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**RED BAND CHEMICAL COMPANY LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**Company Registration Number SC016876**

**Baker Tilly Tax and Accounting Limited**

Chartered Accountants  
First Floor, Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG

**RED BAND CHEMICAL COMPANY LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

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**RED BAND CHEMICAL COMPANY LIMITED**

**DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2013**

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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 A Roberts, Bsc E Robertson, BSC (Hons) PgDip MRPharmS Y Williams, BSC (Hons) MRPharms (SP)
<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>	Baker Tilly UK Audit LLP Chartered Accountants First Floor, Quay 2 139 Fountainbridge Edinburgh EH3 9QG
<b>Accountants</b>	Baker Tilly Tax and Accounting Limited Chartered Accountants First Floor, Quay 2 139 Fountainbridge Edinburgh EH3 9QG
<b>Bankers</b>	Clydesdale Bank PLC 4 Bernard Street Leith Edinburgh EH6 6PX
<b>Solicitors</b>	Murray Beith & Murray WS 3 Glenfinlas Street Edinburgh EH3 6AQ

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## RED BAND CHEMICAL COMPANY LIMITED

### DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2013

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The directors present their report and the financial statements of the company for the year ended 31 December 2013.

#### Results and dividends

The profit for the year, after taxation, amounted to £468,507 (2010 - £986,076). The directors have not recommended a dividend.

#### 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 they 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.

#### 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  
A Roberts, Bsc  
E Robertson, BSC (Hons) PgDip MRPharmS  
Y Williams, BSC (Hons) MRPharms (SP)

**RED BAND CHEMICAL COMPANY LIMITED**

**DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2013**

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**Directors' responsibilities**

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 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). 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 year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 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
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Auditor**

Baker Tilly Audit LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Signed on behalf of the directors



R A McGregor

Approved by the directors on .....01.05.14

**RED BAND CHEMICAL COMPANY LIMITED**

**STRATEGIC REPORT**

**YEAR ENDED 31 DECEMBER 2013**

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**Principal activities, business review and overview of risk**

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.

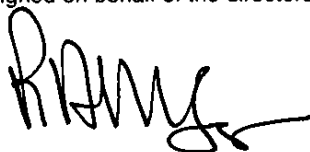
Trading conditions remain difficult with demands being placed on pharmacies to deliver an increased range of services and to manage growing volumes of prescriptions with limited resources. There is, however, now greater stability in the market compared to the upheavals of the past few years. The company has been working hard to drive both improvements and efficiency savings and this has been reflected in this year's results.

Our financial risk management policies are set out in the Directors Report.

**Other strategic matters**

Our Managing Director and Superintendent Pharmacist retires in the upcoming year. We are currently recruiting for his replacement and are planning to allow for a sufficient handover period.

Signed on behalf of the directors



R A McGregor

Approved by the directors on 01.05.14

**RED BAND CHEMICAL COMPANY LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED**  
**BAND CHEMICAL COMPANY LIMITED**  
**YEAR ENDED 31 DECEMBER 2013**

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We have audited the financial statements of Red Band Chemical Company Limited for the year ended 31 December 2013 on page 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 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 explained more fully in the Directors' Responsibilities Statement set out on page 53, 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 and express an opinion on 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 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 Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

**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 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with 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 2013**

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**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.

*BAK TILY UK Audit LLP*

I Alexander L Tait (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
First Floor, Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG

*7/5/14*  
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**RED BAND CHEMICAL COMPANY LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
<b>Turnover</b>	2	23,419,538	23,303,416
Cost of sales		(16,560,699)	(16,883,105)
<b>Gross profit</b>		<u>6,858,839</u>	<u>6,420,311</u>
Administrative expenses		(5,909,746)	(5,260,445)
Other operating income	3	19,440	1,471
<b>Operating profit</b>	4	<u>968,533</u>	<u>1,161,337</u>
Income from fixed asset investments	7	46,833	55,833
Interest receivable		2,200	600
Amounts written off investments	8	(105,093)	-
Interest payable and similar charges	9	(364,883)	(431,443)
<b>Profit on ordinary activities before taxation</b>		<u>547,590</u>	<u>786,327</u>
Tax on profit on ordinary activities	10	(79,083)	(116,255)
<b>Profit for the financial year</b>		<u>468,507</u>	<u>670,072</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**  
Registered Number SC016876

**BALANCE SHEET**

**31 DECEMBER 2013**

	Note	2013		2012	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	12		7,135,300		7,135,300
Tangible assets	13		568,597		566,844
Investments	14		5,174,966		5,280,059
			<u>12,878,863</u>		<u>12,982,203</u>
<b>Current assets</b>					
Stocks	15	1,882,483		2,000,437	
Debtors	16	2,415,499		2,282,558	
Cash at bank and in hand		1,197,711		743,782	
			<u>5,495,693</u>		<u>5,026,777</u>
<b>Creditors: Amounts falling due within one year</b>	17	<u>(2,548,774)</u>		<u>(2,815,463)</u>	
<b>Net current assets</b>			2,946,919		2,211,314
<b>Total assets less current liabilities</b>			<u>15,825,782</u>		<u>15,193,517</u>
<b>Creditors: Amounts falling due after more than one year</b>	18		(8,405,005)		(8,211,431)
<b>Provisions for liabilities</b>					
Deferred taxation	20		(402,624)		(432,440)
			<u>7,018,153</u>		<u>6,549,646</u>
<b>Capital and reserves</b>					
Called-up share capital	25		1,250		1,250
Other reserves	26		845		845
Profit and loss account	27		7,016,058		6,547,551
<b>Shareholders' funds</b>	28		<u>7,018,153</u>		<u>6,549,646</u>

These accounts were approved by the directors and authorised for issue on 01.05.14, and are signed on their behalf by:

R A McGregor  
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 2013

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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 Company, Limited, a company incorporated in the United Kingdom.

**Consolidation**

The company is exempt under s. 400 of the Companies Act 2006 from the requirements to prepare group accounts on the grounds that it is included in the consolidated accounts of its ultimate parent company, Raimes, Clark, and Company Limited incorporated in the United Kingdom. The financial statements present information about the individual entity and not those of the group.

**Turnover**

The turnover shown in the profit and loss account represents the value of all goods sold during the year, 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 the value of retail pharmacy licences where such assets cannot be 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 2006 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 £361,043 (2012: £361,043) would have been recognised in the profit and loss account reducing the profit on ordinary activities before taxation for the year to £186,547 (2012: £425,284). The cumulative effect of this amortisation would have resulted in a decrease in shareholder's funds of £3,846,556 (2012: £3,485,513).

**Fixed assets**

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

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**RED BAND CHEMICAL COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2013**

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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 which are assets are stated at cost less any provision for impairment. Financial liabilities are stated at principal capital amounts outstanding at the period end. Issue costs relating to financial liabilities are deducted from the outstanding balance and are amortised over the period to the due date for repayment of the financial liability. Non-discretionary dividends payable are disclosed within interest in the company's profit and

**Grant income**

Revenue based grants received are credited to the profit and loss account over the life of the projects to which they relate.

**RED BAND CHEMICAL COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2013**

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**1. Accounting policies (continued)**

**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.

**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:

	2013 £	2012 £
United Kingdom	<u>23,419,538</u>	<u>23,303,416</u>

**3. Other operating income**

	2013 £	2012 £
Miscellaneous income	<u>19,440</u>	<u>1,471</u>

**4. Operating profit**

Operating profit is stated after charging/(crediting):

	2013 £	2012 £
Depreciation of owned fixed assets	139,287	131,445
Profit on disposal of motor vehicles	(246)	(110)
Accountancy and tax fees	2,223	950
Auditor's remuneration	9,477	10,400
Operating lease costs:		
-Plant and machinery	-	16,146
-Land and buildings	83,849	74,110
Exceptional item - Waiver of inter company loan	<u>-</u>	<u>(180,081)</u>

**RED BAND CHEMICAL COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**5. Particulars of employees**

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

	<b>2013</b>	<b>2012</b>
	<b>No</b>	<b>No</b>
Number of distribution staff	145	126
Number of administrative staff	14	15
	<u>159</u>	<u>141</u>

The aggregate payroll costs of the above were:

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,657,452	3,484,751
Social security costs	261,627	245,362
Other pension costs	98,077	77,951
	<u>4,017,156</u>	<u>3,808,064</u>

**6. Directors' remuneration**

The directors' aggregate remuneration in respect of qualifying services were:

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Remuneration receivable	<u>178,807</u>	<u>129,028</u>

**7. Income from fixed asset investments**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Dividend from HHCC (Pharmacy) Limited	33,333	33,333
Dividend from Auto Carfields Limited	13,500	22,500
	<u>46,833</u>	<u>55,833</u>

**8. Amounts written off investments**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Amount written off investments	<u>105,093</u>	<u>-</u>

**9. Interest payable and similar charges**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Interest payable on bank borrowing	359,883	426,443
Finance charges	5,000	5,000
	<u>364,883</u>	<u>431,443</u>

**RED BAND CHEMICAL COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**10. Taxation on ordinary activities**

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

	2013 £	2012 £
In respect of the year:		
UK Corporation tax	108,899	125,045
Deferred tax:		
Origination and reversal of timing differences (note 20)	<u>(29,816)</u>	<u>(8,790)</u>
Tax on profit on ordinary activities	<u>79,083</u>	<u>116,255</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 23.25% (2012 - 24.50%).

	2013 £	2012 £
Profit on ordinary activities before taxation	<u>547,590</u>	<u>786,327</u>
Profit on ordinary activities by rate of tax	127,296	192,650
Effects of:		
Expenses not deductible for tax purposes	24,889	415
Capital allowances for year in excess of depreciation	(32,399)	(10,221)
Income not taxable for tax purposes	-	(44,120)
Franked investment income	(10,887)	(13,679)
Total current tax (note 10(a))	<u>108,899</u>	<u>125,045</u>

**11. Dividends**

**Equity dividends**

	2013 £	2012 £
Paid during the year:		
Dividends on equity shares	<u>-</u>	<u>266,308</u>

**RED BAND CHEMICAL COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**12. Intangible fixed assets**

	<b>Goodwill £</b>
<b>Cost</b>	
At 1 January 2013 and 31 December 2013	<u>7,220,863</u>
<b>Amortisation</b>	
At 1 January 2013 and 31 December 2013	<u>85,563</u>
<b>Net book value</b>	
At 31 December 2013	<u>7,135,300</u>
At 31 December 2012	<u>7,135,300</u>

**13. Tangible fixed assets**

	<b>Fixtures &amp; Fittings £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2013	1,989,919	156,483	2,146,402
Additions	90,528	50,512	141,040
Disposals	-	(12,968)	(12,968)
At 31 December 2013	<u>2,080,447</u>	<u>194,027</u>	<u>2,274,474</u>
<b>Depreciation</b>			
At 1 January 2013	1,482,863	96,695	1,579,558
Charge for the year	110,501	28,786	139,287
On disposals	-	(12,968)	(12,968)
At 31 December 2013	<u>1,593,364</u>	<u>112,513</u>	<u>1,705,877</u>
<b>Net book value</b>			
At 31 December 2013	<u>487,083</u>	<u>81,514</u>	<u>568,597</u>
At 31 December 2012	<u>507,056</u>	<u>59,788</u>	<u>566,844</u>



**RED BAND CHEMICAL COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2013**

**14. Investments**

	Associate undertaking s £	Subsidiary undertaking s £	Total £
<b>Cost</b>			
At 1 January 2013 and 31 December 2013	<u>45,675</u>	<u>5,234,384</u>	<u>5,280,059</u>
Written off in year	-	105,093	105,093
At 31 December 2013	<u>-</u>	<u>105,093</u>	<u>105,093</u>
<b>Net book value</b>			
At 31 December 2013	<u>45,675</u>	<u>5,129,291</u>	<u>5,174,966</u>
At 31 December 2012	<u>45,675</u>	<u>5,234,384</u>	<u>5,280,059</u>

**Associate undertakings**

Name and country of registration	Type of shares	Proportion held	Activity
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	Proportion held	Activity
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

**15. Stocks**

	2013 £	2012 £
Goods for resale	<u>1,882,483</u>	<u>2,000,437</u>

**RED BAND CHEMICAL COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2013**

**16. Debtors**

	2013 £	2012 £
Trade debtors	1,825,114	1,911,308
Other debtors	397,065	209,628
Prepayments and accrued income (note 23)	193,320	161,622
	<u>2,415,499</u>	<u>2,282,558</u>

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

	2013 £	2012 £
Trade creditors	1,820,017	1,844,531
Amounts owed to associate undertaking (note 24)	200,000	200,000
Amounts owed to ultimate parent undertaking (note 29)	-	338,941
Corporation tax	108,899	125,045
PAYE and social security	64,811	61,219
Accruals and deferred income	355,047	245,727
	<u>2,548,774</u>	<u>2,815,463</u>

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

	2013 £	2012 £
Amount owed to subsidiary undertaking (note 24)	10,000	10,000
Amounts owed to ultimate parent undertaking (note 29)	8,395,005	8,201,431
	<u>8,405,005</u>	<u>8,211,431</u>

**19. Security**

Bank borrowings are secured by a floating charge over the assets of Raimes, Clark and Company, Limited, Red Band Chemical Company Limited, Bonnybridge Pharmacy Company Limited and MacBride Pharmacy Limited. There are cross guarantees among Raimes, Clark and Company, Limited, Bonnybridge Pharmacy Company Limited, MacBride Pharmacy Limited and this company. Standard security is also held over all of the group's properties.

**20. Deferred taxation**

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

	2013 £	2012 £
At 1 January 2013	432,440	441,230
Profit and loss account movement arising during the year	(29,816)	(8,790)
At 31 December 2013	<u>402,624</u>	<u>432,440</u>

**RED BAND CHEMICAL COMPANY LIMITED**  
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**20. Deferred taxation (continued)**

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

	2013 £	2012 £
Excess of taxation allowances over depreciation on fixed assets	402,624	432,440
	<u>402,624</u>	<u>432,440</u>

Deferred tax is provided for at a rate of 23% (2012: 24%)

**21. Commitments under operating leases**

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as set out below.

	2013		2012	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	5,210	10,020	11,867	3,606
Within 2 to 5 years	26,000	12,000	29,250	16,146
After more than 5 years	38,512	-	25,000	-
	<u>69,722</u>	<u>22,020</u>	<u>66,117</u>	<u>19,752</u>

**23. Transactions with the directors**

During the previous year funds were advanced to A Roberts, who was appointed as a director of the company during the year. As at the balance sheet date £4,068 (2012: £9,015) remained outstanding and is included within prepayments and accrued income (note 16). The loan amount is repayable over three years and interest is charged at 4%. The loan amount is unsecured.

**24. Related party transactions**

During the year, Auto Carfields Limited made purchases from the company in the normal course of business amounting to £247,248 (2012: £206,166), which were at normal commercial rates and no preferential terms were given. A loan of £200,000 (2012: £200,000) was also granted in 2008 by Auto Carfields Limited, and at the year end the balance outstanding was £200,000 (2012: £200,000). Mrs M E Cumming (shareholder in the ultimate parent undertaking) owns 55% of the share capital of Auto Carfields Limited (see also note 14). The loan has been extended on a rolling monthly basis and interest is charged at 2% above base rate. During the year, the company made interest payments to Auto Carfields Limited of £5,000 (2012: £5,000).

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 wholly owned by a common parent undertaking.

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**25. Share capital**

Allotted, called up and fully paid:

	2013		2012	
	No	£	No	£
Ordinary shares of £1 each	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>

**26. Other reserves**

	2013	2012
	£	£
Capital redemption reserve	<u>845</u>	<u>845</u>

**27. Profit and loss account**

	2013	2012
	£	£
Balance brought forward	6,547,551	6,143,787
Profit for the financial year	468,507	670,072
Equity dividends	-	(266,308)
Balance carried forward	<u>7,016,058</u>	<u>6,547,551</u>

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

	2013	2012
	£	£
Profit for the financial year	468,507	670,072
Equity dividends	-	(266,308)
Net addition to shareholders' funds	468,507	403,764
Opening shareholders' funds	6,549,646	6,145,882
Closing shareholders' funds	<u>7,018,153</u>	<u>6,549,646</u>

**29. Ultimate parent undertaking**

The ultimate parent undertaking of the company is Raimes, Clark and Company, Limited a company registered in Scotland. The largest group of undertakings for which group financial statements have been drawn up is that headed by Raimes, Clark and Company, Limited.

**30. Ultimate controlling party**

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