

RENTOKIL INITIAL 1927 PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

Registered Number: 224814

RENTOKIL INITIAL 1927 PLC

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the company for the year ended 31 December 2008.

Principal activity/future developments

The company's main business is that of an investment holding company for operating companies providing, principally, business-to-business support services. The company's income is derived from its investment in its subsidiary undertakings, and its employees are responsible for the management of the holdings within the group. The principal subsidiary undertakings of the company are shown on page 16. The directors do not intend, at the date of this report, that there will be any major changes in the company's activities in the next year.

Principal risks and uncertainties

The directors of Rentokil Initial plc manage the risks of the Rentokil Initial Plc Group ("the Group") at a Group level, rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the company's business. The principal risks and uncertainties of the Group, which include those of the company, are discussed in the Group's 2008 Annual Report which does not form part of this report.

Financial risk management

The directors have set policies in place that minimise the company's exposure to liquidity risk, market risk, interest rate risk and foreign exchange risk and thus ensure that the company is able to operate with minimal financial risk. The policies used are disclosed on page 10 and are explained more fully in the Financial Review in the Group's 2008 Annual Report.

Results and dividends

The profit for the year, after taxation, amounted to £178.2m (2007: £12.8m). No interim dividends were paid (2007: £nil). The directors do not recommend the payment of a final dividend for 2008 (2007: £nil).

Directors

G T Brown

P Griffiths

D J McConnachie (appointed 1 January 2008)

M E Murray (appointed 5 January 2009)

C J Tyler (resigned 1 January 2008)

A E Macfarlane (resigned 31 December 2008)

D R Flynn (resigned 19 March 2008)

The directors named above held office throughout the year except where indicated. None of the directors listed had interests in the shares of the company, or any of its subsidiaries.

REPORT OF THE DIRECTORS (CONTINUED)

Employees

The company attaches considerable importance to communicating with colleagues. Internal communications take place at a group, divisional, 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 executive team. This is supplemented by a periodic electronic magazine called "Horizons" which features interviews with senior executives about major initiatives and performance.

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 Rentokil Initial continues and that appropriate re-training is made available. It is the policy of Rentokil Initial that the training, career development and promotion of disabled persons should, as far as possible, be identical with those of other employees.

Policy in relation to the payment of suppliers

It is the company's policy to pay suppliers in accordance with either negotiated or standard terms, provided that the relevant invoice is properly presented in a timely manner and is not the subject of dispute. During the year the company did not have any trade creditors as it's invoices are processed and paid by another group company on it's behalf.

Charitable donations

Donations for UK charitable purposes in 2008 amounted to £56,000 (2007: £38,000). There were no payments made to political organisations. Payments are made to a wide range of charitable organisations in the UK and encouragement is given to a matched giving scheme whereby the company matches donations made by employees.

RENTOKIL INITIAL 1927 PLC

REPORT OF THE DIRECTORS (CONTINUED)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 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.

Statement of disclosure of information to auditors

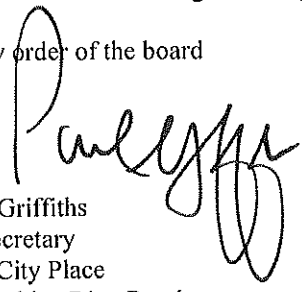
In accordance with section 234ZA (2) of the Companies Act 1985, each director who was a director at the time the report was approved confirms the following:

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each has taken all steps that each ought to have taken as a director to make himself aware of any relevant information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board


P Griffiths
Secretary
2 City Place
Beehive Ring Road
Gatwick Airport
West Sussex
RH6 0HA

20 May 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RENTOKIL INITIAL 1927 PLC

We have audited the financial statements of Rentokil Initial 1927 plc for the year ended 31 December 2008 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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.

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 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

20 May 2009

RENTOKIL INITIAL 1927 PLC

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	<u>2008</u> £m	<u>2007</u> £m
Operating income/(expense)		15.5	(8.5)
Dividends received from subsidiaries		18.3	3.8
OPERATING PROFIT/(LOSS)		33.8	(4.7)
Profit on disposal of fixed asset investments		37.5	8.8
Impairment of fixed asset investments		-	(15.9)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		71.3	(11.8)
Interest receivable and similar income	2	174.9	37.1
Interest payable and similar charges	3	(11.2)	(14.5)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	235.0	10.8
Taxation on profit on ordinary activities	7	(56.8)	2.0
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		178.2	12.8

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

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

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

The notes on pages 7 to 21 form part of the financial statements.

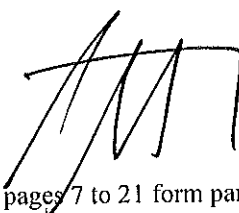
RENTOKIL INITIAL 1927 PLC

**BALANCE SHEET
AS AT 31 DECEMBER 2008**

	Notes	<u>2008</u> £m	<u>2007</u> £m
FIXED ASSETS			
Intangible fixed assets	8	2.6	3.0
Tangible fixed assets	9	9.8	9.9
Investments - shares in subsidiary undertakings	10	1,686.7	1,682.5
		1,699.1	1,695.4
CURRENT ASSETS			
Debtors – amounts falling due within one year	11	1,147.6	928.9
Debtors – amounts falling due after more than one year	11	144.1	455.8
Derivative financial instruments	12	-	17.0
Deferred tax	17	-	0.5
Cash at bank		61.6	319.4
		1,353.3	1,721.6
CREDITORS:			
AMOUNTS FALLING DUE WITHIN ONE YEAR			
Derivative financial instruments	12	(3.7)	(7.8)
Creditors	13	(1,460.1)	(2,214.1)
		(1,463.8)	(2,221.9)
NET CURRENT ASSETS		(110.5)	(500.3)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,588.6	1,195.1
CREDITORS:			
AMOUNTS FALLING DUE AFTER ONE YEAR			
Creditors	13	(215.5)	(0.1)
Provisions for liabilities and charges	16	(0.5)	(0.6)
NET ASSETS		1,372.6	1,194.4
CAPITAL AND RESERVES			
Called up share capital	18	18.1	18.1
Share premium account	19	697.3	697.3
Capital redemption reserve	20	19.7	19.7
Retained Profits	21	637.5	459.3
SHAREHOLDERS' FUNDS	22	1,372.6	1,194.4

The financial statements on pages 5 to 21 were approved by the board on 20 May 2009 and were signed on its behalf by:

M E Murray
Director



The notes on pages 7 to 21 form part of the financial statements

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) and are in accordance with generally accepted accounting principals and standards in the United Kingdom and comply with the Companies Act 1985. The particular accounting policies adopted by the directors are described below and are considered suitable, have been consistently applied and are supported by reasonable and prudent judgements and estimates.

New accounting standards

The ASB has issued amendments to the following standards:

1. FRS 8 "Related Party Disclosures"
2. FRS 20 "Share-based Payment – Vesting Conditions and Cancellations"
3. FRS 25 "Financial Instruments: Presentation"
4. FRS 26 "Financial Instruments: Recognition and Measurement"
5. FRS 29 "Financial Instruments: Disclosures"

There was no impact on the financial statements on adopting these new accounting standards.

Consolidated financial statements

The company is exempt from the requirement to prepare group financial statements, as it is a wholly owned subsidiary of Rentokil Initial plc and as such these financial statements present financial information about the company as an individual undertaking.

Cashflow statement and related party disclosures

The company is a wholly owned subsidiary of Rentokil Initial plc and is included in the consolidated financial statements of Rentokil Initial plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1 (Revised 1996).

Foreign currency transactions

Foreign currency transactions are translated into sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit and loss account except when deferred in equity as qualifying net investment hedges. Foreign exchange differences for financing of investments which are considered "quasi equity" are reported in reserves. Other foreign exchange differences are taken to the profit and loss account.

Tangible fixed assets

Land and buildings comprise mainly offices. Provision for depreciation of freehold buildings is made in equal annual instalments of 1-2% of cost. Leasehold buildings are depreciated in equal annual instalments over the shorter of the lease term or the estimated useful life of the leased asset. No depreciation is charged on freehold land or fixed assets under construction. When properties are sold the difference between sale proceeds and net book value is dealt with in the profit and loss account.

All other tangible fixed assets are stated at historic cost less depreciation. Historic cost includes expenditure that is directly attributable to the acquisition of the assets. Depreciation on other assets is calculated using the straight-line method to allocate the difference between their cost and their residual values over their estimated useful lives as follows:

- | | |
|--|------------|
| • Vehicles | 4 years |
| • Plant & equipment | 5-10 years |
| • Office equipment, furniture and fittings | 5-10 years |

1. ACCOUNTING POLICIES (Continued)

Intangible fixed assets – finite useful lives

Intangible assets with finite useful lives are initially measured at either cost or fair value and amortised on a straight-line basis over their useful economic lives, which are reviewed on an annual basis. The residual values of intangible assets are assumed to be nil.

a) Brands and patents

Brands and patents acquired as part of a business combination are initially measured at fair value and amortised on a straight-line basis over their useful economic lives (between 2-15 years). Expenditure incurred to develop, maintain and renew brands internally is recognised as an expense in the period incurred. Separate values are not attributable to internally generated brands and patents.

b) Research and development

Research and development expenditure is recognised as an expense as incurred. Costs incurred on development projects are no longer capitalised and all previous expense has been written off to the profit and loss account. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting nor the taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted (or substantively enacted) by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Employee benefits

a) Pensions

The company provides defined contribution and defined benefit schemes to its employees. Contributions to the defined contribution plan are recognised as they fall due. The defined benefit scheme is accounted for on a defined contribution basis as the company's share of the underlying assets and liabilities of the defined benefit scheme cannot be identified.

1. ACCOUNTING POLICIES (Continued)

b) Share based compensation

The parent company operates a number of equity-settled, share-based compensation plans for the benefit of employees in the Rentokil Initial group. The economic cost of awarding shares and share options to employees is recognised as an expense in the profit and loss account equivalent to the fair value of the benefit awarded. The fair value is determined by reference to option pricing models, principally Monte Carlo and adjusted Black-Scholes models. The charge is recognised in the profit and loss account over the vesting period of the award. At each balance sheet date, the company revises its estimate of the number of options that are expected to become exercisable. Any revision to the original estimates is reflected in the profit and loss account with a corresponding adjustment to equity immediately to the extent it relates to past service and the remainder over the rest of the vesting period.

Provisions

Provision is made in accordance with FRS 12 for self-insurance, based on all claims incurred (whether notified or not) as at the balance sheet date, based on actuarial assessments of the likely amounts of these liabilities.

Other provisions are made for all other known liabilities that exist at the balance sheet date based on management's best estimate of the cost of settling these liabilities.

Leases

Where the company retains substantially all the risks and rewards of ownership of an asset subject to a lease, the lease is treated as a finance lease. Other leases are treated as operating leases. Future instalments payable under finance leases, net of finance charges, are included in borrowings with the corresponding asset values recorded in fixed assets and depreciated over the shorter of their estimated useful lives or their lease terms. Lease payments are apportioned between the finance element, which is charged to the profit and loss account as interest, and the capital element, which reduces the outstanding obligation for future instalments.

Payments under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the lease term.

Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the company's shareholders. Interim dividends are recognised when paid.

Financial risk management

The company's activities expose it to market risk, credit risk, liquidity and cash flow interest rate risk.

(a) Market risk

The company is exposed to market risk, primarily related to foreign exchange and interest rate risk. The company's objective is to reduce, where it is deemed appropriate to do so, fluctuations in earnings and cash flows associated with changes in interest rates, foreign currency rates and of the currency exposure of certain net investments in foreign subsidiaries. To achieve this, management actively monitors these exposures and the company enters into currency and interest rate swaps to manage the volatility relating to these exposures.

(b) Credit risk

The company has no significant concentrations of credit risk. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions. The maximum credit risk exposure of the company's financial assets at the end of the period is represented by the amounts reported under the corresponding balance sheet headings.

1. ACCOUNTING POLICIES (Continued)

(c) Liquidity risk

The company is committed to maintaining a debt/equity capital structure that is sufficiently robust so as to ensure the continued access to a broad range of financing sources and thus be able to maintain sufficient flexibility to pursue commercial opportunities, in a timely manner, as they present themselves, without the imposition of onerous financing terms and conditions.

Quantitative information on the risk facing the Group can be found in the Group's annual report 2008, along with discussion on capital risk management.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party to such provisions.

Financial assets

The company classifies its investments in the following categories: financial assets at fair value through the profit and loss account and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. The company assesses at each balance sheet date whether there is objective evidence that financial assets are impaired.

All financial assets are held at amortised cost, except for derivatives which are classified as held for trading and accordingly held at fair value.

(a) Financial assets at fair value through profit and loss account

Derivatives are categorised as held for trading unless they are designated as hedges. Assets are classified as current if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention with trading the receivable. They are included in current assets, except for maturities greater than 12 months from the balance sheet date. These are classified as non-current assets. Loans and receivables are included in 'Other Debtors' in the balance sheet.

Loans and receivables are measured at amortised cost using the effective interest method, subject to impairment.

Financial liabilities

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

Accounting for derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the balance sheet date.

Derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments are recognised immediately in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2008</u>	<u>2007</u>
	£m	£m
Bank interest	2.2	10.9
Inter-group interest receivable	4.4	1.9
Inter-group fair value movement on swaps	29.4	6.7
Foreign exchange gain on foreign currency transactions	138.9	17.6
	<u>174.9</u>	<u>37.1</u>

The foreign exchange gain relates to the revaluation of various inter-group loans. In 2008 there were significant movements in exchange rates between Sterling and the major foreign currencies in which these loans are denominated. This gave rise to an unusually large gain in the year.

3. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2008</u>	<u>2007</u>
	£m	£m
Interest payable on bank loans and overdrafts	0.6	14.4
Inter-group interest payable	10.6	0.1
	<u>11.2</u>	<u>14.5</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>2008</u>	<u>2007</u>
	£m	£m
Profit before tax is arrived at after charging:		
Depreciation of tangible fixed assets (note 9)	1.7	1.6
Research and development costs	1.6	1.7
Operating lease rentals	1.7	1.7
Amortisation of intangible fixed assets (note 8)	0.4	0.3
Impairment in value of fixed asset investments	-	15.9
Profit on disposal of fixed asset investment	(37.5)	(8.8)
Auditors' remuneration (note 5)	0.1	0.2
Share based payments (note 24)	-	0.2
Staff costs:		
Wages and salaries	16.4	13.4
Social security costs	2.2	1.4
Other pension costs	2.4	1.4
	<u>21.0</u>	<u>16.2</u>

5. AUDIT AND NON-AUDIT SERVICES

	<u>2008</u>	<u>2007</u>
	£m	£m
Fees payable to the company's auditors for the audit of the company's annual accounts	0.1	0.1
Tax advisory services	-	0.1
	<u>0.1</u>	<u>0.2</u>

Information about the services provided to the Group's subsidiaries and the pension scheme can be found in the Group's annual report 2008.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

6. DIRECTORS' REMUNERATION AND AVERAGE NUMBER OF EMPLOYEES

	<u>2008</u> £'000	<u>2007</u> £'000
Aggregate emoluments (in respect of qualifying services to the company)*	606	683
Accrued pension benefits under defined contribution scheme	102	116
Total amount of emoluments	708	799

Aggregate emoluments of highest paid director (in respect of qualifying services to the company)	250	274
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The number of directors to whom retirement benefits are accruing under a defined contribution scheme are as follows:	3	3
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* The directors' emoluments for 2008 and 2007 include only those earned in respect of qualifying services to the company and its subsidiary undertakings.

During the year there were 3 directors who qualified for shares under long term incentive plans, of which one was the highest paid director.

	<u>2008</u> Number	<u>2007</u> Number
The average number of employees (including directors) during the year was made up as follows:		
Administration	258	235

The costs of these employees are disclosed in note 5 above.

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>2008</u> £m	<u>2007</u> £m
Current tax :		
UK corporation tax on profit for the year - current year	56.3	2.9
UK corporation tax on profit for the year - prior year	-	(4.6)
	56.3	(1.7)
Deferred tax :		
Current year	0.5	0.3
Adjustment in respect of previous periods	-	(0.6)
	0.5	(0.3)
Tax on profit on ordinary activities	56.8	(2.0)

Tax losses have been surrendered to other group undertakings at fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES (Continued)

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (*28.5%). The differences are explained below:

	<u>2008</u> £m	<u>2007</u> £m
Profit on ordinary activities before tax	235.0	10.8
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK (28.5%) (2007: 30%)	66.9	3.2
Effects of:		
Disallowable expenses	0.5	9.3
Movement on deferred tax not provided	-	(4.3)
Double tax relief	(1.2)	(0.8)
Non-taxable income from shares in group undertakings	(0.4)	(0.4)
Prior year adjustment	-	(4.6)
Non-taxable capital gains	(10.7)	(2.9)
Tax losses received for nil consideration	-	(2.9)
Capital allowances in excess of depreciation	0.4	1.7
Unrelievable withholding tax	0.8	-
Current tax charge / (credit) for the year	56.3	(1.7)

* the rate of 28.5% is higher than the current UK corporation tax rate of 28% due to the change of rate from 30% to 28% with effect from 6th April 2008.

8. INTANGIBLE FIXED ASSETS

	<u>Development</u> <u>costs</u> £m	<u>Brand costs</u> £m	<u>Total</u> £m
Cost			
At 1 January 2008	1.9	3.3	5.2
Disposals	(1.9)	-	(1.9)
At 31 December 2008	-	3.3	3.3
Accumulated amortisation			
At 1 January 2008	1.9	0.3	2.2
Amortisation for the year	-	0.4	0.4
Disposals	(1.9)	-	(1.9)
At 31 December 2008	-	0.7	0.7
Net Book Value			
At 31 December 2008	-	2.6	2.6
At 31 December 2007	-	3.0	3.0

9. TANGIBLE FIXED ASSETS

	Land and buildings	Office equipment, fixtures and fittings	Motor vehicles	Computer software	Total
	£m	£m	£m	£m	£m
<u>Cost</u>					
At 1 January 2008	6.0	4.3	0.2	4.1	14.6
Additions	0.3	0.1	0.1	1.2	1.7
Disposals	-	(0.6)	(0.1)	(0.3)	(1.0)
At 31 December 2008	6.3	3.8	0.2	5.0	15.3
<u>Accumulated depreciation</u>					
At 1 January 2008	0.3	1.7	0.1	2.6	4.7
Disposals	-	(0.6)	(0.1)	(0.2)	(0.9)
Depreciation for the year	0.3	0.6	0.1	0.7	1.7
At 31 December 2008	0.6	1.7	0.1	3.1	5.5
<u>Net book value</u>					
At 31 December 2008	5.7	2.1	0.1	1.9	9.8
At 31 December 2007	5.7	2.6	0.1	1.5	9.9
Fixed assets held under finance leases at 31 December 2008:					
Cost	-	-	0.2	-	0.2
Accumulated depreciation	-	-	0.1	-	0.1
Net book value at 31 December 2008	-	-	0.1	-	0.1
Net book value at 31 December 2007	-	-	0.2	-	0.2
Analysis of net book value of land and buildings:				<u>2008</u>	<u>2007</u>
				£m	£m
Freehold				2.7	2.7
Leasehold – under 50 yrs unexpired				3.0	3.0
At 31 December				5.7	5.7

10. INVESTMENTS

Shares in subsidiary undertakings	2008 £m	2007 £m
At 1 January	1,682.5	1,695.5
Additions in the year	7.0	3.6
Disposals in year	(2.8)	(0.7)
Impairment in year	-	(15.9)
At 31 December	1,686.7	1,682.5

Investments held as fixed assets are stated at cost less provision for any impairment. In the opinion of the directors the value of such investments are not less than shown at the balance sheet date.

The principal investments at 31 December 2008 represent a 100% interest in the ordinary share capital of the following companies:

Principal subsidiary name	Country of incorporation
Rentokil Initial (Trinidad) Limited	Trinidad
Rentokil Initial Guyana Limited	Guyana
Rentokil Initial (Bahamas) Limited	Bahamas
Rentokil Initial (Barbados) Limited	Barbados
Rentokil Jamaica Limited	Jamaica
Rentokil Initial Martinique SARL	Martinique
Rentokil Initial Employee Share Schemes (Jersey) Limited	Jersey
Rentokil Initial Kenya Limited	Kenya
Rentokil Initial Limited	Ireland
Rentokil Initial (M) Sdn Bhd	Malaysia
Rentokil Initial (Philippines) Inc	Philippines
Rentokil Initial (Fiji) Limited	Fiji
Rentokil Japan Limited	Japan
Rentokil Initial Korea Limited	Korea
PT Rentokil Indonesia	Indonesia
PT Calmic Indonesia	Indonesia
Rentokil Initial (Shanghai) Co Limited	China
BET Limited	United Kingdom
Felcourt Insurance Company Limited	Guernsey
Rentokil Insurance Limited	United Kingdom

During the year the company made capital contributions of £176,000 in Rentokil Initial Korea Limited, £6,304,000 in Rentokil Malaysia and £509,000 in Rentokil Philippines. The company also disposed of its investment in Rentokil Initial Italia SPA resulting in a profit on disposal of £37.5m.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

11. DEBTORS

	<u>2008</u> £m	<u>2007</u> £m
Amounts falling due within one year:		
Amounts owed by parent undertaking	188.7	-
Amounts owed by group undertakings	957.2	912.6
Other debtors	1.0	5.1
Prepayments and accrued income	0.7	11.2
	1,147.6	928.9
Amounts falling due after more than one year:		
Amounts owed by parent undertaking	-	442.1
Amounts owed by group undertakings	144.0	13.4
Other debtors	0.1	0.3
	144.1	455.8

Amounts owed by group undertakings are made up of interest and non-interest bearing loans. The interest bearing loans of £194.5m have an effective interest rate ranging from 3.19% to 9.56% (2007: 4.00% to 6.79%), of which £50.4m fall due within one year.

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Fair value assets 2008 £m	Fair value liabilities 2008 £m	Fair value assets 2007 £m	Fair value liabilities 2007 £m
External interest rate swaps	-	-	-	(7.8)
External foreign exchange swaps	-	(0.4)	-	-
Foreign exchange swaps with Rentokil Initial plc	-	(3.3)	-	-
Interest rate swaps with Rentokil Initial plc	-	-	7.8	-
Interest rate swaps with fellow group undertakings	-	-	9.2	-
	-	(3.7)	17.0	(7.8)
Analysed as follows:				
Current portion	-	(3.7)	9.8	(7.8)
Non-current portion	-	-	7.2	-
	-	(3.7)	17.0	(7.8)

All derivatives are marked to market and changes in market valuation are shown within net interest payable.

13. CREDITORS

	<u>2008</u> £m	<u>2007</u> £m
Amounts falling due within one year:		
Amounts due to group undertakings	1,302.6	1,723.6
Intra-group creditor – group tax relief payable	54.6	-
Corporation tax	17.4	73.5
Other taxes and social security	0.4	0.5
Other creditors	3.1	13.3
Accruals and deferred income	6.9	3.5
	1,385.0	1,814.4
Bank and other borrowings due within one year:		
Other unsecured loans	75.0	399.6
Finance lease obligations	0.1	0.1
	75.1	399.7
	1,460.1	2,214.1
Amounts falling due after more than one year:		
Amounts due to group undertakings	215.5	-
Finance leases obligations	-	0.1
	215.5	0.1

Interest on borrowings, which are denominated in a number of currencies, is payable at normal commercial rates appropriate to the country in which the borrowing is made.

Amounts due to group undertakings include interest bearing loans of £264.2m with an effective interest rate ranging from 1.50% to 6.45% (2007: no interest bearing loans), of which £48.8m fall due within one year..

14. MATURITY PROFILE OF FINANCIAL LIABILITIES

The maturity profile of the carrying amount of the company's financial liabilities was as follows:

	Loans	Derivatives	Other Creditors	Finance Leases	Total
	£m	£m	£m	£m	£m
2008					
Within 1 year, or on demand	1,377.6	3.7	10.0	0.1	1,391.4
Between 1 and 2 years	-	-	-	-	-
Between 2 and 5 years	215.5	-	-	-	215.5
	1,593.1	3.7	10.0	0.1	1,606.9
2007					
Within 1 year, or on demand	2,123.2	7.8	16.8	0.1	2,147.9
Between 1 and 2 years	-	-	-	0.1	0.1
Between 2 and 5 years	-	-	-	-	-
	2,123.2	7.8	16.8	0.2	2,148.0

Floating rate loans bear interest at rates, based on the relevant national borrowing rate benchmark equivalents (e.g. £ LIBOR), which are fixed in advance usually for periods of between one and twelve months.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

14. MATURITY PROFILE OF FINANCIAL LIABILITIES (Continued)

The carrying amounts of the company's financial liabilities excluding derivative financial instruments are denominated in the following currencies:

	Loans	Other Creditors	Finance Leases	Total
	£m	£m	£m	£m
2008				
Pound sterling	1,282.3	10.0	0.1	1,292.4
Euro	247.6	-	-	247.6
US dollar	58.3	-	-	58.3
Other currencies	4.9	-	-	4.9
	1,593.1	10.0	0.1	1,603.2
2007				
Pound sterling	2,119.9	16.8	0.2	2,136.9
Euro	1.5	-	-	1.5
US dollar	-	-	-	-
Other currencies	1.8	-	-	1.8
	2,123.2	16.8	0.2	2,140.2

The company had no undrawn committed borrowing facilities at 31 December 2008 (31 December 2007: £nil).

15. MATURITY PROFILE OF FINANCIAL ASSETS

The maturity profile of the carrying amount of the company's financial assets, excluding other debtors was as follows:

	Cash	Derivatives	Other Receivables	Total
	£m	£m	£m	£m
2008				
Within 1 year, or on demand	61.6	-	1,146.9	1,208.5
Between:				
- 1 and 2 years	-	-	20.4	20.4
- 2 and 5 years	-	-	123.7	123.7
	61.6	-	1,291.0	1,352.6
2007				
Within 1 year, or on demand	319.4	9.8	917.7	1,246.9
Between				
- 1 and 2 years	-	7.2	455.8	463.0
	319.4	17.0	1,373.5	1,709.9

Cash

Floating rate cash earns interest at commercial rates in line with local market practice. Significant cash surpluses in major currencies (£, US\$ and Euro) are invested at money market rates. Short-term deposits are placed with banks usually for maturities of up to six months and earn interest at market rates related to the currency and the sums invested.

16. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>2008</u>	<u>2007</u>
	<u>£m</u>	<u>£m</u>
Self Insurance		
1 January	0.6	0.6
Released to profit and loss account - current year	(0.1)	-
At 31 December	0.5	0.6
Provisions analysed as follows:		
	<u>2008</u>	<u>2007</u>
	<u>£m</u>	<u>£m</u>
Within 1 year	0.1	0.2
1-2 years	0.1	0.1
3-4 years	0.1	0.2
5+ years	0.2	0.1
Total	0.5	0.6

The calculated cost of self insurance claims, based on an actuarial assessment of claims incurred at the balance sheet date, is accumulated as claims provisions.

17. DEFERRED TAXATION

	<u>2008</u>	<u>2007</u>
	<u>£m</u>	<u>£m</u>
At 1 January	(0.5)	(0.2)
Charged to P&L – current year	0.5	0.3
Credited to P&L – prior year	-	(0.6)
At 31 December – asset	-	(0.5)
Deferred tax		
Provision for deferred tax comprises:		
Decelerated capital allowances	-	(2.2)
Other	-	1.7
	-	(0.5)

18. CALLED UP SHARE CAPITAL

	<u>2008</u>	<u>2007</u>
	<u>£m</u>	<u>£m</u>
AUTHORISED		
4,100 million ordinary shares of 1p each	41.0	41.0
ALLOTTED AND FULLY PAID		
At 1 January and 31 December – 1,810,429,098 shares	18.1	18.1

19. SHARE PREMIUM ACCOUNT

	<u>2008</u>	<u>2007</u>
	<u>£m</u>	<u>£m</u>
At 1 January and 31 December	697.3	697.3

20. CAPITAL REDEMPTION RESERVE

	<u>2008</u>	<u>2007</u>
	<u>£m</u>	<u>£m</u>
At 1 January and 31 December	19.7	19.7

21. RETAINED PROFITS

	<u>2008</u>	<u>2007</u>
	<u>£m</u>	<u>£m</u>
At 1 January	459.3	446.3
Profit for the year	178.2	12.8
Share based payment	-	0.2
At 31 December	637.5	459.3

22. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>2008</u>	<u>2007</u>
	<u>£m</u>	<u>£m</u>
Retained profit for the year	178.2	12.8
Share based payment	-	0.2
Net movement in shareholders' funds	178.2	13.0
Opening shareholders' funds	1,194.4	1,181.4
Equity shareholders' funds	1,372.6	1,194.4

23. PENSION COMMITMENTS

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

At 31 December 2008, the RIPS surplus disclosed in the consolidated financial statements of Rentokil Initial plc (prepared under International Financial Reporting Standards) amounted to £154.4m (2007: £63.9m). The directors are of the opinion that there is no material difference between an FRS 17 "Retirement Benefits" and an IAS 19 valuation. In 2008 Rentokil Initial plc made special a contribution of £33.3m.

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

Further information on the Group's pension commitments can be found in the Group's annual report 2008.

24. SHARE-BASED PAYMENTS

The total net charge for the year relating to equity-settled share-based payment plans was £42,000 (2007: £0.2m). Further information regarding the charge is given in the consolidated financial statements of Rentokil Initial plc which are available from 2 City Place, Beehive Ring Road, Gatwick Airport, West Sussex, RH6 0HA.

25. CONTINGENT LIABILITIES

The company has guaranteed bank and other borrowings of subsidiaries and parent company. The company has in the normal course of business given performance guarantees in respect of the group's own contracts and, in connection with the disposal of businesses, have assumed certain contingent obligations. None of these matters is expected to give rise to any material loss.

26. COMMITMENTS FOR CAPITAL EXPENDITURE

	<u>2008</u> £m	<u>2007</u> £m
Expenditure authorised by the directors:		
- Contracts not yet placed	-	0.1

27. OPERATING LEASES

The company leases properties and motor vehicles under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The lease expenditure charged to the profit and loss account during the year is disclosed in note 4.

Lease payments under non-cancellable operating leases falling due in the following year are as follows:

	<u>2008</u> £m	<u>2007</u> £m
Operating leases which expire:		
Within one year	-	0.1
Between one and five years	1.3	1.4
After five years	0.7	0.7
	<u>2.0</u>	<u>2.2</u>

28. ULTIMATE PARENT COMPANY

The company's immediate and 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 2 City Place, Beehive Ring Road, Gatwick Airport, West Sussex, RH6 0HA.

29. RELATED PARTY TRANSACTIONS

The company has not undertaken any transactions with related parties during the year, other than transactions with fellow members of Rentokil Initial plc. Such transactions are exempt from disclosure under FRS 8.

30. POST BALANCE SHEET EVENTS

There were no significant post balance sheet events affecting the company since 31 December 2008.