RENTOKIL INITIAL 1927 PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

Registered Number: 224814

RENTOKIL INITIAL 1927 PLC

Contents

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 2009.

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 mainly derived from management fee and trademark charges in addition to dividend receipts from its investments in subsidiary undertakings. The principal subsidiary undertakings of the company are shown on page 15. 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 2009 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 pages 9-10 and are explained more fully in the Financial Review in the Group's 2009 Annual Report.

Results and dividends
The profit for the year, after taxation, amounted to £0.5m (2008: £178.2m). No interim dividends were paid (2008: £nil). The directors do not recommend the payment of a final dividend for 2009 (2008: £nil).

Directors
G T Brown
P Griffiths
D J McConnachie
M E Murray (appointed 5 January 2009 resigned 31 March 2010)

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.

RENTOKIL INITIAL 1927 PLC

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.

Charitable donations
Donations for UK charitable purposes in 2009 amounted to £44,000 (2008: £56,000). 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.

Statement of disclosure of information to auditors
In accordance with the Companies Act 2006, 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 director to make himself aware of any relevant information and to establish that the company's auditors are aware of that information.

Auditors
PWC resigned as auditors on 1 September 2009 and KPMG Audit Plc were appointed in their place. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

RENTOKIL INITIAL 1927 PLC

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the board

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

07 July 2010

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 2009 set out on pages 5 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Paul Sawdon (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB

07 July 2010

RENTOKIL INITIAL 1927 PLC

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £m	2008 £m
Operating income	4	7.9	15.5
Dividends received from subsidiaries		16.5	18.3
OPERATING PROFIT		**24.4**	**33.8**
(Loss)/profit on disposal of fixed asset investments	10	(4.4)	37.5
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		**20.0**	**71.3**
Interest receivable and similar income	2	23.3	174.9
Interest payable and similar charges	3	(43.6)	(11.2)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**(0.3)**	**235.0**
Taxation on profit on ordinary activities	7	0.8	(56.8)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		**0.5**	**178.2**

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 2009

	Notes	2009 £m	2008 £m
FIXED ASSETS			
Intangible fixed assets	8	2.3	2.6
Tangible fixed assets	9	5.8	9.8
Investments - shares in subsidiary undertakings	10	1,680.4	1,686.7
		1,688.5	1,699.1
CURRENT ASSETS			
Debtors – amounts falling due within one year	11	1,993.9	1,147.6
Debtors – amounts falling due after more than one year	11	121.7	144.1
Derivative financial instruments	12	0.3	-
Cash at bank		169.5	61.6
		2,285.4	1,353.3
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Derivative financial instruments	12	-	(3.7)
Creditors	13	(2,484.8.)	(1,460.1)
		(2,484.8)	(1,463.8)
NET CURRENT LIABILITIES		(199.4)	(110.5)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,489.1	1,588.6
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR			
Creditors	13	(114.7)	(215.5)
Provisions for liabilities and charges	16	(1.3)	(0.5)
NET ASSETS		**1,373.1**	**1,372.6**
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	638.0	637.5
SHAREHOLDERS' FUNDS	22	**1,373.1**	**1,372.6**

The financial statements on pages 5 to 21 were approved by the board on 07 July 2010 and were signed on its behalf by:

D J McConnachie
Director

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

1. ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared on a going concern basis, in accordance with applicable accounting standards and under historical cost accounting rules.

The company is exempt by virtue of s400/s401/s402 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Rentokil Initial plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

New accounting standards
The ASB has issued amendments to the following standards:

- FRS 29 "Financial Instruments: Disclosures"

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

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.

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 recorded 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 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 in the financial statements.

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 that 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 in which the timing differences are expected to reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax measured on a non-discounted basis.

Pensions
The company operates defined contribution and defined benefit pension schemes for its employees. The defined benefit pension scheme was closed to future accrual in September 2006. Contributions to the defined contribution plan are charges to the profit and loss account 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)

Provisions
Provision is made in accordance with FRS 12 for self-insurance, based on all claims incurred (whether notified or not) as at the balances 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 2009, 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.

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £m	2008 £m
Bank interest	7.1	2.2
Inter-group interest receivable	16.2	4.4
Inter-group fair value movement on swaps	-	29.4
Foreign exchange gain on foreign currency transactions	-	138.9
	23.3	**174.9**

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £m	2008 £m
Interest payable on bank loans and overdrafts	1.1	0.6
Inter-group interest payable	12.7	10.6
Foreign exchange loss on foreign currency transactions	29.8	-
	43.6	**11.2**

4. OPERATING INCOME

	2009 £m	2008 £m
a) Operating profit includes:		
Income from management fees	(24.4)	(21.4)
Income from trademark charges	(29.2)	(25.4)
Depreciation of tangible fixed assets (note 9)	1.5	1.7
Research and development costs	1.7	1.6
Operating lease rentals	1.1	1.7
Reorganisation costs	1.9	-
Loss on disposal of tangible fixed asset	2.9	-
Provision for bad debt (note 11)	0.2	-
Amortisation of intangible fixed assets (note 8)	0.3	0.4
Impairment in value of fixed asset investments (note 10)	2.2	-
b) Staff costs:		
Wages and salaries	18.3	16.4
Social security costs	2.2	2.2
Other pension costs	1.9	2.4
Total staff costs	22.4	21.0

5. AUDIT AND NON-AUDIT SERVICES

	2009 £m	2008 £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	**0.1**

Information about the services provided to the Group's subsidiaries and the pension scheme can be found in the Group's annual report 2009.

6. DIRECTORS' REMUNERATION AND AVERAGE NUMBER OF EMPLOYEES

	2009 £'000	2008 £'000
Aggregate emoluments	1,644	648
Accrued pension benefits under defined contribution scheme	198	102
Total amount of emoluments	**1,842**	**750**
Aggregate emoluments of highest paid director (in respect of qualifying services to the company)	864	250
The number of directors to whom retirement benefits are accruing under a defined contribution scheme are as follows:	4	3

During the year there were 4 directors who qualified for shares under long term incentive plans, of which one was the highest paid director.

Michael Murray resigned as a director with effect from 31 March 2010.

	2009 Number	2008 Number
The average number of employees (including directors) during the year was made up as follows:		
Administration	277	258

The costs of these employees are disclosed in note 4 above.

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2009 £m	2008 £m
Current tax :		
UK corporation tax on profit for the year - current year	0.7	56.3
UK corporation tax on profit for the year - prior year	(1.5)	-
	(0.8)	56.3
Deferred tax :		
Current year	-	0.5
	-	0.5
Tax on profit on ordinary activities	**(0.8)**	**56.8**

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

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2009 £m	2008 £m
(Loss)/profit on ordinary activities before tax	(0.3)	235.0
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK (28%) (2008: 28.5%)	(0.1)	66.9
Effects of:		
Disallowable expenses	2.3	0.5
Double tax relief	(0.1)	(1.2)
Non-taxable income from shares in group undertakings	(4.3)	(0.4)
Prior year adjustment	(1.5)	-
Non-taxable capital (gains)/losses	1.2	(10.7)
Tax losses received for nil consideration	1.3	-
Capital allowances in excess of depreciation	(0.3)	0.4
Unrelievable withholding tax	0.7	0.8
Current tax charge / (credit) for the year	**(0.8)**	**56.3**

8. INTANGIBLE FIXED ASSETS

Brand costs

	£m
Cost	
At 1 January 2009 and 31 December 2009	3.3
Accumulated amortisation	
At 1 January 2009	0.7
Amortisation for the year	0.3
At 31 December 2009	1.0
Net Book Value	
At I January 2009	2.6
At 31 December 2009	**2.3**

9. TANGIBLE FIXED ASSETS

	Land and buildings	Office equipment, fixtures and fittings	Motor vehicles	Computer software	Total
	£m	£m	£m	£m	£m
Cost					
At 1 January 2009	6.3	3.8	0.2	5.0	15.3
Additions	-	0.4	-	1.5	1.9
Disposals	(4.2)	(1.3)	-	(0.5)	(6.0)
At 31 December 2009	2.1	2.9	0.2	6.0	11.2
Accumulated depreciation					
At 1 January 2009	0.6	1.7	0.1	3.1	5.5
Disposals	(0.6)	(0.7)	-	(0.3)	(1.6)
Depreciation for the year	0.3	0.5	0.1	0.6	1.5
At 31 December 2009	0.3	1.5	0.2	3.4	5.4
Net book value					
At 31 December 2009	**1.8**	**1.4**	**-**	**2.6**	**5.8**
At 31 December 2008	**5.7**	**2.1**	**0.1**	**1.9**	**9.8**
Fixed assets held under finance leases at 31 December 2009:					
Cost	-	-	0.2	-	0.2
Accumulated depreciation	-	-	0.2	-	0.2
Net book value at 31 December 2009	**-**	**-**	**-**	**-**	**-**
Net book value at 31 December 2008	**-**	**-**	**0.1**	**-**	**0.1**

Analysis of net book value of land and buildings:	2009	2008
	£m	£m
Freehold	-	2.7
Leasehold – under 50 yrs unexpired	1.8	3.0
At 31 December	**1.8**	**5.7**

10. INVESTMENTS

Shares in subsidiary undertakings	2009	2008
	£m	£m
At 1 January	1,686.7	1,682.5
Additions in the year	0.3	7.0
Disposals in year	(4.4)	(2.8)
Impairment in year	(2.2)	-
At 31 December	**1,680.4**	**1,686.7**

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 2009 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 Limited	Fiji
Rentokil Initial Korea Limited	Korea
PT Rentokil Indonesia	Indonesia
PT Calmic Indonesia	Indonesia
BET Limited	United Kingdom
Felcourt Insurance Company Limited	Guernsey
Rentokil Insurance Limited	United Kingdom

During the year the company invested £290,000 in a joint venture to provide pest control services in Libya.

A number of dormant subsidiaries were struck off resulting in a loss of £4,400,000.

The company also wrote down the value of it's investment in Rentokil Initial (Shanghai) Co. Ltd by £2,200,000 due to the valuation of the underlying net assets being lower than the carrying value.

11. DEBTORS

	2009 £m	2008 £m
Amounts falling due within one year:		
Amounts owed by ultimate parent	756.6	188.7
Amounts owed by group undertakings	1,235.2	957.2
Provision for bad debt	(0.2)	-
Other debtors	1.2	1.0
Prepayments and accrued income	1.1	0.7
	1,993.9	**1,147.6**
Amounts falling due after more than one year:		
Amounts owed by group undertakings	121.7	144.0
Other debtors	-	0.1
	121.7	**144.1**

Amounts owed by group undertakings are made up of interest and non-interest bearing loans. The interest bearing loans of £213.2m have an effective interest rate ranging from 4.06% to 9.56% (2008: 3.19% to 9.56%), of which £91.5m fall due within one year.

The bad debt provision relates to a loan of JPY 29.2m (GBP 0.2m) made to another group company

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Fair value assets 2009 £m	Fair value liabilities 2009 £m	Fair value assets 2008 £m	Fair value liabilities 2008 £m
External foreign exchange swaps	0.3	-	-	(0.4)
Foreign exchange swaps with Rentokil Initial plc	-	-	-	(3.3)
	0.3	-	-	**(3.7)**
Analysed as follows:				
Current portion	**0.3**	-	-	**(3.7)**

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

13. CREDITORS

	2009 £m	2008 £m
Amounts falling due within one year:		
Amounts due to ultimate parent undertakings	607.7	-
Amounts due to group undertakings	1,734.7	1,302.6
Intra-group creditor – group tax relief payable	-	54.6
Corporation tax	29.1	17.4
Other taxes and social security	0.8	0.4
Other creditors	7.7	3.1
Accruals and deferred income	11.7	6.9
	2,391.7	**1,385.0**
Bank and other borrowings due within one year:		
Other unsecured loans	93.1	75.0
Finance lease obligations	-	0.1
	93.1	**75.1**
	2,484.8	**1,460.1**
Amounts falling due after more than one year:		
Amounts due to group undertakings	114.7	215.5
	114.7	**215.5**

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 £287.2m with an effective interest rate ranging from 0.75% to 8.00% (2008: 1.50% to 6.45%), of which £172.5m 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
2009	**£m**	**£m**	**£m**	**£m**	**£m**
Within 1 year, or on demand	2,435.5	-	19.4	-	2,454.9
Between 1 and 2 years	114.6	-	-	-	114.6
Between 2 and 5 years	-	-	-	-	-
	2,550.1	-	**19.4**	-	**2,569.5**

	Loans	Derivatives	Other Creditors	Finance Leases	Total
2008	**£m**	**£m**	**£m**	**£m**	**£m**
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**

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.

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
2009	**£m**	**£m**	**£m**	**£m**
Pound sterling	1,636.4	19.4	-	1,655.8
Euro	660.2	-	-	660.2
US dollar	143.5	-	-	143.5
Other currencies	110.0	-	-	110.0
	2,550.1	**19.4**	-	**2,569.5**
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**

The company had no undrawn committed borrowing facilities at 31 December 2009 (31 December 2008: £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
2009	**£m**	**£m**	**£m**	**£m**
Within 1 year, or on demand	169.5	0.3	1,992.9	2,162.7
Between:				
- 1 and 2 years	-	-	55.2	55.2
- 2 and 5 years	-	-	66.5	66.5
	169.5	**0.3**	**2,114.6**	**2,284.4**
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**

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

	Vacant property £m	Self insurance £m	Total £m
As at 1 January 2009	-	0.5	0.5
Additional provisions	1.5	-	1.5
Unused amounts reversed	-	-	-
Used during year	(0.5)	(0.2)	(0.7)
As at 31 December 2009	**1.0**	**0.3**	**1.3**
As at 1 January 2008	-	0.6	0.6
Additional provisions	-	-	-
Unused amounts reversed	-	(0.1)	(0.1)
Used during year	-	-	-
As at 31 December 2008	-	0.5	0.5

Provisions analysed as follows:	2009 £m	2008 £m
Within 1 year	0.4	0.1
1-2 years	0.3	0.1
3-4 years	0.3	0.1
5+ years	0.3	0.2
Total	**1.3**	**0.5**

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

	2009 £m	2008 £m
At 1 January	-	(0.5)
Charged to P&L – current year	-	0.5
At 31 December – asset	-	-

18. CALLED UP SHARE CAPITAL

	2009 £m	2008 £m
ALLOTTED AND FULLY PAID		
At 1 January and 31 December – 1,810,429,098 shares	18.1	18.1

19. SHARE PREMIUM ACCOUNT

	2009 £m	2008 £m
At 1 January and 31 December	697.3	697.3

20. CAPITAL REDEMPTION RESERVE

	2009 £m	2008 £m
At 1 January and 31 December	19.7	19.7

21.RETAINED PROFITS

	2009	2008
	£m	£m
At 1 January	637.5	459.3
Profit for the year	0.5	178.2
At 31 December	**638.0**	**637.5**

22.RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2009	2008
	£m	£m
Retained profit for the year	0.5	178.2
Opening shareholders' funds	1,372.6	1,194.4
Equity shareholders' funds	**1,373.1**	**1,372.6**

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 2009, the RIPS deficit disclosed in the consolidated financial statements of Rentokil Initial plc (prepared under International Financial Reporting Standards) amounted to £47.9m (2008: £154.4m asset). The directors are of the opinion that there is no material difference between an FRS 17 "Retirement Benefits" and an IAS 19 valuation.

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 2009.

24.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.

25.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:

	2009	2008
Operating leases which expire:	£m	£m
Within one year	-	-
Between one and five years	0.4	1.3
After five years	0.8	0.7
	1.2	**2.0**

26.ULTIMATE PARENT COMPANY

On 31 July 2009 the company's immediate parent became Rentokil Initial Holdings limited (formerly BET US ltd). The company's ultimate parent remained as 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.

27.POST BALANCE SHEET EVENTS

There were no significant post balance sheet events affecting the company since 31 December 2009.