

**RED BAND CHEMICAL COMPANY LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**Company Registration Number SC016876**

**THURSDAY**



**\*SEFPAE42\***  
**SCT**      **15/10/2009**      **1143**  
**COMPANIES HOUSE**

**Tenon Limited**  
**Accountants and Business Advisers**  
**160 Dundee Street**  
**Edinburgh**  
**EH11 1DQ**

**RED BAND CHEMICAL COMPANY LIMITED**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2008**

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**RED BAND CHEMICAL COMPANY LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 31 DECEMBER 2008**

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<b>The board of directors</b>	A C Cumming, Msc C N C Cumming, B Tech (Hons), MBA (Chairman) N W Jess, M R Pharm S R A McGregor, M R Pharm S, MBA
<b>Company secretary</b>	M O'Toole
<b>Business address</b>	19 Smith's Place Leith Walk Edinburgh EH6 8NU
<b>Registered office</b>	19 Smith's Place Leith Walk Edinburgh EH6 8NU
<b>Auditor</b>	Tenon Audit Limited Registered Auditor 160 Dundee Street Edinburgh EH11 1DQ
<b>Accountants</b>	Tenon Limited Accountants and Business Advisers 160 Dundee Street Edinburgh EH11 1DQ
<b>Bankers</b>	Clydesdale Bank plc 4 Bernard Place Leith EH6 6PX
<b>Solicitors</b>	J & R A Robertson WS 15 Great Stuart Street Edinburgh EH3 7TS

# RED BAND CHEMICAL COMPANY LIMITED

## THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2008

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

### **Principal activities and business review**

The company's principal activity continued to be that of a retail pharmacy, trading under the name of Lindsay and Gilmour.

The results are set out in the profit and loss account on page 7.

Since the cuts in generic re-imburement prices under the Category M scheme, pharmacies have suffered significant funding difficulties. This was reflected in the company's 2008 results by a significant drop in Gross Margin a substantial fall in Net Profit. In response to industry lobbying, a survey of Scottish pharmacy running costs was conducted during the summer of 2008 and the funding position began to improve from the late autumn. The directors are of the opinion that there has been official recognition of the mismatch between the extended role being expected of pharmacy and the pressure this is placing upon running costs, on the one hand; and the substantial drop in income caused by cuts in generic re-imburement prices, on the other hand.

Despite the funding problems experienced during 2008 the directors are of the opinion that pharmacy is well placed to weather the problems currently affecting the wider economy and they look forward to a return to more normal levels of profitability in 2009/10 under revised re-imburement and funding terms.

No pharmacy businesses were acquired or disposed of during 2007. The company will continue to keep under review opportunities and policy on acquisition and disposal.

### **Results and dividends**

The profit for the year, after taxation, amounted to £391,216 (2007 - £947,949). Particulars of dividends paid are detailed in note 10 to the financial statements.

### **Financial risk management objectives and policies**

The company finances its operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programmes through bank borrowings. The management's objectives are to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as the fall due
- minimise the company's exposure to fluctuating interest rates when seeking borrowings; and
- match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the company's trading activities.

The company does not use hedging accounting.

As a result the company's exposure to price risk, credit risk, liquidity risk and cashflow risk is minimised wherever possible.

# RED BAND CHEMICAL COMPANY LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2008

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### **Directors**

The directors who served the company during the year were as follows:

A C Cumming, Msc  
C N C Cumming, B Tech (Hons),  
MBA (Chairman)  
N W Jess, M R Pharm S  
R A McGregor, M R Pharm S,  
MBA

### **Directors' responsibilities**

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 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; 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 proper accounting records which 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.

In so far as the directors are, individually, aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**RED BAND CHEMICAL COMPANY LIMITED**

**THE DIRECTORS' REPORT *(continued)***

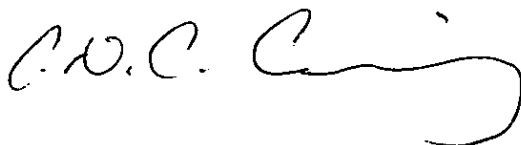
**YEAR ENDED 31 DECEMBER 2008**

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**Auditor**

A resolution to re-appoint Tenon Audit Limited as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors



C N C Cumming

Director

Approved by the directors on ..........

**RED BAND CHEMICAL COMPANY LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED**  
**BAND CHEMICAL COMPANY LIMITED**  
**YEAR ENDED 31 DECEMBER 2008**

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We have audited the financial statements of Red Band Chemical Company Limited on pages 7 to 18 for the year ended 31 December 2008. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

**Respective responsibilities of directors and auditor**

As described in the statement of directors' responsibilities on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 judgements 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.

**RED BAND CHEMICAL COMPANY LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED**  
**BAND CHEMICAL COMPANY LIMITED** *(continued)*  
**YEAR ENDED 31 DECEMBER 2008**

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**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.

*Tenon Audit Limited*

Tenon Audit Limited  
Registered Auditor  
160 Dundee Street  
Edinburgh  
EH11 1DQ

Date:- *11/1/09*



**RED BAND CHEMICAL COMPANY LIMITED****PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 2008**

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	Note	2008 £	2007 £
<b>Turnover</b>	2	22,749,245	21,512,823
Cost of sales		(16,961,789)	(15,199,624)
<b>Gross profit</b>		<u>5,787,456</u>	<u>6,313,199</u>
Administrative expenses		(4,977,757)	(5,558,938)
Other operating income	3	149,734	58,679
<b>Operating profit</b>	4	<u>959,433</u>	<u>812,940</u>
Profit on disposal of fixed assets		-	1,010,043
Write off of loan to group undertaking		-	(440,404)
Income from fixed asset investments	6	95,000	788,500
Amounts written off investments	7	-	(700,000)
Interest payable and similar charges	8	(628,217)	(543,829)
<b>Profit on ordinary activities before taxation</b>		<u>426,216</u>	<u>927,250</u>
Tax on profit on ordinary activities	9	(35,000)	20,699
<b>Profit for the financial year</b>		<u>391,216</u>	<u>947,949</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 18 form part of these financial statements.

RED BAND CHEMICAL COMPANY LIMITED

COMPANY  
NUMBER:  
SC016876

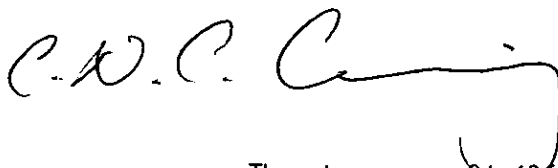
BALANCE SHEET

31 DECEMBER 2008

	Note	2008		2007	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	11		7,202,267		7,202,267
Tangible assets	12		885,913		907,241
Investments	13		5,280,059		5,280,059
			<u>13,368,239</u>		<u>13,389,567</u>
<b>Current assets</b>					
Stocks	14	2,239,831		2,717,351	
Debtors	15	2,315,593		2,150,489	
Cash at bank and in hand		3,513		451,476	
			<u>4,558,937</u>		<u>5,319,316</u>
<b>Creditors: Amounts falling due within one year</b>	16	<u>(3,671,668)</u>		<u>(3,650,486)</u>	
<b>Net current assets</b>			887,269		1,668,830
<b>Total assets less current liabilities</b>			<u>14,255,508</u>		<u>15,058,397</u>
<b>Creditors: Amounts falling due after more than one year</b>	17		(8,692,712)		(9,636,142)
			<u>5,562,796</u>		<u>5,422,255</u>
<b>Provisions for liabilities</b>					
Deferred taxation	19		(279,000)		(244,000)
			<u>5,283,796</u>		<u>5,178,255</u>
<b>Capital and reserves</b>					
Called-up share capital	23		1,250		1,250
Other reserves	24		845		845
Profit and loss account	25		5,281,701		5,176,160
<b>Shareholders' funds</b>	26		<u>5,283,796</u>		<u>5,178,255</u>

These financial statements were approved by the directors and authorised for issue on 6/5/09 and are signed on their behalf by:

C N C Cumming  
Director



The notes on pages 9 to 18 form part of these financial statements.

# RED BAND CHEMICAL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

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### 1. Accounting policies

#### Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards, subject to the departures referred to below.

#### Cash flow statement

The directors has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that it is included within the consolidated financial statements of the company's ultimate parent undertaking Raimes, Clark and Compnay Limited.

#### Consolidation

The company is a 100% owned subsidiary of Raimes, Clark and Company Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption included within FRS 8 from disclosing transactions with members or investees of the group that qualify as related parties and where the shareholding relationship is greater than 90%.

#### Turnover

The turnover shown in the profit and loss account represents the value of all goods sold during the period, less returns received, at selling price exclusive of Value Added Tax.

#### Goodwill

The excess of the purchase price over the fair value of net assets of businesses acquired is capitalised. These amounts relate mainly to retail pharmacy licences where this asset cannot separated from the other identifiable assets that together form part of the retail pharmacy business on acquisition.

Where purchased goodwill is considered to have a finite economic life it is amortised over that economic life up to a maximum of 20 years. When, in the opinion of the directors, it does not have a finite economic life or has a life in excess of 20 years, as is the case for retail pharmacy licences, it is not amortised but is subject to an annual impairment review in accordance with the requirements of FRS11.

#### Departures from the Companies Act requirements

This treatment is not in accordance with the requirements of the Companies Act 1985 which requires that all goodwill is amortised. However, in the directors' opinion the value of acquired goodwill does not reduce over time, and therefore it is considered that such a policy would fail to give a true and fair view. The directors believe that any changes for the year should only reflect any impairment that may have arisen. If purchased goodwill, excluding that arising on businesses acquired in the year, had been amortised over a useful economic life of 20 years then a charge of £365,543 (2007: £365,543) would have been recognised in the profit and loss account reducing the profit on ordinary activities before taxation for the year to £60,673 (2007: £561,707).

#### Fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition.

# RED BAND CHEMICAL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

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### 1. Accounting policies *(continued)*

#### Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Fixtures & Fittings	- 15% reducing balance
Motor Vehicles	- 25% - 33% reducing balance

#### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### Pension costs

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax.

Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### Investment income

Investment income comprises dividends receivable for the year.

#### Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

Profits or losses arising from disposals of fixed asset investments are treated as part of the results from ordinary activities.

**RED BAND CHEMICAL COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2008**

**2. Turnover**

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2008 £	2007 £
United Kingdom	<u>22,749,245</u>	<u>21,512,823</u>

**3. Other operating income**

	2008 £	2007 £
Management charges receivable	49,675	-
Crammond post master's income	52,645	12,798
Rental income	-	13,361
Grant income	14,894	-
Miscellaneous income	32,520	32,520
	<u>149,734</u>	<u>58,679</u>

**4. Operating profit**

Operating profit is stated after charging/(crediting):

	2008 £	2007 £
Directors' emoluments	-	-
Depreciation of owned fixed assets	151,292	133,131
Loss on disposal of fixed assets	-	2,644
Auditors' remuneration	10,140	8,980
Operating lease costs:		
-Plant and machinery	34,592	32,247
-Land and buildings	70,988	70,118

**RED BAND CHEMICAL COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2008**

**5. Particulars of employees**

The average number of staff employed by the company during the financial year amounted to:

	2008	2007
	No	No
Number of distribution staff	133	128
Number of administrative staff	13	15
	<u>146</u>	<u>143</u>

The aggregate payroll costs of the above were:

	2008	2007
	£	£
Wages and salaries	3,316,385	3,441,131
Social security costs	267,734	281,441
Other pension costs	72,952	42,089
	<u>3,657,071</u>	<u>3,764,661</u>

**6. Income from fixed asset investments**

	2008	2007
	£	£
Dividend from HHCC (Pharmacy) Limited (note 13)	50,000	66,000
Dividend from Auto Carfields Limited (note 13)	45,000	22,500
Dividend from Bonnybridge Pharmacy Company Limited (note 13)	—	700,000
	<u>95,000</u>	<u>788,500</u>

**7. Amounts written off investments**

	2008	2007
	£	£
Amount written off investments	—	700,000
	<u>—</u>	<u>700,000</u>

**8. Interest payable and similar charges**

	2008	2007
	£	£
Interest payable on bank borrowing	578,452	543,829
Interest payable on loan notes	49,765	—
	<u>628,217</u>	<u>543,829</u>

**RED BAND CHEMICAL COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2008**

**9. Taxation on ordinary activities**

**(a) Analysis of charge in the year**

	2008 £	2007 £
UK Corporation tax	-	31,909
Over provision in prior year	-	(73,608)
	<u>-</u>	<u>(41,699)</u>
Deferred tax:		
Origination and reversal of timing differences	35,000	21,000
Tax on profit on ordinary activities	<u>35,000</u>	<u>(20,699)</u>

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2007 - 30%).

	2008 £	2007 £
Profit on ordinary activities before taxation	<u>426,216</u>	<u>927,250</u>
Profit on ordinary activities by rate of tax	119,340	278,175
Effects of:		
Expenses not deductible for tax purposes	651	342,163
Capital allowances for period in excess of depreciation	(30,830)	(46,009)
Income not liable to taxation	-	(303,616)
Tax chargeable at lower rates	-	(2,236)
Adjustments to tax charge in respect of previous periods	-	(73,608)
Franked investment income	(26,600)	(236,568)
Group relief	<u>(62,561)</u>	<u>-</u>
Total current tax (note 9(a))	<u>-</u>	<u>(41,699)</u>

**10. Dividends**

**Equity dividends**

	2008 £	2007 £
Paid during the year:		
Equity dividends on ordinary shares	<u>285,675</u>	<u>270,579</u>

**RED BAND CHEMICAL COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2008**

**11. Intangible fixed assets**

	<b>Goodwill</b> £
<b>Cost</b>	
At 1 January 2008 and 31 December 2008	<u>7,310,850</u>
<b>Amortisation</b>	
At 1 January 2008 and 31 December 2008	<u>108,583</u>
<b>Net book value</b>	
At 31 December 2008	<u>7,202,267</u>
At 31 December 2007	<u>7,202,267</u>

**12. Tangible fixed assets**

	<b>Fixtures &amp; Fittings</b> £	<b>Motor Vehicles</b> £	<b>Total</b> £
<b>Cost</b>			
At 1 January 2008	1,932,382	55,712	1,988,094
Additions	83,000	49,091	132,091
Disposals	(2,127)	-	(2,127)
At 31 December 2008	<u>2,013,255</u>	<u>104,803</u>	<u>2,118,058</u>
<b>Depreciation</b>			
At 1 January 2008	1,037,829	43,024	1,080,853
Charge for the year	141,277	10,015	151,292
At 31 December 2008	<u>1,179,106</u>	<u>53,039</u>	<u>1,232,145</u>
<b>Net book value</b>			
At 31 December 2008	<u>834,149</u>	<u>51,764</u>	<u>885,913</u>
At 31 December 2007	<u>894,553</u>	<u>12,688</u>	<u>907,241</u>

**13. Investments**

	<b>Associated undertakings</b> £	<b>Subsidiary undertakings</b> £	<b>Total</b> £
<b>Cost</b>			
At 1 January 2008 and 31 December 2008	<u>45,675</u>	<u>5,934,384</u>	<u>5,980,059</u>
<b>Amounts written off</b>			
At 1 January 2008 and 31 December 2008	<u>-</u>	<u>700,000</u>	<u>700,000</u>
<b>Net book value</b>			
At 31 December 2008	<u>45,675</u>	<u>5,234,384</u>	<u>5,280,059</u>
At 31 December 2007	<u>45,675</u>	<u>5,234,384</u>	<u>5,280,059</u>



**RED BAND CHEMICAL COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2008**

**13. Investments (continued)**

**Associate undertakings**

Name and country of registration	Type of shares	<i>Proportion held</i>	<i>Activity</i>
Auto Carfields Limited (Scotland)	Ordinary shares	45%	Retail Pharmacy
HHCC (Pharmacy) Limited (Scotland)	Ordinary shares	33.33%	Dispensing of Pharmaceutical goods

**Subsidiary undertakings**

Name and country of registration	Type of shares	<i>Proportion held</i>	<i>Activity</i>
IM Campbell (Chemist) Limited (Scotland)	Ordinary shares	100%	Dormant
Bonnybridge Pharmacy Company Limited (Scotland)	Ordinary shares	100%	Retail Pharmacy
MacBride Pharmacy Limited (Scotland)	Ordinary shares	100%	Retail Pharmacy

**14. Stocks**

	2008 £	2007 £
Goods for resale	<u>2,239,831</u>	<u>2,717,351</u>

**15. Debtors**

	2008 £	2007 £
Trade debtors	1,941,427	1,677,783
Other debtors	349,726	412,476
Prepayments and accrued income	24,440	60,230
	<u>2,315,593</u>	<u>2,150,489</u>

**RED BAND CHEMICAL COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2008**

**16. Creditors: Amounts falling due within one year**

	2008	2007
	£	£
Loan notes	992,200	992,200
Bank loans and overdrafts (note 18)	676,914	355,582
Trade creditors	1,691,993	1,909,214
Amounts owed to fellow subsidiary (note 22)	100,000	-
Corporation tax	-	31,909
PAYE and social security	57,020	73,213
Other creditors	5,469	5,361
Accruals and deferred income	148,072	283,007
	<u>3,671,668</u>	<u>3,650,486</u>

The loan notes are repayable, provided written notice of 7 days has been given, between 2 January 2008 and 2 July 2009. Interest is applied at a fixed rate of 5%.

**17. Creditors: Amounts falling due after more than one year**

	2008	2007
	£	£
Bank loans (note 18)	3,009,172	3,391,273
Amounts owed to group undertakings (note 22)	10,000	10,000
Amounts owed to ultimate parent undertaking (note 22)	5,673,540	6,234,869
	<u>8,692,712</u>	<u>9,636,142</u>

**18. Borrowings**

Creditors include finance capital which is due for repayment as follows:

	2008	2007
	£	£
Amounts repayable:		
In one year or less or on demand	676,914	355,582
In more than one year but not more than two years	313,660	367,425
In more than two years but not more than five years	1,094,470	1,040,462
In more than five years	1,601,042	1,983,386
	<u>3,686,086</u>	<u>3,746,855</u>

The bank borrowings are secured by a floating charge over the assets and undertakings of Raimes, Clark and Company Limited and a floating charge over the assets and undertakings of Red Band Chemical Company Limited and Standard Securities over 10 Oliver Place, Hawick and 17 Smiths Place, Edinburgh. In addition a cross guarantee has been granted between Raimes, Clark and Company Limited and Red Band Chemical Company Limited.

The bank loans are repayable over periods between ten years and fifteen years and subject to interest rates at a variable percentage above the bank base rate.

**RED BAND CHEMICAL COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2008**

**19. Deferred taxation**

The movement in the deferred taxation provision during the year was:

	2008 £	2007 £
At 1 January 2008	244,000	223,000
Profit and loss account movement arising during the year	<u>35,000</u>	<u>21,000</u>
At 31 December 2008	<u>279,000</u>	<u>244,000</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2008 £	2007 £
Excess of taxation allowances over depreciation on fixed assets	<u>279,000</u>	<u>244,000</u>
	<u>279,000</u>	<u>244,000</u>

**20. Derivatives**

The company has no financial instruments that fall to be classified as derivatives.

**21. Commitments under operating leases**

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	2008		2007	
	Land & buildings £	Other Items £	Land & buildings £	Other Items £
Operating leases which expire:				
Within 1 year	2,290	15,021	-	12,901
Within 2 to 5 years	27,998	6,670	29,870	-
After more than 5 years	<u>29,250</u>	<u>-</u>	<u>34,348</u>	<u>-</u>
	<u>59,538</u>	<u>21,691</u>	<u>64,218</u>	<u>12,901</u>

**22. Related party transactions**

During the year, Auto Carfields Limited has made purchases from the group in the normal course of business amounting to £215,178 (2007: £258,281), which were at normal commercial rates and no preferential terms were given. Mrs E Cummings (shareholder in ultimate parent undertaking) owns 55% of the share capital of Auto Carfields Limited (see also note 14).

As a wholly owned sub-subsidiary of Raimes, Clark and Company Limited, advantage has been taken of the exemption granted by Financial Reporting standard 8, Related Party Disclosures, not to report details of the transactions with entities which are more than 90% or more controlled by a common parent undertaking.

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**23. Share capital**

**Authorised share capital:**

	2008	2007
	£	£
1,250 Ordinary shares of £1 each	<u>1,250</u>	<u>1,250</u>

**Allotted, called up and fully paid:**

	2008		2007	
	No	£	No	£
Ordinary shares of £1 each	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>

**24. Other reserves**

	2008	2007
	£	£
Capital redemption reserve	<u>845</u>	<u>845</u>

**25. Profit and loss account**

	2008	2007
	£	£
Balance brought forward	5,176,160	4,498,790
Profit for the financial year	391,216	947,949
Equity dividends	(285,675)	(270,579)
Balance carried forward	<u>5,281,701</u>	<u>5,176,160</u>

**26. Reconciliation of movements in shareholders' funds**

	2008	2007
	£	£
Profit for the financial year	391,216	947,949
Equity dividends	(285,675)	(270,579)
Net addition to shareholders' funds	105,541	677,370
Opening shareholders' funds	5,178,255	4,500,885
Closing shareholders' funds	<u>5,283,796</u>	<u>5,178,255</u>

**27. Ultimate parent undertaking**

The ultimate parent undertaking of the company is Raimes, Clark and Company Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by Raimes, Clark and Company Limited.

**28. Ultimate controlling party**

In the opinion of the directors the company has no ultimate controlling party.