financial statements.

**RENTOKIL INSURANCE LIMITED****STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022****NON-TECHNICAL ACCOUNT**

	Note	<u>2022</u> £	<u>2021</u> (restated*) £
BALANCE ON THE GENERAL BUSINESS TECHNICAL ACCOUNT		955,450	868,135
Investment income	7	127,470	53,528
Allocated investment return transferred to the general business technical account	7	(127,470)	(53,528)
Other charges		(983)	(1,351)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		954,467	866,784
Tax on profit on ordinary activities	8	(158,970)	(180,334)
PROFIT FOR THE FINANCIAL YEAR		<u>795,497</u>	<u>686,450</u>

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

The Company has not recognised gains and losses during the year, other than those recorded in the above statement of profit or loss. Accordingly, no separate statement of total recognised gains and losses has been prepared.

The notes on pages 14 to 28 form part of the audited financial statements.

\*Refer to note 23

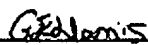
# RENTOKIL INSURANCE LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2022

	<u>Note</u>	<u>2022</u>	<u>2021</u>
		£	(restated*) £
<b>ASSETS</b>			
<u>Intangible assets</u>	11	11,380	5,589
<u>Other financial investments</u>			
Investments in collective investment scheme	10	4,461,637	4,823,327
Term deposits held to maturity	10	1,100,000	1,500,000
<u>Debtors</u>			
Other Debtors	9	52,838	28,299
Amount owed by group undertaking	13	5,800,000	4,800,000
<u>Other assets</u>			
Tangible assets	12	1,507	5,358
Right-of-use assets	18	22,582	37,273
Cash at bank and in hand		1,000,645	378,518
<u>Prepayments and accrued income</u>			
Deferred acquisition cost	3	5,942	6,704
Other prepayments and accrued income		23,081	10,590
<b>TOTAL ASSETS</b>		<u>12,479,612</u>	<u>11,595,658</u>
<b>LIABILITIES</b>			
<u>Capital and reserves</u>			
Called up share capital	14	250,000	250,000
Profit and loss account		<u>10,307,102</u>	<u>9,511,605</u>
Equity shareholder funds		<u>10,557,102</u>	<u>9,761,605</u>
<u>Technical provisions</u>			
Provision for unearned premiums	15	879,971	916,715
Claims Outstanding	15	<u>193,732</u>	<u>173,877</u>
		<u>1,073,703</u>	<u>1,090,592</u>
<u>Creditors</u>			
Other creditors	16	587,146	459,469
Lease Liability	18	23,507	38,234
Taxation and social security	16	<u>238,154</u>	<u>245,758</u>
		<u>848,807</u>	<u>743,461</u>
<b>TOTAL LIABILITIES AND EQUITY SHAREHOLDERS' FUNDS</b>		<u>12,479,612</u>	<u>11,595,658</u>

\*Refer to note 23

The notes on pages 14 to 28 form part of these financial statements. The financial statements on pages 10 to 28 were approved by the Board on 29 March 2023 and were signed on its behalf by

  
Grace Harris (Mar 30, 2023 11:59 GMT+1)

G E Harris  
Director  
30 March 2023  
Registered Number 677856

**RENTOKIL INSURANCE LIMITED****STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital £	Profit and loss account £	Total £
At 1 January 2021	250,000	8,825,155	9,075,155
Profit and Total comprehensive income for the year	-	686,450	686,450
At 31 December 2021	<u>250,000</u>	<u>9,511,605</u>	<u>9,761,605</u>
At 1 January 2022	250,000	9,511,605	9,761,605
Profit and Total comprehensive income for the year	-	795,497	795,497
At 31 December 2022	<u>250,000</u>	<u>10,307,102</u>	<u>10,557,102</u>

The notes on pages 14 to 28 form part of these financial statements.

## **RENTOKIL INSURANCE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2022**

#### **1 STATEMENT OF ACCOUNTING POLICIES**

##### **Basis of Preparation**

Rentokil Insurance Limited (the “Company”) is a private company limited by shares incorporated and registered in England and Wales and domiciled in the United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK-adopted international accounting standards), but makes amendments where necessary in order to comply with Companies Act 2006 and to take advantage of the FRS 101 disclosure exemptions. The financial statements are prepared in accordance with the provisions of SI 2008/410 relating to insurance companies.

On 31 December 2020, EU-adopted IFRS was brought into UK law and became UK-adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board. In preparing these statements in accordance with FRS 101, the Company Financial Statements transitioned to UK-adopted international accounting standards (as described above) on 1 January 2021. There is no impact on recognition, measurement or disclosure in the period reported as a result of this change.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- IFRS 7, ‘Financial Instruments: Disclosures’ in relation to disclosures in respect of the exposure of the company to capital risk and cash flow risk.
- A balance sheet as at the beginning of the earliest comparative period when an entity makes a prior year adjustment.

The financial statements have been prepared on the going concern basis in accordance with the applicable accounting standards as at 31 December 2022.

On the basis of their assessment of the Company’s financial position, the Company’s directors have a reasonable expectation that the Company will be able to continue in operational existence for at least 12 months from the date of signing these financial statements. In reaching this conclusion, the directors have considered current economic factors and the adequacy of the Company’s financial resources. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Company’s ultimate parent company, Rentokil Initial plc includes the Company in its consolidated financial statements. The consolidated financial statements of Rentokil Initial plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Compass House, Manor Royal, Crawley, West Sussex, RH10 9PY.

##### **Accounting Policies**

###### **Insurance**

The results are determined on an annual basis whereby the cost of claims, commission and related expenses are charged against the earned proportion of premiums.



## **RENTOKIL INSURANCE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2022 (Continued)**

#### **1 STATEMENT OF ACCOUNTING POLICIES (Continued)**

##### **Accounting Policies (Continued)**

##### **Insurance (Continued)**

###### **(i) Premiums Written**

Written premiums comprise the premiums on contracts entered into during the accounting period, irrespective of whether they relate in whole or in part to a later accounting period.

###### **(ii) Unearned Premiums**

Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on a time apportionment basis.

###### **(iii) Other Technical Income**

Other technical income represents fees paid by Rentokil Property Care Limited and Peter Cox Limited for claims assessing services provided to them and it is recognised in line with the provision of service.

###### **(iv) Claims Incurred**

Claims incurred comprise claims and related expenses paid in the year and changes in the provisions for outstanding claims, together with any other adjustments to claims from previous years.

###### **(v) Claims Provisions and Reinsurance Recoveries**

Provision is made at the year-end for the estimated cost of claims notified but not settled at the balance sheet date, as well as claims incurred but not recorded.

The estimated cost of claims includes expenses to be incurred in settling claims. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The costs of claims notified to the Company at the balance sheet date are estimated on a case-by-case basis to reflect the individual circumstances of each claim.

In calculating the estimated cost of claims incurred but not recorded, the Company uses estimation techniques based upon historical experience.

Claims provisions can also include estimations of settling disputes arising on declined claims. These are subject to more uncertainty than typical claims costs due to the binary nature of the outcome and the potential unpredictability of Ombudsmen or court rulings.

Rentokil Insurance Limited has no reinsurance arrangements and hence does not disclose any matters regarding reinsurance.

###### **(vi) Deferred Acquisition Costs (DAC)**

Acquisition costs represent the costs of issuing new policies, commissions and other related expenses.

Acquisition costs relating to the unexpired period of risk of contracts in force at the balance sheet date are carried forward from one accounting period to subsequent accounting periods. Acquisition costs are deferred commensurate with the unearned premiums provision. The acquisition costs deferred will be that proportion of the total acquisition costs which the unearned premiums provision bears to gross written premiums for the class of business in question.

## **RENTOKIL INSURANCE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2022 (Continued)**

#### **1 STATEMENT OF ACCOUNTING POLICIES (Continued)**

##### **Accounting Policies (Continued)**

###### **Investment return**

Investment return is recognised within the Profit and Loss Account and comprises of investment income earned, investment expenses, charges or interest incurred and movement in unrealised market value gains/losses arising from sale and maturity of investments during the financial year.

Investment income comprises interest on bank balances, returns on money market funds and interest on intercompany loans which are accounted for on an accruals basis.

Investment expenses, charges or interest incurred are recognised on an accruals basis.

Unrealised gains/losses on investments arising during the financial year represent the difference between the market value of the investments at the balance sheet date and their acquired cost if purchased during the financial year or the market value at the last balance sheet date if purchased in the previous financial years. Realised gains/losses represent the difference between the net sales proceeds and acquired cost. Any unrealised gains/losses previously recognised will be reclassified as realised gains/losses upon sale or maturity of investments.

An allocation of investment income from the non-technical account is made on the basis of the return on assets supporting the technical provisions. The transfer is made so that the balance on the technical account is supported by investment income based on performance for the year.

###### **Leases**

Leases are accounted for by applying IFRS 16 Leases. Under this accounting standard, a contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Right-of-use asset is initially measured at cost and subsequently at cost less accumulated depreciation and any impairment losses. The lease liability is initially measured at the present value of the total lease payments that are not already paid at commencement date, discounted using the incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payments.

###### **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:

###### **Non-derivative financial instruments**

The Company's financial assets comprise investments in debt securities, term deposits held to maturity, other debtors, cash and cash equivalents and loans. The financial liabilities are trade and other creditors.

Financial assets are classified depending on the purpose for which they were acquired. At initial recognition the Company carries out a solely payment of principal and interest (SPPI) and a business model test to establish the classification and measurement of its financial assets. The financial assets are classified in the following categories:

- (a) Amortised cost
- (b) Fair value through other comprehensive income (FVTOCI)
- (c) Fair value through profit and loss (FVTPL)

## **RENTOKIL INSURANCE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2022 (Continued)**

#### **1 STATEMENT OF ACCOUNTING POLICIES (Continued)**

##### **Accounting Policies (Continued)**

##### **Financial Instruments (Continued)**

##### ***Non-derivative financial instruments (Continued)***

The investment in debt securities is classified as FVTPL. Initial recognition was at fair value and is revalued at each reporting date.

The redeemable fixed interest deposits, held as part of a portfolio of such deposits intended to be held on an on-going basis, are valued at amortised cost.

Cash comprises cash in hand and deposits repayable on demand less overdrafts payable on demand.

Loans to Group companies are initially recognised at fair value and subsequently held at amortised cost. They are interest bearing and are repayable on demand.

All financial liabilities are stated at amortised cost using the effective interest rate method.

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. Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

##### **Share capital**

Ordinary shares are classified as equity.

##### **Tangible Fixed Assets**

Tangible assets are capitalised and depreciated by equal annual instalments over their estimated useful lives.

Computer equipment	3 to 5 years
--------------------	--------------

##### **Intangible Assets**

Intangible assets are stated at cost less amortisation over the useful economic life, unless it would be more appropriate to subject the asset to an annual impairment review. Any impairment would be charged to the profit and loss account in the period in which it arises.

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Computer software	3 to 5 years
-------------------	--------------

##### **Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. The prevailing tax rate at 31 December 2022 was 19% (2021: 19%).

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

## **RENTOKIL INSURANCE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2022 (Continued)**

#### **1 STATEMENT OF ACCOUNTING POLICIES (Continued)**

##### **Accounting Policies (continued)**

##### **Taxation (Continued)**

Current or deferred taxation assets and liabilities are not discounted.

##### **(i) Current tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

##### **(ii) Deferred tax**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

##### **Pension Costs**

The employees are eligible to be members of the defined contribution pension scheme operated by the Group in the United Kingdom.

The funds of the schemes are administered by trustees and are completely separate from the funds of the Company and of the Group. Information relating to the schemes is contained in the Financial Statements of Rentokil Initial plc.

Contributions made to the scheme during the year have been accounted by the Company with the charge to the profit and loss account being equal to the contributions payable to the Scheme in the accounting period.

##### **Other charges**

Other charges comprise of leases interest charges.

##### **Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information on significant areas of critical judgments in applying accounting policies is described within the significant accounting policies above. There are no significant areas of estimation uncertainty which affect the amounts recognised in the financial statements.

#### **2 GROSS PREMIUMS WRITTEN**

All gross premiums written in respect of the Company's only class of business, property, are written in the United Kingdom.

# RENTOKIL INSURANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2022 (Continued)

### 3 NET OPERATING EXPENSES

	<u>2022</u>	<u>2021</u> <u>(*restated)</u>
	£	£
Acquisition costs:		
Commission	10,198	13,347
Expenses	=	=
	10,198	13,347
Deferred acquisition costs carried forward	(5,942)	(6,704)
Deferred acquisition costs brought forward	<u>6,704</u>	<u>5,038</u>
Change in deferred acquisition costs	762	(1,666)
Incurring acquisition costs	10,960	11,681
Administrative costs	<u>639,977</u>	729,357
Net Operating Expenses	<u>650,937</u>	<u>741,038</u>

### 4 AUDITORS' REMUNERATION

The remuneration and expenses of the auditors for the audit of the financial statements for the current financial year, amounts to £63,976 (2021: £55,000). Fees for audit related assurance services for the current financial year amount to £11,400 (2021: £10,000).

### 5 STAFF COSTS

	<u>2022</u>	<u>2021</u> <u>(restated*)</u>
	£	£
Wages and salaries including holiday pay	473,756	438,765
Social security costs	61,242	55,063
Other pension costs	28,606	27,730
Bonus costs	<u>59,113</u>	<u>69,003</u>
	<u>622,717</u>	<u>590,561</u>

The monthly average number of employees during the year was:

	<u>2022</u> <u>Number</u>	<u>2021</u> <u>Number</u>
Administration and finance	<u>17</u>	<u>16</u>

**RENTOKIL INSURANCE LIMITED****NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2022 (Continued)****6 DIRECTORS' REMUNERATION**

All directors, with the exception of Adam Hewett, are also directors of fellow group subsidiaries and provide their services primarily to those companies. Their remuneration has been paid in full by Rentokil Initial 1927 plc or subsidiaries of Rentokil Initial 1927 plc.

These disclosures therefore exclude all directors, with the exception of Adam Hewett, as their services to the Company were not considered sufficiently material for recharge and are disclosed in the relevant financial statements of the Group in which they primarily provide their services.

The directors' emoluments paid by this Company were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Directors' emoluments in respect of qualifying services	119,950	101,900
Long term incentive	3,038	13,783
Company contributions to defined contribution scheme	8,267	8,104
	<u>131,255</u>	<u>123,787</u>

**7 INVESTMENT INCOME**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Income from investments	127,470	53,528

**8 TAX ON PROFIT ON ORDINARY ACTIVITIES**

Analysis of charge in period

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
UK corporation tax:		
Current tax on income for the period	176,526	180,236
Adjustment in respect of prior periods	(17,556)	98
Tax on profit on ordinary activities	<u>158,970</u>	<u>180,334</u>

Factors affecting the tax charge for the year:

The current tax charge for the period is lower (2021: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Current tax reconciliation:		
Profit on ordinary activities before tax	954,467	866,784
Current tax at 19% (2021: 19%)	<u>181,349</u>	<u>164,689</u>
Effects of:		
Permanently disallowable items	11	15,129
Release of deferred tax asset not provided	(4,834)	418
Adjustment in respect of prior periods	(17,556)	98
Total current tax charge (see above)	<u>158,970</u>	<u>180,334</u>

# RENTOKIL INSURANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2022 (Continued)

### 8 TAX ON PROFIT ON ORDINARY ACTIVITIES (Continued)

At the balance sheet date, the Company has deferred tax assets relating to fixed asset timing differences of £4,834 (2021: £6,739) on which no deferred tax asset is recognised.

As part of the Finance Bill 2021, there was a proposed increase to the UK corporation tax rate from 19% to 25% (effective 1 April 2023). This was substantively enacted on 24 May 2021.

### 9 OTHER DEBTORS

	<u>2022</u>	<u>2021</u>
	£	£
Due from other Group undertakings	51,757	27,513
Other debtors	<u>1,081</u>	<u>786</u>
	<u>52,838</u>	<u>28,299</u>

Amounts due from other group undertakings are current assets, repayable on demand and not interest bearing.

### 10 INVESTMENTS

	<u>2022</u>	<u>2021</u>
	£	(*restated) £
Investments in collective investment scheme	4,461,637	4,823,327
Term deposits held to maturity	1,100,000	1,500,000
	<u>5,561,637</u>	<u>6,323,327</u>

The investments in collective investment scheme are valued at fair value through profit or loss. They may be withdrawn on demand and are available within a short time period. The below analyses financial instruments in accordance with FRS 101, into a fair value hierarchy based on the valuation technique used to determine fair value:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Investments of £4,461,637 were held with JP Morgan Chase during 2022 (2021: £4,823,327) who have been instructed to invest solely in AAA funds. These funds are valued based on daily quoted net assets value that represents an active market and are therefore classified as level 1 investments. No level 2 or 3 investments were held by the Company during the year.

Term deposits held to maturity are short term deposits, with terms ranging from over 3 months to a year.

All investments represent current assets.

2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	£	£	£
Investments in collective investment scheme	<u>4,461,637</u>	:	:
Term deposits held to maturity	<u>1,100,000</u>		
2021 (*restated)	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	£	£	£
Investments in collective investment scheme	<u>4,823,327</u>	:	:
Term deposits held to maturity	<u>1,500,000</u>		

\*Refer to note 23

**RENTOKIL INSURANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2022 (Continued)**

**11 INTANGIBLE ASSETS**

	<u>Computer Software</u> £	<u>Total</u> £
<b>Cost:</b>		
At 1 January 2022	204,356	204,356
Additions	<u>9,610</u>	<u>9,610</u>
At 31 December 2022	<u>213,966</u>	<u>213,966</u>
<b>Accumulated Amortisation:</b>		
At 1 January 2022	198,767	198,767
Amortisation	<u>3,819</u>	<u>3,819</u>
31 December 2022	<u>202,586</u>	<u>202,586</u>
<b>Net Book Value:</b>		
At 31 December 2022	<u>11,380</u>	<u>11,380</u>
At 31 December 2021	<u>5,589</u>	<u>5,589</u>

The charge for amortisation for the year ended 31 December 2022 was £3,819 (2021: £8,603).

**12 TANGIBLE ASSETS**

	<u>Computer Equipment</u> £	<u>Total</u> £
<b>Cost:</b>		
At 1 January 2022	61,919	61,919
Additions	-	-
At 31 December 2022	<u>61,919</u>	<u>61,919</u>
<b>Accumulated Depreciation:</b>		
At 1 January 2022	56,561	56,561
Depreciation	<u>3,851</u>	<u>3,851</u>
At 31 December 2022	<u>60,412</u>	<u>60,412</u>
<b>Net Book Value:</b>		
At 31 December 2022	<u>1,507</u>	<u>1,507</u>
At 31 December 2021	<u>5,358</u>	<u>5,358</u>

The charge for depreciation for the year ended 31 December 2022 was £3,851 (2021: £5,267).

**13 AMOUNT OWED BY GROUP UNDERTAKINGS**

	<u>2022</u> £	<u>2021</u> £
Amount owed by Group undertakings	<u>5,800,000</u>	<u>4,800,000</u>
Total	<u>5,800,000</u>	<u>4,800,000</u>

Amounts owed by Group Companies are current debtors. They are interest bearing at a rate of 1.0795% until 29 December 2022 at which point it changed to 4.6909% (2021: 1.0795%) per annum and repayable on demand. Interest is settled by Group undertakings as it becomes due and is disclosed in investment income.



**RENTOKIL INSURANCE LIMITED****NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2022 (Continued)****14 CALLED UP SHARE CAPITAL**

	<u>2022</u>	<u>2021</u>
	£	£
Allotted called up and fully paid 250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
Authorised 250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

**15 TECHNICAL & OTHER PROVISIONS**

	Provision for unearned premiums	Claims outstanding	Total
	£	£	£
As at 1 January 2022	916,715	173,877	1,090,592
Utilised during the year	(916,715)	(103,253)	(1,019,968)
Additions during the year	879,971	123,108	1,003,079
At 31 December 2022	<u>879,971</u>	<u>193,732</u>	<u>1,073,703</u>

	Provision for unearned premiums	Claims outstanding	Total
	£	£	£
As at 1 January 2021	957,566	139,091	1,096,657
Utilised during the year	(957,566)	(202,481)	(1,160,047)
Additions during the year	916,715	237,267	1,153,982
At 31 December 2021	<u>916,715</u>	<u>173,877</u>	<u>1,090,592</u>

At the year-end claims outstanding included £nil (2021: £nil) in relation to settling and/or defending disputes arising on declined claims. All provisions represent amounts due within one year.

**16 CREDITORS**

	<u>2022</u>	<u>2021</u>
	£	(*restated) £
Corporation Tax	176,526	180,236
Other taxes and social security	61,628	65,522
Other creditors: due to other group undertakings	363,734	268,518
Lease liability (Note 18)	23,507	38,234
Other creditors	<u>223,412</u>	<u>190,951</u>
	<u>848,807</u>	<u>743,461</u>

Amounts due to other group undertakings are repayable on demand and not interest bearing. All amounts fall due within one year except for £10,151 (2021: £23,197) lease liabilities which fall due after one year.

**17 PENSION AND SIMILAR OBLIGATIONS**

Employees of the Company are members of a defined contribution scheme therefore all contributions paid by the Company are accounted for with the charge to the statement of profit or loss of £28,606 (2021: £27,730) being equal to the contributions payable to the scheme in the accounting period.

# RENTOKIL INSURANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2022 (Continued)

### 18 LEASES

A breakdown of the right-of-use (ROU) assets is shown below:

	Vehicles £	2022 Total £	Vehicles £	2021 Total £
Net book value				
At 1 January	37,273	37,273	45,159	45,159
Depreciation charge	(15,235)	(15,235)	(14,796)	(14,796)
Additions	544	544	16,333	16,333
Disposals	-	-	(9,423)	(9,423)
At 31 December	<u>22,582</u>	<u>22,582</u>	<u>37,273</u>	<u>37,273</u>

Analysis of the lease liabilities is shown below:

	2022 £	2021 £
Lease liabilities under IFRS 16		
At 1 January	38,234	45,858
Cash outflow	(16,254)	(15,770)
Interest	983	1,342
Additions	544	17,315
Disposals	-	(10,511)
At 31 December	<u>23,507</u>	<u>38,234</u>
Analysed as follows:		
Non-current	10,151	23,197
Current	<u>13,356</u>	<u>15,037</u>
Total	<u>23,507</u>	<u>38,234</u>

Lease liabilities are payable as follows:

	Future minimum lease payments 2022 £	Future minimum lease payments 2021 £
Lease liabilities under IFRS 16		
Less than one year	14,093	16,243
Between one and five years	10,358	23,926
More than five years	-	-
Future minimum payments	<u>24,451</u>	<u>40,169</u>
Effect of discounting	(944)	(1,935)
Carrying value	<u>23,507</u>	<u>38,234</u>

Fair value is considered to be equal to carrying value for all lease liabilities.

## RENTOKIL INSURANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2022 (Continued)

#### 19 RISK MANAGEMENT

The Company is exposed to financial risk through its financial assets and policyholder liabilities. In particular the key financial risk is that proceeds from, or the valuation of, financial assets are not sufficient to fund the obligations arising from policies as they fall due. The Company operations expose it to a variety of financial risks that include the effects of Insurance risk (including underwriting, pricing, claims and reserving risk), market risk, credit risk and liquidity risk. Our main aim is to minimise risk to the Company's funds, and our policies towards investment and cash deposits reflect this aim. Our control over these three areas plus close control over premium income and claims costs ensures a sound financial base for the Company's activities.

##### A. Insurance risk

Insurance risk consists of underwriting and pricing risks which relate to inadequate tariffs of insurance products as well as reserving risk which relates to potential inadequacy of claims provision.

##### Underwriting risk

Underwriting risk refers to the potential deviation from the company policy used for setting insurance premium rates which could lead to premium inadequacy. Underwriting risk is therefore concerned with both setting adequate premiums rates (pricing risk) and the management of claims (claims risk) for insurance policies.

##### Pricing risk

Pricing risk relates to the setting of adequate premium rates taking into consideration the volume and characteristics of the insurance policies issued, such as future claim projections. External influences on pricing risk include (but are not limited to) competitors' pricing and product design initiatives and regulatory environments. The level of influence from these external factors can vary significantly between regions, type of properties, weather, and the role of the regulator.

The Company's dominant product is an annually renewable premises protection contract. This permits insurance premium rate revisions to respond quickly to changes in customer risk profiles, claims experience and market considerations. The ability to review premium rates allows to significantly mitigate pricing risk.

##### Claims risk

Claims risk is the risk of claims exceeding the amounts assumed in the premium rates. This can be driven by an adverse fluctuation in the amount and incidence of claims incurred and external factors such costs inflation greater than that included in the premium rates.

Claims risk is managed and controlled by means such as pre-authorisation of claims, the use of assessors within the Group to carry out repairs. Specific claims management processes vary across the Company depending on the incidences reported and level of access to the premises.

Adverse claims experience, for example, which is caused by external factors such level of access to the premises, types of properties and costs inflation will affect cashflows after the date of the financial statements. Recent claims experience is reflected in these financial statements in claims paid and in the movement in the claims provisions.

The table below represents the insurance expenses:

	Gross Claims Incurred	
	2022	2021
	£	£
Claims paid	475,380	464,179
Change in Gross Provision for claims	<u>19,855</u>	<u>34,786</u>
Total insurance expenses	<u>495,235</u>	<u>498,965</u>

**RENTOKIL INSURANCE LIMITED****NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2022 (Continued)****19 RISK MANAGEMENT (Continued)****A. Insurance risk (Continued)****Reserving risk**

Reserving risk is the risk that provisions made for claims incurred prove to be insufficient in light of later events and claims experience. There is a relatively low exposure to reserving risk compared to underwriting risk due to the short-term nature of our claims development patterns. The short-term nature of the Company's insurance contracts means movements in claims development assumptions are generally not significant. The development claims settlement patterns are kept under constant review to maintain the validity of the assumptions and, hence, the validity of the estimation of recognised insurance liabilities.

The amount of claims provision at any given time that relates to potential claims payments that have not been resolved within one year is not material. The small provisions that relate to more than one year are calculated with reasonable confidence.

**B. Market risk**

Market risk is the risk of adverse financial impact due to changes in fair values of future cash flows of financial instruments from fluctuations in interest rates, foreign exchange rates, commodity prices, credit spread and equity prices. The focus of the Company's long-term financial strategy is to facilitate growth without undue balance sheet risk.

The Company actively manages market risk by ensuring that the majority of its cash and investments are held with highly rated credit institutions.

**C. Credit risk**

Credit risk is the risk that the Company will suffer a financial loss as a result of a counterparty failing to meet all or part of their contractual obligations. Rentokil Group Treasury manages the Company's credit risk under the guidance of the Board of directors.

The Company is principally exposed to credit risk through its bank accounts and term deposits and debt securities. The objective is to minimise these risks by spreading the exposure over a number of counterparties. The carrying amount of all classes of financial instruments represents the maximum exposure to credit risk. The Company does not hold any collateral as security and no derivatives have been used to mitigate credit risk. None of the financial assets are either past due or impaired.

**Credit risk by class of financial instrument**

<b>As 31 December 2022</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>BB</b>	<b>Other</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Debt securities	-	-	-	-	-	-	-
Deposits held with credit institutions	4,461,637	400,000	1,100,000	-	-	-	5,961,637
Cash at bank and on hand	-	-	600,645	-	-	-	600,645
Other debtors	=	=	=	<u>5,800,000</u>	=	=	<u>5,800,000</u>
<b>Total</b>	<u>4,461,637</u>	<u>400,000</u>	<u>1,700,645</u>	<u>5,800,000</u>	=	=	<u>12,362,282</u>

**RENTOKIL INSURANCE LIMITED****NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2022 (Continued)****19 RISK MANAGEMENT (Continued)****C. Credit risk (Continued)****Credit risk by class of financial instrument (Continued)**

As 31 December 2021	AAA	AA	A	BBB	BB	Other	Total
	£	£	£	£	£	£	£
Debt securities	-	-	-	-	-	-	-
Deposits held with credit institutions	4,823,327	300,000	1,200,000	-	-	-	6,323,327
Cash at bank and on hand	-	-	378,518	-	-	-	378,518
Other debtors	=	=	=	<u>4,800,000</u>	=	=	<u>4,800,000</u>
<b>Total</b>	<u>4,823,327</u>	<u>300,000</u>	<u>1,578,518</u>	<u>4,800,000</u>	=	=	<u>11,501,845</u>

Financial instruments included in Other as above, do not carry a credit risk assessment and do not therefore carry a credit risk classification.

**D. Liquidity risk**

Liquidity risk is the risk that the Company will not have available funds to meet its liabilities when they fall due. The Company enjoys a strong liquidity position and adheres to strict liquidity management policies as set by its Directors.

The Company maintains cash at bank and on hand equal to its forecast annual expenditure in order to minimise liquidity risk. As well as cash assets, the Company holds a significant portion of highly liquid assets such as collective investment scheme/money market funds within the investment portfolio.

All financial liabilities will mature within 12 months of the balance sheet date.

**20 ULTIMATE PARENT COMPANY**

The Company's immediate parent company is Rentokil Initial 1927 plc. The Company's ultimate parent company is Rentokil Initial plc, which forms the only group into which the financial statements of the Company are consolidated. The consolidated financial statements of Rentokil Initial plc are available from Compass House, Manor Royal, Crawley, West Sussex, RH10 9PY.

**21 POST BALANCE SHEET EVENTS**

No adjusting or non-adjusting post-balance sheet events have taken place.

**22 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES**

As at time of signing the Company is yet to finalise a decision on whether to adopt IFRS 17 Insurance Contracts which is effective from 1 January 2023 or to move to FRS 102. If the decision is to adopt IFRS 17 Insurance Contracts, it will be adopted with a retrospective impact.

## **RENTOKIL INSURANCE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2022 (Continued)**

#### **23 PRIOR YEAR RESTATEMENTS**

1: Net operating expenses within the technical account have been restated to include audit fees and management recharges due to an error in presentation. The impact of this has been to move £304,235 from 'Other charges' in the Non-technical account to net operating expenses in the Technical account. Note 3 has also been restated as a result of this change. There has been no impact on the prior year profit of the company following this change.

2: Due to a previous presentation decision, the balance sheet has been re-ordered to align with Schedule 3 of the The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. There have been no changes to the value of the amounts presented as a result of this change.

3: Term deposits held to maturity (£1,500,000 (2020: £1,200,000)) were previously held as cash at bank and in hand in the balance sheet due to interpretation. These have been split out and shown as investments within the balance sheet and note 10 to better reflect their nature. The net effect of this change on the values presented was nil.

4: Note 5 has been revised to include holiday pay and bonus charges (£69,454).

5: The presentation of creditors on the balance sheet and Note 16 has been restated to a combined creditor position rather than a split between amounts falling due within one year and over one year. The detail of the split is still provided within the note.