

**RED BAND CHEMICAL COMPANY LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**Company Registration Number SC016876**

**SATURDAY**



SCT      "SRFSFXMO"      58  
17/09/2011  
COMPANIES HOUSE

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

**RED BAND CHEMICAL COMPANY LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

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**RED BAND CHEMICAL COMPANY LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 31 DECEMBER 2010**

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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>	RSM Tenon Audit Limited 160 Dundee Street Edinburgh EH11 1DQ
<b>Accountants</b>	RSM 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

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# RED BAND CHEMICAL COMPANY LIMITED

## THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2010

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The directors present their report and the financial statements of the company for the year ended 31 December 2010.

### 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.

Economic and trading conditions remained difficult with margins coming under pressure with both reductions in the re-imburement prices of generics and from manufacturers cutting discount on branded drugs. The trend towards Manufacturers Direct Supply schemes where prescription medicines can only be purchased from one or two nominated wholesalers caused major disruption to the supply chain, particularly during the severe winter weather. Two pharmacies were disposed of during the year and one new pharmacy was acquired.

### Results and dividends

The profit for the year, after taxation, amounted to £986,076 (2009 - £426,388). Particulars of dividends paid are detailed in note 9 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 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

# RED BAND CHEMICAL COMPANY LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

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### Directors' responsibilities

The directors are responsible for preparing 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 period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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
- 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.

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

RSM Tenon Audit Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Signed on behalf of the directors



C N C Cumming

Director

Approved by the directors on 27/4/11

**RED BAND CHEMICAL COMPANY LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED**  
**BAND CHEMICAL COMPANY LIMITED**

**YEAR ENDED 31 DECEMBER 2010**

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We have audited the financial statements of Red Band Chemical Company Limited for the year ended 31 December 2010 on pages 6 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 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements.

**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 2010 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 matters prescribed by the Companies Act 2006**

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

**RED BAND CHEMICAL COMPANY LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED**  
**BAND CHEMICAL COMPANY LIMITED** *(continued)*  
**YEAR ENDED 31 DECEMBER 2010**

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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.

F J Martin, Senior Statutory Auditor  
For and on behalf of

*RSM Tenon Audit Limited*

RSM Tenon Audit Limited  
Statutory Auditor  
160 Dundee Street  
Edinburgh  
EH11 1DQ

Date: *4/5/11*

**RED BAND CHEMICAL COMPANY LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £	2009 £
<b>Turnover</b>	2	22,238,373	23,053,775
Cost of sales		(16,285,446)	(16,933,074)
<b>Gross profit</b>		<u>5,952,927</u>	<u>6,120,701</u>
Administrative expenses		(5,311,159)	(5,248,575)
Other operating income	3	36,816	88,487
<b>Operating profit</b>	4	<u>678,584</u>	<u>960,613</u>
Profit on disposal of pharmacy outlets		881,486	-
		<u>1,560,070</u>	<u>960,613</u>
Income from fixed asset investments	6	72,500	89,166
Interest receivable		256	-
Interest payable and similar charges	7	(509,352)	(505,332)
<b>Profit on ordinary activities before taxation</b>		<u>1,123,474</u>	<u>544,447</u>
Tax on profit on ordinary activities	8	(137,398)	(118,059)
<b>Profit for the financial year</b>		<u><u>986,076</u></u>	<u><u>426,388</u></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 8 to 18 form part of these financial statements.



**RED BAND CHEMICAL COMPANY LIMITED**

Registered Number SC016876

**BALANCE SHEET****31 DECEMBER 2010**

	Note	2010		2009	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	10		7,188,300		7,202,267
Tangible assets	11		746,258		804,762
Investments	12		5,280,059		5,280,059
			<u>13,214,617</u>		<u>13,287,088</u>
<b>Current assets</b>					
Stocks	13	2,121,735		2,139,972	
Debtors	14	2,521,921		2,503,455	
Cash at bank and in hand		2,342		1,189,995	
		<u>4,645,998</u>		<u>5,833,422</u>	
<b>Creditors: Amounts falling due within one year</b>	15	<u>(3,398,755)</u>		<u>(2,729,348)</u>	
<b>Net current assets</b>			1,247,243		3,104,074
<b>Total assets less current liabilities</b>			<u>14,461,860</u>		<u>16,391,162</u>
<b>Creditors: Amounts falling due after more than one year</b>	16		(7,949,989)		(10,660,662)
<b>Provisions for liabilities</b>					
Deferred taxation	18		(346,600)		(287,000)
			<u>6,165,271</u>		<u>5,443,500</u>
<b>Capital and reserves</b>					
Called-up share capital	22		1,250		1,250
Other reserves	23		845		845
Profit and loss account	24		6,163,176		5,441,405
<b>Shareholders' funds</b>	25		<u>6,165,271</u>		<u>5,443,500</u>

These financial statements were approved by the directors and authorised for issue on 20.12.10, and are signed on their behalf by:

C N C Cumming  
Director



The notes on pages 8 to 18 form part of these financial statements.

**RED BAND CHEMICAL COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

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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.

**Consolidation**

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated financial statements.

**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 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 £363,393 (2009: £365,543) would have been recognised in the profit and loss account reducing the profit on ordinary activities before taxation for the year to £1,060,081 (2009: £178,904). The cumulative effect of this amortisation would have resulted in a decrease in shareholder's funds of £2,527,934 (2009: £2,164,241).

**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 2010**

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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 2010**

**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:

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
United Kingdom	<u>22,238,373</u>	<u>23,053,775</u>

**3. Other operating income**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Management charges receivable	–	49,610
Miscellaneous income	4,296	6,357
Grant income	<u>32,520</u>	<u>32,520</u>
	<u>36,816</u>	<u>88,487</u>

**4. Operating profit**

Operating profit is stated after charging:

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Directors' remuneration	–	–
Depreciation of owned fixed assets	114,025	143,773
Accountancy fees	(410)	1,000
Auditors' remuneration	9,550	9,060
Operating lease costs:		
-Plant and machinery	13,146	17,344
-Land and buildings	<u>59,248</u>	<u>65,498</u>

**5. Particulars of employees**

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

	<b>2010</b>	<b>2009</b>
	<b>No</b>	<b>No</b>
Number of distribution staff	133	132
Number of administrative staff	<u>13</u>	<u>14</u>
	<u>146</u>	<u>146</u>

The aggregate payroll costs of the above were:

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,341,666	3,453,604
Social security costs	242,597	266,644
Other pension costs	<u>63,086</u>	<u>67,032</u>
	<u>3,647,349</u>	<u>3,787,280</u>

**RED BAND CHEMICAL COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

**6. Income from fixed asset investments**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Dividend from HHCC (Pharmacy) Limited (note 12)	50,000	66,666
Dividend from Auto Carfields Limited (note 12)	22,500	22,500
	<u>72,500</u>	<u>89,166</u>

**7. Interest payable and similar charges**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Interest payable on bank borrowing	509,352	455,722
Interest payable on loan notes	-	49,610
	<u>509,352</u>	<u>505,332</u>

**8. Taxation on ordinary activities**

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

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
In respect of the year:		
UK Corporation tax	81,720	104,412
Over/(under) provision in prior year	(3,922)	5,647
	<u>77,798</u>	<u>110,059</u>
Deferred tax:		
Origination and reversal of timing differences	59,600	8,000
Tax on profit on ordinary activities	<u>137,398</u>	<u>118,059</u>

**RED BAND CHEMICAL COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

**8. Taxation on ordinary activities (continued)**

**(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% (2009 - 28%).

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>1,123,474</u>	<u>544,447</u>
Profit on ordinary activities by rate of tax	314,573	152,445
Effects of:		
Expenses not deductible for tax purposes	2,910	4,252
Capital allowances for year in excess of depreciation	(18,417)	(27,319)
Chargeable gains	(19,266)	-
Adjustments to tax charge in respect of previous periods	(3,922)	5,647
Franked investment income	(20,300)	(24,966)
Group relief	(47,019)	-
Rollover relief	(130,761)	-
Total current tax (note 8(a))	<u>77,798</u>	<u>110,059</u>

**9. Dividends**

**Equity dividends**

	2010 £	2009 £
Paid during the year:		
Equity dividends on ordinary shares	<u>264,305</u>	<u>266,684</u>

**10. Intangible fixed assets**

	<b>Goodwill</b> £
<b>Cost</b>	
At 1 January 2010	7,310,850
Additions	612,713
Disposals	(649,700)
At 31 December 2010	<u>7,273,863</u>
<b>Amortisation</b>	
At 1 January 2010	108,583
On disposals	(23,020)
At 31 December 2010	<u>85,563</u>
<b>Net book value</b>	
At 31 December 2010	<u>7,188,300</u>
At 31 December 2009	<u>7,202,267</u>

**RED BAND CHEMICAL COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

**11. Tangible fixed assets**

	<b>Fixtures &amp; Fittings £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2010	2,067,924	112,756	2,180,680
Additions	219,038	-	219,038
Disposals	(304,577)	-	(304,577)
At 31 December 2010	<u>1,982,385</u>	<u>112,756</u>	<u>2,095,141</u>
<b>Depreciation</b>			
At 1 January 2010	1,305,226	70,692	1,375,918
Charge for the year	98,450	15,575	114,025
On disposals	(141,060)	-	(141,060)
At 31 December 2010	<u>1,262,616</u>	<u>86,267</u>	<u>1,348,883</u>
<b>Net book value</b>			
At 31 December 2010	<u>719,769</u>	<u>26,489</u>	<u>746,258</u>
At 31 December 2009	<u>762,698</u>	<u>42,064</u>	<u>804,762</u>

**12. Investments**

	<b>Associated undertakings £</b>	<b>Subsidiary undertakings £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2010 and 31 December 2010	<u>45,675</u>	<u>5,234,384</u>	<u>5,280,059</u>
<b>Net book value</b>			
At 31 December 2010	<u>45,675</u>	<u>5,234,384</u>	<u>5,280,059</u>
At 31 December 2009	<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 2010**

**12. 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

**13. Stocks**

	<b>2010</b>	<b>2009</b>
	£	£
Goods for resale	<u>2,121,735</u>	<u>2,139,972</u>

**14. Debtors**

	<b>2010</b>	<b>2009</b>
	£	£
Trade debtors	2,195,881	2,258,006
Other debtors	209,861	171,792
Prepayments and accrued income	116,179	73,657
	<u>2,521,921</u>	<u>2,503,455</u>



**RED BAND CHEMICAL COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

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

	2010 £	2009 £
Bank loans and overdrafts (note 17)	66,837	161,993
Trade creditors	2,075,340	1,863,788
Amounts owed to associate undertaking (note 21)	200,000	200,000
Amounts owed to subsidiary undertakings (note 21)	755,801	180,081
Corporation tax	77,781	104,412
PAYE and social security	63,876	71,013
Other creditors	-	5,361
Accruals and deferred income	159,120	142,700
	<u>3,398,755</u>	<u>2,729,348</u>

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

	2010 £	2009 £
Bank loans (note 17)	-	996,098
Amount owed to subsidiary undertaking (note 21)	10,000	10,000
Amounts owed to ultimate parent undertaking (note 21)	7,939,989	9,654,564
	<u>7,949,989</u>	<u>10,660,662</u>

**17. Borrowings**

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

	2010 £	2009 £
Amounts repayable:		
In one year or less or on demand	66,837	161,993
In more than one year but not more than two years	-	167,240
In more than two years but not more than five years	-	530,491
In more than five years	-	298,367
	<u>66,837</u>	<u>1,158,091</u>

The bank borrowings are secured by a floating charge over the assets and undertakings of Raimes, Clark and Company Limited, Red Band Chemical Company Limited, Bonnybridge Pharmacy Limited and MacBride Pharmacy Limited. There are cross guarantees between Raimes, Clark and Company Limited, Red Band Chemical Company Limited, Bonnybridge Pharmacy Limited and MacBride Pharmacy Limited. Standard security is also held over all of the group's property.

The bank loans were repayable over periods between ten years and fifteen years and subject to interest rates at a variable percentage above the bank base rate. During the year the group of which Red Band Chemical Company Limited is part restructured its borrowings.

**RED BAND CHEMICAL COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

**18. Deferred taxation**

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

	2010 £	2009 £
At 1 January 2010	287,000	279,000
Profit and loss account movement arising during the year	<u>59,600</u>	<u>8,000</u>
At 31 December 2010	<u>346,600</u>	<u>287,000</u>

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

	2010 £	2009 £
Excess of taxation allowances over depreciation on fixed assets	<u>346,600</u>	<u>287,000</u>
	<u>346,600</u>	<u>287,000</u>

Deferred tax is provided for at a rate of 27% (2009: 28%)

**19. Derivatives**

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

**20. Commitments under operating leases**

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as set out below.

	2010		2009	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	10,250	6,250	2,523
Within 2 to 5 years	44,748	4,472	44,748	5,628
After more than 5 years	-	-	8,250	-
	<u>44,748</u>	<u>14,722</u>	<u>59,248</u>	<u>8,151</u>

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**21. Related party transactions**

During the year, Auto Carfields Limited made purchases from the company in the normal course of business amounting to £243,336 (2009: £239,552), which were at normal commercial rates and no preferential terms were given. A loan of £200,000 (2009: £200,000) was also granted in 2008 by Auto Carfields Limited, at the year end the balance outstanding was £200,000 (2009: £200,000). Mrs E Cummings (shareholder in ultimate parent undertaking) owns 55% of the share capital of Auto Carfields Limited (see also note 12). The loan has been extended on a rolling monthly basis and as charged at 2% above base rate.

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.

**22. Share capital**

**Authorised share capital:**

	2010	2009
	£	£
1,250 Ordinary shares of £1 each	<u>1,250</u>	<u>1,250</u>

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

	2010		2009	
	No	£	No	£
1,250 Ordinary shares of £1 each	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>

**23. Other reserves**

	2010	2009
	£	£
Capital redemption reserve	<u>845</u>	<u>845</u>

**24. Profit and loss account**

	2010	2009
	£	£
Balance brought forward	5,441,405	5,281,701
Profit for the financial year	986,076	426,388
Equity dividends	<u>(264,305)</u>	<u>(266,684)</u>
Balance carried forward	<u>6,163,176</u>	<u>5,441,405</u>

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

	2010	2009
	£	£
Profit for the financial year	986,076	426,388
Equity dividends	<u>(264,305)</u>	<u>(266,684)</u>
Net addition to shareholders' funds	721,771	159,704
Opening shareholders' funds	5,443,500	5,283,796
Closing shareholders' funds	<u>6,165,271</u>	<u>5,443,500</u>

**26. Ultimate parent undertaking**

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

**27. Ultimate controlling party**

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