ANNUAL REPORT AND FINANCIAL STATEMENTS

RENTOKIL PROPERTY CARE LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2019

REGISTERED NUMBER 3004506

RENTOKIL PROPERTY CARE LIMITED

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RENTOKIL PROPERTY CARE LIMITED

DIRECTORS AND OFFICERS

DIRECTORS:

P P Wood
J K Hampson (resigned 1 October 2020)
D P Fagan
G E Harris (appointed 5 August 2020)

COMPANY SECRETARY:

C Stead

REGISTERED OFFICE:

Riverbank
Meadows Business Park
Blackwater
Camberley
Surrey
GU17 9AB

AUDITOR:

KPMG LLP
15 Canada Square
London
E14 5GL

RENTOKIL PROPERTY CARE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the audited financial statements for the year ended 31 December 2019. The Company's business activities together with its risks and uncertainties are set out in the business review below.

Principal Activity
Rentokil Property Care Limited is a subsidiary within the Rentokil Initial plc group ("the Group"). The Company operates a nationwide network of branches providing damp control, timber preservation and masonry stabilisation services for both the private and public sectors, principally housing and commercial property.
On 1 April 2019 the Company acquired the trade and assets of the Property Care business unit from Rentokil Initial UK Ltd.

Business Review
The directors are satisfied with the Company's financial position at the year end and its prospects for future development. During the year the Company acquired the trade and assets of the property care business unit from Rentokil Initial UK Ltd, prior to this the Company was a dormant company within the Group.
The Property Care business is an established business that has been operating for a number of years. The Company made a loss after taxation for the year ended 31 December 2019 of £481,183 (2018: nil). This lower than expected performance was driven by wider industry challenges impacting on the business sales volumes, mainly in the commercial sales arena. In particular, business performance was impacted by market uncertainty created by both the 2019 general election and the continuing impact of Brexit, both of which lowered the propensity for businesses to invest in larger and longer term construction projects.

Despite the challenges we continue to invest in the quality of our training and service offering - to the extent that customer feedback is excellent with the business scored at a 4.7 out of 5 on Trustpilot. Our belief remains that this focus on quality and maintaining the best in field standards will allow us to be best placed to deliver sharp growth when market confidence picks up and larger investment decisions are taken off hold.

After all considerations the directors believe that there are still considerable opportunities for the business in both the private and public sectors.

Principal Risks and Uncertainties
The directors of Rentokil Initial plc manage the risks of 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 risk 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 2019 Annual Report which does not form part of this report.

On 29 March 2017 the UK government invoked Article 50 of the Treaty of Lisbon, notifying the European Council of its intention to withdraw from the EU. The UK left the EU on 31st January 2020 and is now in a transition period, before new rules come into place from 1 January 2021. At this stage, there is significant uncertainty about the outcome of the negotiations about the future arrangements between the UK and the EU. However, as the Company operates solely within the UK, it should be largely shielded from any particular issues other than macroeconomic factors.

In early 2020 a global pandemic of a new coronavirus, Covid-19, has arisen impacting all areas of operation of the Group of which Rentokil the Company is an integral member. Given the uncertainty and the unknown duration of the Covid-19 pandemic and the reduced economic outlook, the directors of Rentokil Initial plc have assessed the Group's financial position and have modelled its cash flows for the next 18 months. This includes assessing the impact of Covid-19, factoring in severe but plausible downside scenarios on the Group's financial position, which would result in a further reduction in revenue and earnings. Despite these projections the Group is anticipated to remain within its liquidity headroom and within its banking covenants. While the Group will not be immune to the impact of Covid-19, its strategy has positioned it well to deal with the challenges of Covid-19.

Principal Risks and Uncertainties (Continued)

In response to the Covid-19 pandemic, management have held regular reviews to ensure that performance is maximised and that cash collection procedures are optimised to ensure the liquidity of the entity. At the time of signing the financial statements, volumes have started to return and cash collections have remained strong through the period.

It is too soon to tell if the industry will return fully to pre-pandemic normality, but management believe that the actions of the Company have been extensive and successful to protect the investments.

Key Performance Indicators

The Group manages its operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the division of Rentokil Initial plc, which includes the Company, is discussed in the Group's 2019 Annual Report which does not form part of this report.

By order of the board

G.E. Harris

Grace Harris (Nov 3 2020 12:44 GMT)

G E Harris
Director
3 November 2020
Registered Number 3004506

Employment Policy
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 communication 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 "The Right Way" 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.

Directors
The directors who served during the year are shown on page 1.

Dividends
The Company made a loss after taxation for the year ended 31 December 2019 of £481,183 (2018: £nil). The Directors have not paid or proposed a final dividend during the year ended 31 December 2019 (2018: £nil).

Charitable and Political Donations
The Company made no charitable or political donations during the year (2018: £nil).

Suppliers Payment Policy
The Company's policy is to agree terms of payment with suppliers when agreeing the terms of each transaction and to ensure that suppliers are made aware of payment terms. The year-end trade creditors expressed as a number of days was 36 (2018: £nil).

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

Auditor
In accordance with section 487 of the Companies Act 2006, the auditor will be deemed reappointed and KPMG LLP will therefore continue in office.

By order of the Board

C Stead
Company Secretary
3 November 2020
Registered Number 3004506
Riverbank
Meadows Business Park
Blackwater
Camberley
Surrey
GU17 9AB

RENTOKIL PROPERTY CARE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT AND THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether duc to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RENTOKIL PROPERTY CARE LIMITED

Opinion
We have audited the financial statements of Rentokil Property Care Limited ("the Company") for the year ended 31 December 2019 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern
The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report
The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

Emily Sills
Emily Sills (Nov 3, 2020 19:49 GMT)

Emily Sills (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
3 November 2020

RENTOKIL PROPERTY CARE LIMITED

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018 Unaudited
		£	£
TURNOVER		4,188,495	-
Cost of sales		(3,619,225)	-
GROSS PROFIT		569,270	-
Administrative expenses		(1,152,749)	-
OPERATING LOSS		(583,479)	-
Interest receivable and similar income		-	-
Interest payable and similar charges	6	(10,148)	-
LOSS BEFORE TAXATION		(593,627)	-
Taxation	7	112,504	-
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(481,123)	-

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

The notes on pages 11 to 23 form part of these financial statements.

RENTOKIL PROPERTY CARE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2019

	Notes	2019	2018 Unaudited
		£	£
FIXED ASSETS			
Intangible assets	8	67,109	
Tangible assets	9	6,288	-
Right of use assets	17	222,458	-
		295,855	-
CURRENT ASSETS			
Stocks	11	4,540	-
Debtors	12	800,085	100,000
Cash at bank and in hand		2,881,175	-
		3,685,800	100,000
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	13	(4,118,385)	-
Lease Liabilities	17	(94,814)	-
		(4,213,199)	-
NET CURRENT (LIABILITIES)/ASSETS		(527,399)	100,000
TOTAL ASSETS LESS CURRENT LIABILITIES		(231,544)	100,000
NON-CURRENT LIABILITIES			
Lease Liabilities	17	(128,579)	-
PROVISIONS FOR LIABILITIES	14	(21,000)	-
NET (LIABILITIES)/ASSETS		(381,123)	100,000
CAPITAL AND RESERVES			
Called up share capital	16	100,000	100,000
Profit and loss account		(481,123)	-
EQUITY SHAREHOLDERS' FUNDS		(381,123)	100,000

The notes on pages 11 to 23 form part of these financial statements.

The financial statements were approved by the Board of Directors on 3 November 2020 and signed on its behalf by

G.E. Harris

Grace Harris (Nov 3, 2020 12:44 GMT)

G E Harris
Director
3 November 2020
Registered Number 3004506

RENTOKIL PROPERTY CARE LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2019

	Share capital	Profit and loss account	Total
At 1 January 2018	100,000	-	100,000
Total comprehensive loss for the year	-	-	-
At 31 December 2018	100,000	-	100,000
At 1 January 2019	100,000	-	100,000
Total comprehensive loss for the year	-	(481,123)	(481,123)
At 31 December 2019	100,000	(481,123)	(381,123)

The notes on pages 11 to 23 form part of these financial statements.

1 STATEMENT OF ACCOUNTING POLICIES

Rentokil Property Care Limited (the "Company") is a private company limited by shares incorporated in England and Wales and domiciled in the United Kingdom.

Basis of Preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on an historical cost basis. The presentation currency used is sterling.

Disclosure Exemptions Adopted

In preparing these financial statements the Company applies the recognition measurement and disclosure requirements of the International Financial Reporting Standards as adopted by the EU but makes amendments where necessary to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

- a Cash Flow Statement and related notes;
- comparative period reconciliations for tangible assets and intangible assets;
- disclosures in respect of capital management;
- disclosures in respect of the compensation of Key Management Personnel; and
- disclosure in respect of transactions with other wholly owned members of the group headed by Rentokil Initial plc.
- Information relating to new IFRS standards which have been issued but which are not yet effective, including an assessment of the possible impact that it will have when it is adopted for the first time (IAS 8.30-31)

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Changes in accounting policies

The Group has adopted IFRS 16 Leases from 1 January 2019. The details of the changes in accounting policies are disclosed below.

The effect of applying IFRS 16 Leases is the creation of a right-of-use (ROU) asset, representing the rights to use the underlying asset, and a lease liability, representing the obligation to make lease payments, for leases longer than 12 months in duration. In addition, a monthly depreciation and interest charge for each lease is charged to the income statement replacing the operating lease charge that was previously charged to operating expenses.

The Group has applied IFRS 16 using the modified retrospective approach. Accordingly the comparative information presented for 2018 has not been restated.

Under IFRS 16, a contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. On transition to IFRS 16 the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases.

1 STATEMENT OF ACCOUNTING POLICIES (Continued)

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

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

On transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the rate implicit in the lease or appropriate incremental borrowing rate as at 1 January 2019. ROU assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The impact on transition is summarised below. Please note these do not include amounts for leases that were previously accounted for as finance leases.

	Notes	1 January 2019
		£
ROU asset	16	367,020
Lease liability	16	(356,237)
Balance sheet adjustments to working capital		10,783

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using incremental borrowing rates at 1 January 2019. The average rate applied was 3.8%.

In relation to the leases under IFRS 16, the Group has recognised depreciation and interest costs instead of operating lease expenses.

Going Concern

Notwithstanding net current liabilities of £527,399 as at the balance sheet date and a loss of £481,123 for the year ending 31 December 2019, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements which indicates that, taking account of reasonably possible downsides and the anticipated impact of COVID-19, the Company will have sufficient funds, through funding from its intermediate parent company Rentokil Initial UK Limited, to meet its liabilities as they fall due for that period.

A reasonably possible downside scenario was prepared which includes the anticipated impact of the COVID-19 pandemic, restrictions on movement and future lockdowns in Q4 2020 leading to a reduction in revenue of the Property Care business.

Those forecasts are dependent on Rentokil Initial UK Limited not seeking repayment of the amounts currently due to the company, and providing additional financial support during that period. Rentokil Initial UK Limited has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements, they have no reason to believe that it will not do so.

1 STATEMENT OF ACCOUNTING POLICIES (Continued)

Going concern (Continued)

Consequently, the directors are confident that the Company will have sufficient funds to continue in operational existence and to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements, thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover represents the amounts receivable for the provision of services and supply of goods, excluding Value Added Tax provided in the normal course of business. Revenue is recognised when work has been carried out. Work completed but not invoiced is recognised as accrued income.

Under IFRS 15, revenue is recognised when a customer obtains control of goods or services in line with identifiable performance obligations. Job work is short-term contract revenue whereby the period of service is typically less than three months in duration. The performance obligations linked to this revenue type are individual to each job due to their nature with revenue being recognised on a percentage of completion basis.

The transaction price reported for all contracts is the price agreed in the contract and there are no material elements of variable consideration, financing component or non-cash consideration.

The company applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations because the company has a right to consideration from customers in an amount that corresponds directly with the value to the customer of the performance obligations completed to date.

Tangible Fixed Assets

All assets are stated at historical cost.

Depreciation is calculated to write down the cost of all tangible fixed assets less estimated residual value, by equal annual instalments over their expected useful economic lives. The rates generally applicable are provided on a straight line basis as follows:

Office equipment, furniture and fittings	3 - 10 years
Plant, machinery and equipment	3 - 10 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value, using the first-in first-out principle.

1 STATEMENT OF ACCOUNTING POLICIES (Continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. All tax is recognised in the profit and loss account.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provisions
A provision is recognised in the balance sheet when the Company has a present obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the provision.

Provision is made for the cost of remedial works necessitated by customer claims for further or corrective work to be carried out without further charge under the Company's terms of business. This provision is calculated based on historic data over the period of the guarantees issued by the Company, discounted to the present value of the expenditure expected to be required to settle the obligation.

Pensions

The Company provides pensions to eligible employees through a defined contribution pension scheme.

The cost of contributions to this scheme is charged to the profit and loss account as they are incurred. The assets of the scheme are held separately from those of the Company in independently administered funds.

Financial Assets

The Company classifies its financial assets as loans and receivables. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

1 STATEMENT OF ACCOUNTING POLICIES (Continued)

Financial Assets (Continued)

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. The amortised cost is reduced by impairment loss.

The Company's loans and receivables comprise trade and other receivables, loans from group companies and cash and cash equivalents in the balance sheet.

Loans to group companies are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method. The carrying amounts of non-interest bearing loans owed by the parent and group undertakings are repayable on demand. Therefore, the carrying value is equal to the fair value of the instruments.

Cash and cash equivalents include cash in hand and call deposits. Bank overdrafts are shown within loans and borrowings in current liabilities on the balance sheet.

Interest income, foreign exchange gains and loss and impairment are recognised in profit and loss account. Any gain or loss on de-recognition is recognised in profit and loss account.

Financial Liabilities

The Company classifies its financial liabilities at amortised cost. Financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.
- Loans from Group companies are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method. The carrying amounts of non-interest bearing loans owed by the parent and group undertakings are repayable on demand. Therefore, the carrying value is equal to the fair value of the instruments.

2 TURNOVER

All of the Company's turnover for the current and prior period was derived from its principal activity and is carried out in the UK.

3 PROFIT BEFORE TAXATION

	2019	2018 Unaudited
	£	£
The profit before taxation is stated after charging:		
Depreciation of tangible fixed assets	9,836	-
Auditors remuneration – audit fees	10,000	-

There were no non-audit fees in respect of the current or prior period.

4 STAFF COSTS

Employee costs (including executive directors) during the year were as follows:

	2019	2018 Unaudited
	£	£
Wages and salaries	2,276,655	-
Social security costs	211,984	-
Other pension costs	80,602	-
	2,569,241	-

The average number of employees during the year was:

	2019 Number	2018 Unaudited Number
Operatives	45	-
Management and administration	17	-
	62	-

5 DIRECTORS REMUNERATION

The Company directors are also directors of fellow group subsidiaries. The remuneration stated is the best estimated allocation of Kris Hampson and Phill Wood's remuneration for relevant services for the Company during 2019.

Daragh Fagan is a director of Rentokil Initial 1927 plc and provides his services primarily to that company. As such his remuneration is paid by and disclosed in the accounts of Rentokil Initial 1927 plc. These disclosures therefore exclude this director as his services to the Company were of negligible value.

	2019	2018 Unaudited
	£	£
Directors' emoluments in respect of qualifying services	37,200	-
Company contributions to defined contribution scheme	400	-
	37,600	-

5 DIRECTORS REMUNERATION (Continued)

The highest paid Director received remuneration of £25,900 (2018: nil).

No Company contributions were paid to a defined contribution pension scheme in respect of the highest paid Director (2018: nil). £1,600 was paid in lieu of this as a cash allowance, which has been disclosed as part of the Directors' emoluments (2018: nil).

During the year two directors received shares under the Rentokil Initial plc Performance Share Plan (2018: nil) and two directors exercised awards (2018: nil). Full details of the Rentokil Initial plc Performance Share Plan can be found in the annual report for Rentokil Initial plc, a copy of which can be obtained from the address given in note 17.

Due to the Company being dormant during 2018 it was not considered practicable to allocate a charge for services provided during 2018 for the directors of this Company due to the limited scale of the Company.

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2019	2018 Unaudited
	£	£
Other interest paid and similar charges	10,148	-
	10,148	-

7 TAXATION ON PROFIT

Analysis of charge in period	2019	2018 Unaudited
	£	£
UK corporation tax		
Current tax on income for the period	(110,178)	-
Deferred tax (note 16)		
Current year	(2,326)	-
Tax on profit	(112,504)	-

Factors affecting the tax charge for the current period:

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

	2019	2018 Unaudited
	£	£
Current tax reconciliation:		
Profit before tax	(593,627)	-
Current tax at 19%	(112,789)	-
Effects of:		
Permanently disallowable items	285	-
Total current tax charge (see above)	(112,504)	-

7 TAXATION ON PROFIT (Continued)

Factors affecting the tax charge for future periods:

It was announced in the UK Budget 2020 that the proposed reduction in the UK corporation tax rate from 19% to 17%, which was due to come into force from 1 April 2020 as enacted in UK law at the Balance Sheet date, would be cancelled. As a result, UK tax rate remains at 19%.
The UK deferred tax asset at 31 December 2019 has been calculated based on the corporation tax rate that is expected to apply when the asset is realised.

8 INTANGIBLE ASSETS

	Computer Software £	Total £
Cost		
At 1 January 2019	-	-
Acquisition	31,645	31,645
Additions	68,003	68,003
At 31 December 2019	99,647	99,647
Depreciation		
At 1 January 2019	-	-
Acquisition	20,886	20,886
Charge for the period	11,652	11,652
At 31 December 2019	32,538	32,538
Net book amount		
At 31 December 2019	67,109	67,109
At 31 December 2018 (unaudited)	-	-

9 TANGIBLE ASSETS

	Office Equipment £	Total £
Cost		
At 1 January 2019	-	-
Acquisition	22,512	22,512
Additions	-	-
At 31 December 2019	22,512	22,512
Depreciation		
At 1 January 2019	-	-
Acquisition	6,388	6,388
Charge for the period	9,836	9,836
At 31 December 2019	16,224	16,224
Net book amount		
At 31 December 2019	6,288	6,288
At 31 December 2018 (unaudited)	-	-

10 BUSINESS COMBINATIONS

During the year the Company made no trade and asset acquisitions.

11 STOCKS

	2019 £	2018 Unaudited £
Raw materials and consumables	4,540	-
	4,540	-

12 DEBTORS

	2019	2018 Unaudited
	£	£
Trade debtors	363,993	-
Prepayments and accrued income	216,442	-
Amounts owed by Group companies	100,000	100,000
Corporation tax	110,178	-
Deferred taxation (see note 16)	2,326	-
Other debtors	7,146	-
	800,085	100,000

Amounts owed by Group companies are repayable on demand.

13 CREDITORS

	2019	2018 Unaudited
	£	£
Trade creditors	245,387	-
Other taxation and social security	109,586	-
Accruals and deferred income	278,141	-
Amounts owed to Group companies	3,485,271	-
	4,118,385	-

Amounts owed to Group companies are repayable on demand.

14 PROVISIONS FOR LIABILITIES

	Remedial Reserve	Total
	£	£
At 1 January 2019 (unaudited)	-	-
New charges	21,000	21,000
At 31 December 2019	21,000	21,000
Analysed as follows:		
Non-current		-
Current		21,000

The Company is maintaining a remedial reserve to meet the estimated future costs of claims made by customers under the terms of the guarantees issued in respect of property services. The amount of the provision has been calculated on the level of customer claims made on a historic basis with a discount applied to reflect the cost to the Company in future years. It is expected to be utilised over the term of the warranty being a maximum of 20 years.

15 DEFERRED TAX ASSET

	2019	2018 Unaudited
	£	£

The amount of potential deferred taxation, all of which is recognised, is as follows:

Excess of depreciation over capital allowances	1,317	-
Other timing differences	1,009	-
	2,326	-

	2019	2018 Unaudited
	£	£
At 31 December 2019	-	-
Profit and loss – Current year	2,326	-
At 31 December 2019	2,326	-

16 SHARE CAPITAL

	2019	2018 Unaudited
	£	£
Allotted, called up and fully paid 100,000 (2018: 100,000) Ordinary shares of £1 each	100,000	100,000
	100,000	100,000

17 LEASES

On 1 January 2019 the Group implemented IFRS 16. Comparatives have not been restated for the implementation of IFRS 16 and any comparatives shown below represent finance leases under IAS 17.
A breakdown of the right-of-use (ROU) assets is shown below:

	Vehicles	2019 Total
	£	£
Net book value		
At 1 January (on transition)	367,020	367,020
Depreciation charge	(183,530)	(183,530)
Additions	64,069	64,069
Disposals	(25,101)	(25,101)
At 31 December	222,458	222,458

17 LEASES (Continued)

Analysis of the lease liabilities is shown below:

	2019 £
Lease liabilities under IFRS 16	
At 1 January (on transition)	356,237
Cash outflow	(205,989)
Interest	9,077
Additions	79,777
Disposals	(15,709)
At 31 December	223,393
Analysed as follows:	
Non-current	128,579
Current	94,814
Total	223,393

Lease liabilities are payable as follows:

Lease liabilities under IFRS 16	Future minimum lease payments 2019 £	Future minimum lease payments 2018[1] Unaudited £
Less than one year	108,899	-
Between one and five years	133,494	-
Future minimum payments	242,393	-
Effect of discounting	(19,000)	-
Carrying value	223,393	-

[1] 2018 comparatives relate to IAS 17 finance leases

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

18 ULTIMATE PARENT COMPANY

The Company's immediate parent company is Castlefield House Limited. The Company's ultimate parent company is Rentokil Initial plc, which forms the only Group into which the financial statements of the Company are consolidated. The consolidated financial statements of Rentokil Initial plc are available from Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey, GU17 9AB.

19 EVENTS AFTER THE BALANCE SHEET DATE

In early 2020 a global pandemic of a new coronavirus, Covid-19, has arisen impacting all areas of operation of the Group of which the Company is an integral member. Given the uncertainty and the unknown duration of the Covid-19 pandemic and the reduced economic outlook, the directors of Rentokil Initial Plc have assessed the Group's financial position and have modelled its cash flows for the next 18 months. This includes assessing the impact of Covid-19, factoring in severe but plausible downside scenarios on the Group's financial position, which would result in a further reduction in revenue and earnings. Despite these projections the Group is anticipated to remain within its liquidity headroom and within its banking covenants. While the Group will not be immune to the impact of Covid-19, its strategy has positioned it well to deal with the challenges of Covid-19.

In response to the Covid-19 pandemic, management have held regular reviews to ensure that performance is maximised and that cash collection procedures are optimised to ensure the liquidity of the entity. At the time of signing the financial statements, volumes have started to return and cash collections have remained strong through the period. It is too soon to tell if the industry will return fully to pre-pandemic normality, but management believe that the actions of the Company have been extensive and successful to protect the investments.

20 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

From 1 January 2019 the Company adopted IFRS 16 Leases. The majority of existing operating leases are accounted for as right of use (ROU) assets, which are largely offset by corresponding lease liabilities. The lease liability increases net debt. Operating expenses decrease and financing costs increase as the operating lease expense is replaced by depreciation and interest. Depreciation is straight-line over the life of the lease but the financing charge decreases over the lease term.