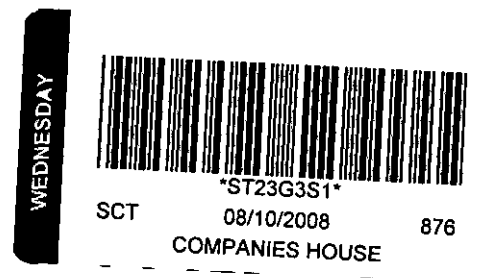


RED BAND CHEMICAL COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

Company Registration Number SC016876



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

RED BAND CHEMICAL COMPANY LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

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RED BAND CHEMICAL COMPANY LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 DECEMBER 2007

The board of directors	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
Company secretary	M O'Toole
Business address	19 Smith's Place Leith Walk Edinburgh EH6 8NU
Registered office	19 Smith's Place Leith Walk Edinburgh EH6 8NU
Auditor	Tenon Audit Limited Registered Auditor 160 Dundee Street Edinburgh EH11 1DQ
Accountants	Tenon Limited Accountants and Business Advisers 160 Dundee Street Edinburgh EH11 1DQ
Bankers	Clydesdale Bank plc 4 Bernard Place Leith EH6 6PX
Solicitors	J & R A Robertson WS 15 Great Stuart Street Edinburgh EH3 7TS

RED BAND CHEMICAL COMPANY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2007

The directors present their report and the financial statements of the company for the year ended 31 December 2007

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 for the year are set out in the profit and loss account on page 7

2007 has been a year of mixed fortunes. The company is showing strong asset growth and has continued to expand with the opening of a new distribution warehouse in Broxburn, the opening of a new pharmacy in Uphall and the purchase of three new pharmacies. The company now runs the largest independently owned pharmacy chain in Scotland.

During 2007 the group invested in premises and staff in preparing to provide new clinical services. However remuneration has been under severe pressure from cuts in drug reimbursement prices. The company views the Category M cuts in generic prices as the main threat to the business and as an obstacle to the delivery of enhanced pharmacy services.

The directors believe that the company is financially secure and has a strong market position, making it well placed to take advantage of further developments in pharmacy once the funding issues have been resolved.

Results and dividends

The profit for the year amounted to £947,949 (2006 £1,358,980). Particulars of dividends paid are detailed in note 11 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 new 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 hedge accounting.

As a result of the above 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 2007

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

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 2007

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 8th May 2008

RED BAND CHEMICAL COMPANY LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED
BAND CHEMICAL COMPANY LIMITED
YEAR ENDED 31 DECEMBER 2007

We have audited the financial statements of Red Band Chemical Company Limited on pages 7 to 18 for the year ended 31 December 2007. 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 2007

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 2007 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

8/5/08

RED BAND CHEMICAL COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2007

	Note	2007 £	2006 £
Turnover	2	21,512,823	20,475,719
Cost of sales		(15,199,624)	(13,785,254)
Gross profit		<u>6,313,199</u>	<u>6,690,465</u>
Administrative expenses		(5,558,938)	(5,253,639)
Other operating income	3	58,679	22,801
Operating profit	4	<u>812,940</u>	<u>1,459,627</u>
Profit on disposal of fixed assets		1,010,043	479,945
Write off of loan to group undertaking		(440,404)	-
		<u>1,382,579</u>	<u>1,939,572</u>
Income from fixed asset investments	7	788,500	85,333
Interest receivable		-	545
Amounts written off investments	8	(700,000)	-
Interest payable and similar charges	9	(543,829)	(215,818)
Profit on ordinary activities before taxation		<u>927,250</u>	<u>1,809,632</u>
Tax on profit on ordinary activities	10	20,699	(450,652)
Profit for the financial year		<u><u>947,949</u></u>	<u><u>1,358,980</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 9 to 18 form part of these financial statements

RED BAND CHEMICAL COMPANY LIMITED

BALANCE SHEET

31 DECEMBER 2007

	Note	2007		2006	
		£	£	£	£
Fixed assets					
Intangible assets	12		7,202,267		7,439,212
Tangible assets	13		907,241		884,494
Investments	14		5,280,059		55,675
			<u>13,389,567</u>		<u>8,379,381</u>
Current assets					
Stocks	16	2,717,351		2,225,763	
Debtors	17	2,150,489		2,259,819	
Cash at bank and in hand		451,476		2,036,121	
			<u>5,319,316</u>		<u>6,521,703</u>
Creditors: Amounts falling due within one year	18	<u>(3,650,486)</u>		<u>(2,719,343)</u>	
Net current assets			1,668,830		3,802,360
Total assets less current liabilities			<u>15,058,397</u>		<u>12,181,741</u>
Creditors: Amounts falling due after more than one year	19		(9,636,142)		(7,457,856)
			<u>5,422,255</u>		<u>4,723,885</u>
Provisions for liabilities					
Deferred taxation	21		(244,000)		(223,000)
			<u>5,178,255</u>		<u>4,500,885</u>
Capital and reserves					
Called up share capital	25		1,250		1,250
Other reserves	26		845		845
Profit and loss account	27		5,176,160		4,498,790
Shareholders' funds	28		<u>5,178,255</u>		<u>4,500,885</u>

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

8th May 2008

C N C Cumming
Director

C.N.C. Cumming

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 2007

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

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts

Cash flow statement

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

Turnover

The turnover shown in the profit and loss account represents amounts receivable during the year in respect of the sale of prescription drugs and pharmaceutical supplies exclusive of VAT

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 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 excess of 20 years, as in the case of retail pharmacy licences, it is not amortised but is subject to an annual impairment review in accordance with the requirements of FRS11

Departure from 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' view the value of acquired goodwill does not reduce over time, and therefore consider 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 (2006 £300,891) would have been recognised in the profit and loss account reducing the profit on ordinary activities before taxation for the year to £2,056,625 (2006 £1,508,741)

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

RED BAND CHEMICAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

1. Accounting policies *(continued)*

Stocks

Stocks are valued at the lower of cost, being the purchase cost of finished goods, 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 for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

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 that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to 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 any 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 2007

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

	2007 £	2006 £
United Kingdom	<u>21,512,823</u>	<u>20,475,719</u>

3 Other operating income

	2007 £	2006 £
Crammond post master's income	12,798	13,610
Rental income	13,361	9,191
Grant income	32,520	-
	<u>58,679</u>	<u>22,801</u>

4 Operating profit

Operating profit is stated after charging/(crediting)

	2007 £	2006 £
Depreciation of owned fixed assets	133,131	150,486
Loss on disposal of fixed assets	2,644	-
Auditors' remuneration	8,980	9,280
Operating lease costs		
Plant and machinery	32,247	25,157
Land and buildings	70,118	41,563

5 Particulars of employees

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

	2007 No	2006 No
Number of distribution staff	128	123
Number of administrative staff	15	13
	<u>143</u>	<u>136</u>

The aggregate payroll costs of the above were

	2007 £	2006 £
Wages and salaries	3,441,131	3,106,968
Social security costs	281,441	249,227
Other pension costs	42,089	52,231
	<u>3,764,661</u>	<u>3,408,426</u>

RED BAND CHEMICAL COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

6 Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2007 £	2006 £
Emoluments receivable	<u>—</u>	<u>103,812</u>

7. Income from fixed asset investments

	2007 £	2006 £
Dividend from HHCC (Pharmacy) Limited (note 14)	66,000	49,333
Dividend from Auto Carfields Limited (note 14)	22,500	36,000
Dividend from Bonnybridge Pharmacy Company Limited (note 14)	<u>700,000</u>	<u>—</u>
	<u>788,500</u>	<u>85,333</u>

8 Amounts written off investments

	2007 £	2006 £
Amount written off investments	<u>700,000</u>	<u>—</u>

9 Interest payable and similar charges

	2007 £	2006 £
Interest payable on bank borrowing	<u>543,829</u>	<u>215,818</u>

10 Taxation on ordinary activities

(a) Analysis of charge in the year

	2007 £	2006 £
In respect of the year		
UK Corporation tax	31,909	441,362
Over provision in prior year	<u>(73,608)</u>	<u>(55,234)</u>
	(41,699)	386,128
Deferred tax		
Origination and reversal of timing differences	<u>21,000</u>	<u>64,524</u>
Tax on profit on ordinary activities	<u>(20,699)</u>	<u>450,652</u>

RED BAND CHEMICAL COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

10 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 30% (2006 30%)

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>927,250</u>	<u>1,809,632</u>
Profit on ordinary activities by rate of tax	278,175	542,890
Effects of		
Expenses not deductible for tax purposes	342,163	7,905
Capital allowances for period in excess of depreciation	(46,009)	(68,233)
Income not liable to taxation	(303,616)	(138,000)
Chargeable gains		122,400
Tax chargeable at lower rates	(2,236)	
Adjustments to tax charge in respect of previous periods	(73,608)	(55,234)
Franked investment income	<u>(236,568)</u>	<u>(25,600)</u>
Total current tax (note 10(a))	<u>(41,699)</u>	<u>386,128</u>

11. Dividends

Equity dividends

	2007 £	2006 £
Paid during the year		
Equity dividends on ordinary shares	<u>270,579</u>	<u>283,704</u>

12 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2007	7,750,850
Disposals	(440,000)
At 31 December 2007	<u>7,310,850</u>
Amortisation	
At 1 January 2007	311,638
On disposals	(203,055)
At 31 December 2007	<u>108,583</u>
Net book value	
At 31 December 2007	<u>7,202,267</u>
At 31 December 2006	<u>7,439,212</u>

RED BAND CHEMICAL COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

13 Tangible fixed assets

	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost			
At 1 January 2007	1,787,474	59,557	1,847,031
Additions	161,534	–	161,534
Disposals	(16,626)	(3,845)	(20,471)
At 31 December 2007	<u>1,932,382</u>	<u>55,712</u>	<u>1,988,094</u>
Depreciation			
At 1 January 2007	922,074	40,463	962,537
Charge for the year	126,725	6,406	133,131
On disposals	(10,970)	(3,845)	(14,815)
At 31 December 2007	<u>1,037,829</u>	<u>43,024</u>	<u>1,080,853</u>
Net book value			
At 31 December 2007	<u>894,553</u>	<u>12,688</u>	<u>907,241</u>
At 31 December 2006	<u>865,400</u>	<u>19,094</u>	<u>884,494</u>

14 Investments

	Associated Undertakings £	Subsidiary Undertakings £	Total £
Cost			
At 1 January 2007	55,675		55,675
Additions		5,924,384	5,924,384
At 31 December 2007	<u>55,675</u>	<u>5,924,384</u>	<u>5,980,059</u>
Amounts written off			
Written off in year			700,000
At 31 December 2007			<u>700,000</u>
Net book value			
At 31 December 2007	<u>55,675</u>	<u>5,224,384</u>	<u>5,280,059</u>
At 31 December 2006	<u>55,675</u>		<u>55,675</u>

The directors are of the opinion that the value of these investments at the balance sheet date is at least equivalent to cost

RED BAND CHEMICAL COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

15 Associated & Subsidiary undertakings

Associated undertakings

Name and country of registration	Type of shares	<i>Proportion held</i>	<i>Nature of business</i>
Auto Carfield Limited (Scotland)	Ordinary shares	45%	<i>Retail Pharmacy</i>

The aggregate of its capital and reserves at 31 December 2006 (most recent available financial statements) amounted to £633,435 (2005 £612,791) and profit for the year then ended after taxation and dividends amounted to £13,768 (2005 £97,773)

HHCC (Pharmacy) Limited (Scotland)	Ordinary shares	33 33%	<i>Dispensing of Pharmaceutical goods</i>
------------------------------------	-----------------	--------	---

The aggregate of the capital and reserves at 31 March 2007 (most recent available financial statements) was £354,657 (2006 £282,539) and the profit for the year then ended after taxation and dividends amounted to £72,118 (2006 £74,871)

Subsidiary undertakings

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

16 Stocks

	2007 £	2006 £
Goods for resale	<u>2,717,351</u>	<u>2,225,763</u>

17 Debtors

	2007 £	2006 £
Trade debtors	1,677,783	1,772,690
Other debtors	412,476	395,639
Prepayments and accrued income	60,230	91,490
	<u>2,150,489</u>	<u>2,259,819</u>

RED BAND CHEMICAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

18 Creditors Amounts falling due within one year

	2007	2006
	£	£
Loan notes	992,200	–
Bank loans (note 19)	355,582	232,267
Trade creditors	1,909,214	1,679,760
Corporation tax	31,909	492,937
PAYE and social security	73,213	71,656
Other creditors	5,361	–
Accruals and deferred income	283,007	242,723
	<u>3,650,486</u>	<u>2,719,343</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%

19 Creditors Amounts falling due after more than one year

	2007	2006
	£	£
Bank loans (note 19)	3,391,273	1,725,933
Amounts owed to group undertakings (note 23)	1,720,000	5,731,923
Amounts owed to parent (note 23)	4,524,869	–
	<u>9,636,142</u>	<u>7,457,856</u>

20. Borrowings

Creditors include finance capital which is due for repayment as follows

	2007	2006
	£	£
Amounts repayable		
In one year or less or on demand	355,582	492,814
In more than one year but not more than two years	367,425	2,266,194
In more than two years but not more than five years	1,040,462	1,193,960
In more than five years	1,983,386	3,228,729
	<u>3,746,855</u>	<u>7,181,697</u>

The bank borrowings are secured by fixed and floating charge over all of the company's assets In addition, cross guarantees without limit have been granted by the company for all amounts due from Rames, Clark and Company Limited and Pharmacy Finance Limited

The bank loans are repayable over periods between ten years and fifteen years and the interest rate between 1 27% and 1 5% above bank base rate are applied

RED BAND CHEMICAL COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

21 Deferred taxation

The movement in the deferred taxation provision during the year was

	2007 £	2006 £
At 1 January 2007	223,000	156,000
Deferred tax arising on acquisition of business		2,476
Profit and loss account movement arising during the year	<u>21,000</u>	<u>64,524</u>
At 31 December 2007	<u>244,000</u>	<u>223,000</u>

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

	2007 £	2006 £
Excess of taxation allowances over depreciation on fixed assets	<u>244,000</u>	<u>223,000</u>
	<u>244,000</u>	<u>223,000</u>

Deferred tax is calculated at 28% (2006 30%)

22. Derivatives

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

23. Commitments under operating leases

At 31 December 2007 the company had annual commitments under non cancellable operating leases as set out below

	2007		2006	
	Land & buildings £	Other Items £	Land & buildings £	Other Items £
Operating leases which expire				
Within 1 year		12,901	9,000	4,528
Within 2 to 5 years	29,870		10,750	20,629
After more than 5 years	<u>34,348</u>		<u>4,125</u>	
	<u>64,218</u>	<u>12,901</u>	<u>23,875</u>	<u>25,157</u>

24 Related party transactions

During the year, Auto Carfields Limited has made purchases from the group in the normal course of business amounting to £258,281(2006 £263,018), which were at normal commercial rates and no preferential terms were given Mrs M E Cummmings (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 90% or more controlled by a common parent undertaking

RED BAND CHEMICAL COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

25. Share capital

Authorised share capital.

	2007	2006
	£	£
1,250 Ordinary shares of £1 each	<u>1,250</u>	<u>1,250</u>

Allotted, called up and fully paid.

	2007		2006	
	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

	2007	2006
	£	£
Capital redemption reserve	<u>845</u>	<u>845</u>

27. Profit and loss account

	2007	2006
	£	£
Balance brought forward	4,498,790	3,423,514
Profit for the financial year	947,949	1,358,980
Equity dividends	(270,579)	(283,704)
Balance carried forward	<u>5,176,160</u>	<u>4,498,790</u>

28. Reconciliation of movements in shareholders' funds

	2007	2006
	£	£
Profit for the financial year	947,949	1,358,980
Equity dividends	(270,579)	(283,704)
Net addition to shareholders' funds	677,370	1,075,276
Opening shareholders' funds	4,500,885	3,425,609
Closing shareholders' funds	<u>5,178,255</u>	<u>4,500,885</u>

29. Ultimate parent undertaking

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

30 Ultimate controlling party

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