

Rentokil Initial Facilities Services (UK) Limited
(formerly Rentokil Initial UK Cleaning Limited)

Directors' report and financial statements
for the 53 weeks ended 31 December 2005

Registered Number 2329448



Rentokil Initial Facilities Services (UK) Limited
(formerly Rentokil Initial UK Cleaning Limited)

Directors' report and financial statements
for the 53 weeks ended 31 December 2005

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Rentokil Initial Facilities Services (UK) Limited (formerly Rentokil Initial UK Cleaning Limited)

Directors' report for the 53 weeks ended 31 December 2005

The directors present their report and audited financial statements for the 53 weeks ended 31 December 2005.

Principal activities

The principal activities of the company are unchanged from the previous period and are the provision of contract cleaning and related services to the occupiers of commercial, industrial and public, retail, food processing, airports and station buildings.

Review of business

The profit and loss account for the period is set out on page 6.

Both the level of business and the period end financial position remain satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

On 1 December 2005 the company acquired the remaining 51% of Union Contract Company Limited (UCC) from Norwich Union Central Services Limited whereupon UCC ceased trading. At 26 December 2004 the company owned 49% of UCC.

Change of name

On 13 October 2005 the company changed its name to Rentokil Initial Facilities Services (UK) Limited.

Dividends

The directors proposed and paid interim dividends of £5,000,000 (2004: £7,400,000) and a final dividend of £nil (2004: £nil).

Directors

The directors who held office during the period were:

P W R Lloyd
D Dowling
J H Morris
W J Goldsmith
C M N Ward

None of the directors had any beneficial interest in the share capital of the company.

Rentokil Initial Facilities Services (UK) Limited
(formerly Rentokil Initial UK Cleaning Limited)

Directors' report
for the 53 weeks ended 31 December 2005 (continued)

Directors' interests

The beneficial interests of the directors in office at the end of the period in the ordinary shares of Rentokil Initial plc at 25 December 2004 and 31 December 2005 were:

	Ordinary Shares		Executive Option Scheme		
	2005	2004	2005	Shares granted	2004
P W R Lloyd	26,706	26,000	166,619	31,401	135,218
D Dowling	-	-	32,340	16,029	16,311
J H Morris	1,000	1,000	92,644	12,873	79,771
W J Goldsmith	6,614	6,614	73,521	7,785	65,736
C M N Ward	23,407	19,153	1,201,391	154,096	1,047,295

	Deferred Share Award Plan		Employee Share Scheme		Share Save Scheme	
	2005	2004	2005	2004	2005	2004
P W R Lloyd	-	-	-	706	-	-
D Dowling	-	-	-	-	-	-
J H Morris	-	-	-	-	4,963	4,963
W J Goldsmith	-	-	-	-	-	-
C M N Ward	-	1,313	-	2,941	-	-

All movements in deferred share award plan and employee share scheme relate to the exercise of options in the period.

Employment policies

The company is committed to the encouragement of employee involvement and participation in the progress of the business. There is regular communication from the centre with senior management on both general and specific issues, this being linked to individual communication programmes within the various business units.

The company gives proper consideration to the employment of disabled persons wherever suitable positions exist. In the case of persons who become disabled, all practicable measures are taken to enable them to continue their employment or train for other suitable positions.

Rentokil Initial Facilities Services (UK) Limited (formerly Rentokil Initial UK Cleaning Limited)

Directors' report for the 53 weeks ended 31 December 2005 (continued)

Statement of directors' responsibilities

Company law requires directors to prepare financial statements for each financial year which 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 those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Creditor payment policy

It is the company's policy to settle the terms of payment with those with whom it does business when agreeing the terms of a transaction, to ensure that the terms of payment are clear and to abide by the agreed terms. Trade creditors at the year end represented 24 days (2004: 27 days) of purchases.

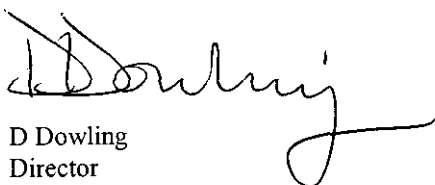
Charitable donations

During the period the company made no charitable donations (2004: £nil).

Auditors

Elective resolutions have been passed dispensing with the need to hold an annual general meeting and re-appoint auditors annually.

By Order of the Board



D Dowling
Director
27 October 2006

Independent auditors' report to the members of Rentokil Initial Facilities Services (UK) Limited (formerly Rentokil Initial UK Cleaning Limited)

We have audited the financial statements of Rentokil Initial Facilities Services (UK) Limited for the period ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent auditors' report to the members of Rentokil Initial Facilities Services (UK) Limited (formerly Rentokil Initial UK Cleaning Limited)
(continued)**

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the period then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
27 October 2006

Rentokil Initial Facilities Services (UK) Limited
(formerly Rentokil Initial UK Cleaning Limited)

Profit and loss account
for the 53 weeks ended 31 December 2005

	Notes	2005 £'000	2004 £'000
Turnover	2	185,983	169,375
Cost of sales		(157,598)	(142,784)
Gross profit		28,385	26,591
Distribution costs		(4,827)	(4,142)
Administrative expenses		(14,233)	(14,247)
Exceptional administrative expenses		(744)	-
Total administrative expenses		(14,977)	(14,247)
Operating profit	6	8,581	8,202
Income from shares in subsidiary undertakings		308	286
Profit on ordinary activities before interest		8,889	8,488
Net interest payable	5	(531)	(189)
Profit on ordinary activities before taxation		8,385	8,299
Tax on profit on ordinary activities	7	(2,879)	(2,914)
Profit for the financial period		5,479	5,385
Dividends	8	(5,000)	(7,400)
Transfer to/(from) reserves	19	479	(2,015)

The company has no recognised gains or losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

All of the company's trading and results are in respect of continuing activities.

There are no differences between the profits above and the historical cost equivalents.

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

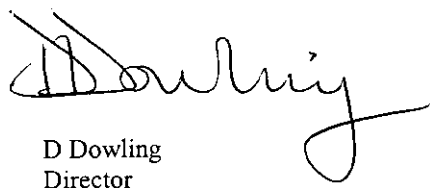
Rentokil Initial Facilities Services (UK) Limited
(formerly Rentokil Initial UK Cleaning Limited)

Balance sheet
as at 31 December 2005

	Notes	2005 £'000	2004 £'000
Fixed assets			
Intangible assets	9	-	744
Tangible assets	10	15,476	12,890
Investments	11	77	21
		15,553	13,655
Current assets			
Stocks	12	161	157
Debtors: amounts falling due within one year	13	42,481	33,147
		42,642	33,304
Creditors: amounts falling due within one year	14	(43,998)	(32,974)
Net current (liabilities)/assets		(1,356)	330
Total assets less current liabilities		14,197	13,985
Creditors: amounts falling due after one year	15	(1,204)	(1,454)
Provisions for liabilities and charges	17	(747)	(764)
		12,246	11,767
Capital and reserves			
Called up share capital	18	10,000	10,000
Profit and loss account	19	2,246	1,767
Equity shareholders' funds	20	12,246	11,767

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

The financial statements on pages 6 to 22 were approved by the board of directors and authorised for issue on 27 October 2006 were signed on its behalf by:


D Dowling
Director

Rentokil Initial Facilities Services (UK) Limited (formerly Rentokil Initial UK Cleaning Limited)

Notes to the financial statements for the 53 weeks ended 31 December 2005

1 Principal accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards all of which have been applied consistently throughout the period and the preceding period, with the exception of accounting standards adopted in the current period.

The company has adopted FRS 17 (Retirement benefits) and FRS 21 (Events after the balance sheet date) during the year. The adoption of these standards has not had a material impact on the company's results or net assets.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied and amounts accrued at the period end for services performed in the period, not yet invoiced.

Deferred taxation

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. Timing differences are differences between the taxable profits and results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised.

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

Deferred tax is not recognised when fixed assets are sold and it is more likely than not the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average rates that are expected to apply in the periods to 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 a non-discounted basis.

Pension costs

The ultimate parent undertaking operates a defined benefit pension scheme and a money purchase scheme. Contributions to pension funds are determined on the basis of recommendations made by independent qualified actuaries and are charged to the profit and loss account in such a way as to provide for the liabilities evenly over the remaining working life of the employees. Under FRS 17, the company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis. Therefore the company's charge to the profit and loss account is equal to the contributions payable to the schemes in the accounting period. Further details of the pension fund are set out in note 23.

Rentokil Initial Facilities Services (UK) Limited (formerly Rentokil Initial UK Cleaning Limited)

Notes to the financial statements for the 53 weeks ended 31 December 2005 (continued)

1 Principal accounting policies (continued)

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Freehold land	Not depreciated
Freehold buildings	2% on cost
Leasehold properties	Over the term of the lease
Motor vehicles	25% on cost
Plant and equipment	10% - 50% on cost

Impairment of value under FRS 11 (Impairment of fixed assets and goodwill) is determined where the post tax realisable value and continuing use value are less than the net book value of the asset. Any impairment loss recognised will be recognised in the profit and loss account.

Goodwill

Goodwill represents the excess of the fair value of the consideration given over the aggregate of the fair values of the identifiable net assets acquired.

Goodwill in respect of acquisitions made prior to January 1998 remains eliminated against reserves. This will be charged in the profit and loss account on subsequent disposal of the business to which it relates.

Goodwill in respect of acquisitions made since 1 January 1998 is shown as an asset and, in accordance with FRS 10 (Goodwill and intangible assets), each acquisition is assessed to determine the useful economic life of the business and the goodwill. The carrying value of goodwill has been reviewed for impairment during the year due to a change in circumstances that indicated that the carrying value may not be recoverable. As a result the goodwill has been fully impaired, with the cost being charged to the profit and loss account.

Financial instruments

During the year FRS 25 (Financial instruments: disclosure and presentation) became effective. The company has taken advantage of the exemption from the financial disclosures set out in paragraphs 51 to 95 of FRS 25. The adoption of FRS 25 would not result in any material change to the financial statements for the period ended 31 December 2005.

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Rentokil Initial Facilities Services (UK) Limited (formerly Rentokil Initial UK Cleaning Limited)

Notes to the financial statements for the 53 weeks ended 31 December 2005 (continued)

1 Principal accounting policies (continued)

Finance and operating leases

Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets. Rentals under operating leases are charged to the profit and loss account as incurred, over the lease term.

Cash flow statement

The company has taken advantage of the exemptions within FRS 1 (Cash flow statements) from presenting a cash flow statement. A cash flow statement is included by Rentokil Initial Plc, the ultimate holding company in its group accounts prepared under IFRS which are publicly available.

Related party transactions

The company has taken advantage of the exemption, available under financial Reporting Standard 8, for wholly owned subsidiaries not to disclose related party transactions with subsidiary undertakings, 90% or more of whose voting rights are controlled within the Rentokil Initial Plc group.

Leasehold costs

Provision is made in accordance with FRS 12 (Provisions, contingent liabilities and contingent assets) in respect of vacant and partly sublet leasehold properties to the extent that future rental payments are expected to exceed future rental income.

2 Turnover

Turnover consists entirely of sales made in the United Kingdom, in the contract cleaning and support services market.

Rentokil Initial Facilities Services (UK) Limited
(formerly Rentokil Initial UK Cleaning Limited)

Notes to the financial statements
for the 53 weeks ended 31 December 2005 (continued)

3 Directors' emoluments

	2005	2004
	£'000	£'000
Aggregate emoluments	596	420
Pension contributions to money purchase pension scheme	12	7
	608	427

Retirement benefits are accruing to 3 (2004: 3) directors under a defined benefit pension scheme and 1 (2004: 1) under a money purchase pension scheme.

Highest paid director	£'000	£'000
Total amount of emoluments	236	137
Defined benefit pension scheme:		
Accrued pension at end of period	59	50

4 Employee information

The average weekly number of persons (including executive directors) employed by the company during the year was:

	2005	2004
	Number	Number
By activity:		
Operatives (including branch staff)	18,628	17,645
Selling and distribution	111	85
Administration and management	236	277
	18,975	18,007

Rentokil Initial Facilities Services (UK) Limited
(formerly Rentokil Initial UK Cleaning Limited)

Notes to the financial statements
for the 53 weeks ended 31 December 2005 (continued)

4 Employee information (continued)

Staff costs (for the above persons):

	£'000	£'000
Wages and salaries	127,662	116,578
Social security costs	7,726	6,731
Other pension costs (note 23)	994	1,003
	136,382	124,312

5 Net interest payable

	2005	2004
	£'000	£'000
Interest payable:		
Bank overdraft	(394)	(32)
Finance leases	(147)	(157)
	(541)	(189)
Interest receivable:		
From group companies	10	-
Net interest payable	(531)	(189)

Rentokil Initial Facilities Services (UK) Limited
(formerly Rentokil Initial UK Cleaning Limited)

Notes to the financial statements
for the 53 weeks ended 31 December 2005 (continued)

6 Operating profit

	2005	2004
	£'000	£'000
<hr/>		
Is stated after charging/(crediting):		
Profit on disposal of tangible fixed assets	(357)	(166)
Depreciation charge for the period - owned	3,821	3,627
- finance leased	1,596	1,419
Operating lease rentals - land and buildings	648	846
- plant and machinery	252	233
Auditors' remuneration – audit fees	69	54

Auditors' remuneration in relation to other non-audit services was £nil (2004: £nil).

Exceptional administrative expenses of £744,000 relate to the impairment of goodwill (see note 9).

7 Taxation on profit on ordinary activities

	2005	2004
	£'000	£'000
<hr/>		
Current taxation		
UK corporation tax at 30% (2004: 30%)		
Current year	2,492	2,436
Adjustment in respect of prior years	(11)	576
	2,481	3,012
Deferred taxation (note 17)		
Current year	210	64
Adjustment in respect of prior years	188	(162)
	398	(98)
	2,879	2,914

Rentokil Initial Facilities Services (UK) Limited
(formerly Rentokil Initial UK Cleaning Limited)

Notes to the financial statements
for the 53 weeks ended 31 December 2005 (continued)

7 Taxation on profit on ordinary activities (continued)

Factors affecting the tax charge for the period:

	2005	2004
	£'000	£'000
Profit on ordinary activities before tax	8,385	8,299
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	2,507	2,490
Effect of:		
Adjustments to previous years	(11)	576
Permanent differences – dividends received and disallowed costs	195	10
Timing differences	(210)	(64)
	2,481	3,012

8 Dividends

	2005	2004
	£'000	£'000
Ordinary shares (equity):		
Interim paid £0.50 per share (2004: £0.74)	5,000	7,400

Rentokil Initial Facilities Services (UK) Limited
(formerly Rentokil Initial UK Cleaning Limited)

Notes to the financial statements
for the 53 weeks ended 31 December 2005 (continued)

9 Intangible assets

	Goodwill
	£'000
Cost	
At 31 December 2005 and 26 December 2004	744
Amortisation	
At 26 December 2004	-
Impairment of goodwill	744
At 31 December 2005	744
Net book value	
At 31 December 2005	-
At 25 December 2004	744

Due to a deterioration in the profitability of the business to which the goodwill relates, an impairment review has been completed by the directors which has resulted in a £744,000 impairment being recorded. The impairment review was completed using a discount rate of 9.7%.

Rentokil Initial Facilities Services (UK) Limited
(formerly Rentokil Initial UK Cleaning Limited)

Notes to the financial statements
for the 53 weeks ended 31 December 2005 (continued)

10 Tangible fixed assets

	Land and Buildings	Motor Vehicles	Plant, Machinery, & Fixtures	Total
	£'000	£'000	£'000	£'000
Cost				
At 26 December 2004	1,316	9,564	21,950	32,830
Additions	239	2,666	5,443	8,348
Disposals	(86)	(2,170)	(789)	(3,045)
Reclassification of category	-	5	(5)	-
At 31 December 2005	1,469	10,065	26,599	38,133
Depreciation				
At 26 December 2004	293	4,911	14,736	19,940
Charge for period	71	2,313	3,033	5,417
Disposals	(30)	(2,002)	(668)	(2,700)
Reclassification of category	-	5	(5)	-
At 31 December 2005	334	5,227	17,096	22,657
Net book value				
At 31 December 2005	1,135	4,838	9,503	15,476
At 25 December 2004	1,023	4,653	7,214	12,890

Motor vehicles capitalised under finance leases amount to cost of £6,609,000 (2004: £6,253,000) with accumulated depreciation of £3,458,000 (2004: £3,235,000).

Included in the net book value of land and buildings is £126,000 (2004: £140,000) of freehold land which is not depreciated.

Rentokil Initial Facilities Services (UK) Limited (formerly Rentokil Initial UK Cleaning Limited)

Notes to the financial statements for the 53 weeks ended 31 December 2005 (continued)

10 Tangible fixed assets (continued)

The net book value of land and buildings comprises:

	2005	2004
	£'000	£'000
Freehold land	126	140
Freehold buildings	294	307
Assets at valuation	420	447
Leasehold property - short term	715	576
	1,135	1,023

11 Investments

	£'000
Cost and net book value	
At 26 December 2004	21
Acquisitions	56
At 31 December 2005	77

The principal trading subsidiary of the company at 31 December 2005 is Retail Cleaning Services Limited which is 51% owned and whose principal business is the provision of contract cleaning services, in the retail sector.

On 1 December 2005 the Company acquired 51% of the share capital of Union Contract Company Limited (UCC) for £56,000 from AVIVA plc which at 25 December 2004 was 49% owned. UCC's principal business of the provision of cleaning and associated management services was discontinued on 30 November 2005.

The company is exempt from the preparation of group accounts by virtue of Section 228 of the Companies Act 1985 as it is a wholly owned subsidiary of a company established under the laws of an EC member state and which itself prepares consolidated accounts.

12 Stocks

	2005	2004
	£'000	£'000
Raw materials and consumables	161	157

Rentokil Initial Facilities Services (UK) Limited
(formerly Rentokil Initial UK Cleaning Limited)

Notes to the financial statements
for the 53 weeks ended 31 December 2005 (continued)

13 Debtors

	2005	2004
	£'000	£'000
Trade debtors	26,655	22,414
Amounts due from group undertakings	10,120	7,245
Dividend receivable	308	286
Prepayments and accrued income	5,398	3,202
	42,481	33,147

Amounts due from group undertakings are unsecured, interest free and repayable on demand.

14 Creditors: amounts falling due within one year

	2005	2004
	£'000	£'000
Bank overdraft	9,635	4,029
Trade creditors	1,968	2,458
Amounts due to group undertakings	11,158	10,199
Corporation tax	2,076	1,974
Other taxation and social security costs	4,595	3,890
Finance leases	1,356	1,585
Accruals and deferred income	13,210	8,839
	43,998	32,974

The bank account balances of the company are included in a group cash pooling arrangement.

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

Rentokil Initial Facilities Services (UK) Limited
(formerly Rentokil Initial UK Cleaning Limited)

Notes to the financial statements
for the 53 weeks ended 31 December 2005 (continued)

15 Creditors: amounts falling due after more than one year

	2005	2004
	£'000	£'000
Finance leases	1,204	1,454

16 Finance lease obligations

	2005	2004
	£'000	£'000
The net obligations to which the company is committed are:		
In one year or less	1,356	1,585
Between one and two years	748	1,007
Between two and five years	456	447
	2,560	3,039

17 Provision for liabilities and charges

	Vacant leasehold costs	Deferred tax	Total
	£'000	£'000	£'000
At 26 December 2004	630	134	764
Utilisation of provision	(436)	-	(436)
Charge to profit and loss account	21	398	401
At 31 December 2005	215	532	747

The provision for vacant leasehold costs is expected to be fully utilised by the year ended 31 December 2010.

Rentokil Initial Facilities Services (UK) Limited
(formerly Rentokil Initial UK Cleaning Limited)

Notes to the financial statements
for the 53 weeks ended 31 December 2005 (continued)

17 Provision and liabilities and charges (continued)

Deferred taxation

The deferred tax liability is analysed as follows:-

	2005	2004
	£'000	£'000
Accelerated capital allowances	569	306
Short term timing differences	(37)	(172)
	532	134

18 Share capital

	2005	2004
	£'000	£'000
Authorised, allotted, called up and fully paid:		
10,000,100 ordinary shares of £1 each	10,000	10,000

19 Reserves

	Profit and loss account
	£'000
At 26 December 2004	1,767
Profit for the financial period	5,479
Dividends	(5,000)
At 31 December 2005	2,246

The cumulative amount of goodwill written off to reserves in respect of subsidiary undertakings at 31 December 2005 was £40,515,000 (2004: £40,515,000).

Rentokil Initial Facilities Services (UK) Limited
(formerly Rentokil Initial UK Cleaning Limited)

Notes to the financial statements
for the 53 weeks ended 31 December 2005 (continued)

20 Reconciliation of movements in shareholders' funds

	2005	2004
	£'000	£'000
Profit for the financial period	5,479	5,385
Dividends	(5,000)	(7,400)
Net increase/(reduction) to shareholders funds	479	(2,015)
Opening shareholders' funds	11,767	13,782
Closing shareholders' funds	12,246	11,767

21 Capital commitments

	2005	2004
	£'000	£'000
Capital expenditure that has been contracted for but has not been provided in the financial statements	358	292

22 Operating lease obligations

At 31 December 2005 the company had annual commitments under non-cancellable operating leases for land and buildings with payments due as follows:

	2005	2004
	£'000	£'000
Leases which expire:		
Within one year	15	27
Between one and five years	244	234
After five years	417	550
	676	811

Rentokil Initial Facilities Services (UK) Limited (formerly Rentokil Initial UK Cleaning Limited)

Notes to the financial statements for the 53 weeks ended 31 December 2005 (continued)

23 Pensions

The company participates in group pension schemes operated by Rentokil Initial plc.

The pension schemes are of the defined benefit type and the assets are held in separate trustee administered funds. However, the contributions paid by the company are accounted for as if the schemes were defined contribution schemes, as the company is unable to identify its share of the underlying assets and liabilities of the schemes. The funds are valued every three years by a professional qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Details of the latest actuarial valuation, at 31 March 2005, are set out in the accounts of Rentokil Initial plc.

The total pensions cost to the company in the period was £994,000 (2004: £1,003,000) (contributions are based on pension costs across the group as a whole).

24 Related party transactions

The company charged Retail Cleaning Services Limited (RCS), a joint venture company with Debenhams Plc of which a 51% stake is owned, the amount of £11,972,003 (2004: £10,531,173) in respect of costs incurred on its behalf during the period. The amount owing from RCS as at 31 December 2005 was £1,978,457 (2004: £486,420 owed to RCS).

During the period 26 December 2004 to 30 November 2005 the company invoiced Union Contract Company Limited (UCC), an associated company in which it has a 49% share, the sum of £1,497,300 (2004: £1,990,779) in respect of management charges. On 1 December 2005 the company acquired the remaining 51% of UCC from Norwich Union Central Services Limited whereupon UCC ceased trading. The amount owed to UCC at 31 December 2005 is £215,900 (2004: £257,800 owed by UCC).

25 Ultimate parent company

The immediate parent undertaking is Rentokil Initial UK Limited.

The ultimate parent and controlling company is Rentokil Initial plc. The largest and smallest group for which the company is a member and for which group accounts are drawn up is that of Rentokil Initial plc. Copies of the annual report are available from the Company Secretary, Belgrave House, 76 Buckingham Palace Road, London, SW1W 9RF.