

Red Band Chemical Company Limited

Registered number: SC016876

Directors' report and financial statements

For the year ended 31 December 2015

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RED BAND CHEMICAL COMPANY LIMITED

COMPANY INFORMATION

DIRECTORS

A C Cumming, Msc
C N C Cumming, B Tech (Hons), MBA (Chairman)
A Roberts, BSC MBA
E Robertson, BSC (Hons) PgDIP MRPharmS
Y E Williams, BSC (Hons) MRPharms(SP) MBA
P C Galt, BPharm MRPharmS

COMPANY SECRETARY

D D Valentine BSC

REGISTERED NUMBER

SC016876

REGISTERED OFFICE

19 Smith's Place
Leith Walk
Edinburgh
EH6 8NU

TRADING ADDRESS

19 Smith's Place
Leith Walk
Edinburgh
EH6 8NU

INDEPENDENT AUDITOR

Mazars LLP
Chartered Accountants & Statutory Auditor
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

SOLICITORS

Murray Beith & Murray WS
3 Glenfinlas Street
Edinburgh
EH3 6AQ

RED BAND CHEMICAL COMPANY LIMITED

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RED BAND CHEMICAL COMPANY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

INTRODUCTION

The directors present their strategic report for Red Band Chemical Company Limited for the year ended 31 December 2015.

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 6.

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.

Increased revenues from opportunities presented by the NHS Pharmacy Contract and a range of private services will be pursued. A structured programme of training and development for all staff will facilitate this and ensure continued levels of excellent customer service.

The company uses a range of Key Performance Indicators to measure performance including gross profit, net profit and staff costs. There are closely monitored and reviewed throughout the year with action taken to ensure budgets are achieved.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

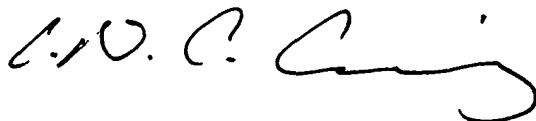
The company finances its operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programmes, through bank borrowings. The management's objectives are to:

- 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 rate 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 hedge accounting. As a result the company's exposure to price risk, credit risk, liquidity risk and cash flow risk is minimised wherever possible.

This report was approved by the board on 12 May 2016 and signed on its behalf.

C N C Cumming, B Tech (Hons), MBA (Chairman)
Director



RED BAND CHEMICAL COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £561,962 (2014 - £151,678).

The directors have not recommended a dividend (2014: £nil).

DIRECTORS

The directors who served during the year were:

A C Cumming, Msc
C N C Cumming, B Tech (Hons), MBA (Chairman)
A Roberts, BSC MBA
E Robertson, BSC (Hons) PgDIP MRPharmS
Y E Williams, BSC (Hons) MRPharms(SP) MBA
P C Galt, BPharm MRPharmS

MATTERS COVERED IN THE STRATEGIC REPORT

The directors have included the principal activity and business review and the financial risk management objectives and policies within the strategic report on page 1.

RED BAND CHEMICAL COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

POST BALANCE SHEET EVENTS

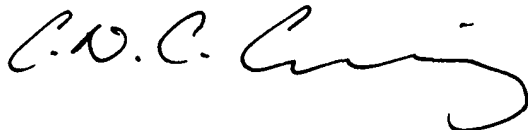
There have been no significant events affecting the company since the year end.

AUDITORS

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 12 May 2016 and signed on its behalf.

C N C Cumming, B Tech (Hons), MBA (Chairman)
Director



RED BAND CHEMICAL COMPANY LIMITED

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

We have audited the financial statements of Red Band Chemical Company Limited for the year ended 31 December 2015 which comprise the Statement of income and retained earnings, the Balance sheet and the related notes. 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' responsibilities statement set out on page , 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. 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.

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 www.frc.org.uk/auditscopeukprivate.

OPINION ON THE 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 2015 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 THE 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

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.

Fiona Martin

Fiona Martin (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

Date: 13/5/16

RED BAND CHEMICAL COMPANY LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
Turnover		24,247,867	24,315,975
Cost of sales		(16,436,663)	(17,197,237)
Gross profit		7,811,204	7,118,738
Administrative expenses		(6,995,244)	(6,675,422)
Exceptional administrative expenses		(169,327)	-
Other operating income		135,969	82,684
Operating profit		782,602	526,000
Income from participating interests		13,500	46,833
Income from fixed assets investments	9	2,869,105	-
Amounts written off investments		(2,869,105)	-
Interest payable and expenses	10	(116,803)	(286,624)
Profit before tax		679,299	286,209
Tax on profit	11	(117,337)	(134,531)
Profit after tax		561,962	151,678
Retained earnings at the beginning of the year		7,167,736	7,016,058
Profit for the year		561,962	151,678
Retained earnings at the end of the year		7,729,698	7,167,736

The notes on pages 9 to 28 form part of these financial statements.

RED BAND CHEMICAL COMPANY LIMITED

Registered number: SC016876

BALANCE SHEET AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
Intangible assets	13	9,603,604	6,902,732
Tangible assets	15	868,069	684,801
Investments	16	66,215	5,174,966
		<u>10,537,888</u>	<u>12,762,499</u>
Current assets			
Stocks	17	2,186,170	1,929,777
Debtors: amounts falling due within one year	18	3,585,991	3,019,068
Cash at bank and in hand	19	1,910,567	41,145
		<u>7,682,728</u>	<u>4,989,990</u>
Creditors: amounts falling due within one year	20	(3,768,484)	(3,340,729)
Net current assets		<u>3,914,244</u>	<u>1,649,261</u>
Total assets less current liabilities		<u>14,452,132</u>	<u>14,411,760</u>
Creditors: amounts falling due after more than one year	21	(6,342,498)	(6,810,035)
		<u>8,109,634</u>	<u>7,601,725</u>
Provisions for liabilities			
Deferred taxation	23	(377,841)	(431,894)
		<u>(377,841)</u>	<u>(431,894)</u>
Net assets		<u><u>7,731,793</u></u>	<u><u>7,169,831</u></u>
Capital and reserves			
Called up share capital	24	1,250	1,250
Other reserves	25	845	845
Profit and loss account	25	7,729,698	7,167,736
		<u><u>7,731,793</u></u>	<u><u>7,169,831</u></u>

RED BAND CHEMICAL COMPANY LIMITED

Registered number: SC016876

BALANCE SHEET (continued)

AS AT 31 DECEMBER 2015

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 May 2016.



C N C Cumming, B Tech (Hons), MBA (Chairman)
Director

The notes on pages 9 to 28 form part of these financial statements.

RED BAND CHEMICAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 30.

Red Band Chemical Company Limited is a company limited by shares, registered in Scotland. Its registered office is 19 Smith's Place, Leith Walk, Edinburgh, EH6 8NU. The company's functional and presentational currency is GBP.

The Company itself is a subsidiary entity and is exempt from the requirement to prepare group financial statements by the virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Raimés, Clark & Company Limited as at 31 December 2015 and these financial statements may be obtained from 19 Smith's Place, Edinburgh, EH6 8NU.

RED BAND CHEMICAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Intangible assets

Licences

Licences represent pharmacy licences and are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on the following bases:

Licences	-	5 % straight line
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The directors believe the useful life of 20 years is appropriate as this is the period over which the benefit of the licences is expected to be felt.

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

RED BAND CHEMICAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.6 Depreciation

Depreciation is provided on the following bases:

Fixtures and equipment	-	15% reducing balance
Motor vehicles	-	25% - 33% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses' in the Statement of Income and Retained Earnings.

1.7 Impairment of fixed assets and intangible assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.8 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

1.9 Valuation of investments

Investments in subsidiaries and associates are measured at cost less accumulated impairment.

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

RED BAND CHEMICAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.13 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.15 Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

RED BAND CHEMICAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.17 Borrowing costs

All borrowing costs are recognised in the profit and loss account in the year in which they are incurred.

1.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

1.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

RED BAND CHEMICAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.20 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the opinion of the directors, there are no key sources of estimation uncertainty involved in the preparation of the financial statements.

3. ANALYSIS OF TURNOVER

The whole of the turnover is attributable to the principal activity of the company.

All turnover arose within the United Kingdom.

4. OTHER OPERATING INCOME

	2015 £	2014 £
Miscellaneous income	135,969	82,684

5. OPERATING PROFIT

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	236,816	185,440
Amortisation of intangible assets	776,424	715,617
Impairment of intangible assets	-	120,000
Defined contribution pension cost	194,812	150,320
Operating lease costs	72,205	69,722

RED BAND CHEMICAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

6. AUDITOR'S REMUNERATION

	2015 £	2014 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	8,800	8,800
Fees payable to the Company's auditor in respect of:		
Other services relating to taxation	1,300	1,300
All other services	3,008	1,258
	<u>4,308</u>	<u>2,558</u>

7. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	3,961,909	3,651,176
Social security costs	282,302	265,933
Staff pension costs	194,812	150,320
	<u>4,439,023</u>	<u>4,067,429</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Number of pharmacy staff	211	200
Number of administration staff	9	13
	<u>220</u>	<u>213</u>

8. DIRECTORS' REMUNERATION

	2015 £	2014 £
Directors' emoluments	326,538	234,066
Company contributions to defined contribution pension schemes	10,000	13,213
	<u>336,538</u>	<u>247,279</u>

During the year retirement benefits were accruing to 1 director (2014 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £126,293 (2014 - £NIL).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2014 - £NIL).

RED BAND CHEMICAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

9. INCOME FROM INVESTMENTS

	2015 £	2014 £
Dividends received from subsidiary undertakings	2,869,105	-

10. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £	2014 £
Bank interest payable	111,803	281,624
Interest on loans from related undertakings (note 28)	5,000	5,000
	<u>116,803</u>	<u>286,624</u>

11. TAXATION

	2015 £	2014 £
Corporation tax		
Current tax on profits for the year	171,393	105,261
Deferred tax		
Origination and reversal of timing differences	(54,056)	29,270
Taxation on profit on ordinary activities	<u>117,337</u>	<u>134,531</u>

RED BAND CHEMICAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

11. TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2014 - higher than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	679,299	286,209
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%)	137,558	61,506
Effects of:		
Expenses not deductible for tax purposes	3,403	1,230
Fixed asset differences	20,942	84,046
Non-taxable income	(2,733)	(10,066)
Adjustments in tax rates	(41,833)	(2,185)
Total tax charge for the year	117,337	134,531

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

12. EXCEPTIONAL ITEMS

	2015 £	2014 £
Provision for legal settlement	140,000	-
VAT retail scheme adjustment	29,327	-
	169,327	-

RED BAND CHEMICAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

13. INTANGIBLE ASSETS

	Licences £
Cost	
At 1 January 2015	7,466,103
Additions	3,089,646
At 31 December 2015	<u>10,555,749</u>
Amortisation	
At 1 January 2015	563,372
Charge for the year	388,774
At 31 December 2015	<u>952,146</u>
Net book value	
At 31 December 2015	<u>9,603,603</u>
AT 31 December 2014	<u>6,902,731</u>

The additions in the year occurred as a result of the hive-up of the trade of Bonnybridge Pharmacy Company Limited and MacBride Pharmacy Limited, subsidiary undertakings of the company (note 14). The useful life of the licences acquired is 20 years.

RED BAND CHEMICAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

14. BUSINESS COMBINATIONS

Acquisition of Bonnybridge Pharmacy Company Limited

On 31 October 2015, the company acquired, by way of an intra-group transfer using the acquisition method, all operating assets and liabilities of Bonnybridge Pharmacy Company Limited, along with the associated trading activities of this company. Consequently, it is intended that the on-going conduct of the transferred business will be managed and reported in the future as part of Red Band Chemical Company Limited. Details of the financial impacts of this intra-group transfer are set out below:

	Fair value £
Tangible fixed assets	73,818
Intangible assets (see below)	1,829,389
	<u>1,903,207</u>
Stocks	166,492
Debtors	235,631
Cash at bank and in hand	960,971
Total assets	<u>3,266,301</u>
Creditors due within one year	(58,157)
Deferred tax	(342)
Fair value of net assets	<u>3,207,802</u>
Total purchase consideration	<u>3,207,802</u>
Cash acquired	960,971
Cash inflow on acquisition	<u>960,971</u>

The total purchase consideration represents the initial acquisition cost when the subsidiary was acquired. The excess of the initial acquisition cost compared to the net book value at the date of the transfer has been treated as a fair value uplift in respect of intangible assets. This amounted to an adjustment of £1,829,389.

RED BAND CHEMICAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

BUSINESS COMBINATIONS (continued)

Acquisition of MacBride Pharmacy Limited

On 31 October 2015, the company acquired, by way of an intra-group transfer using the acquisition method, all operating assets and liabilities of MacBride Pharmacy Limited, along with the associated trading activities of this company. Consequently, it is intended that the on-going conduct of the transferred business will be managed and reported in the future as part of Red Band Chemical Company Limited. Details of the financial impacts of this intra-group transfer are set out below:

	Fair value £
Intangible assets (see below)	1,260,257
	<u>1,260,257</u>
Stocks	75,647
Debtors	113,153
Cash at bank and in hand	490,487
Total assets	<u>1,939,544</u>
Creditors due within one year	(28,392)
Deferred tax	339
Fair value of net assets	<u>1,911,491</u>
Total purchase consideration	<u>1,911,491</u>
Cash acquired	490,487
Cash inflow on acquisition	<u><u>490,487</u></u>

The total purchase consideration represents the initial acquisition cost when the subsidiary was acquired. The excess of the initial acquisition cost compared to the net book value at the date of the transfer has been treated as a fair value uplift in respect of intangible assets. This amounted to an adjustment of £410,257.

The aggregated results of Bonnybridge Pharmacy Company Limited and MacBride Pharmacy Limited since their acquisition are as follows:

	Current period since acquisition 2015 £
Turnover for the period	730,067
Profit for the period	<u>137,646</u>

RED BAND CHEMICAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

15. TANGIBLE FIXED ASSETS

	Heritable property £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 January 2015	-	289,731	2,227,706	2,517,437
Additions	65,667	47,883	374,791	488,341
Disposals	(65,667)	-	(81,268)	(146,935)
At 31 December 2015	-	337,614	2,521,229	2,858,843
Depreciation				
At 1 January 2015	-	102,203	1,730,433	1,832,636
Charge for the year	-	68,501	168,315	236,816
Disposals	-	-	(78,678)	(78,678)
At 31 December 2015	-	170,704	1,820,070	1,990,774
At 31 December 2015	-	166,910	701,159	868,069
AT 31 December 2014	-	187,528	497,273	684,801

The heritable property addition related to a property transferred from Bonnybridge Pharmacy Company Limited which formed part of the assets acquired on hive-up (note 14). This property was subsequently transferred to Raimés, Clark & Company, Limited at net book value.

RED BAND CHEMICAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

16. FIXED ASSET INVESTMENTS

	Investments in subsidiary undertakings	Investments in associates	Total
	£	£	£
Cost			
At 1 January 2015	5,234,384	45,675	5,280,059
Transfer to goodwill (note 14)	(2,239,646)	-	(2,239,646)
At 31 December 2015	2,994,738	45,675	3,040,413
Impairment			
At 1 January 2015	105,093	-	105,093
Charge for the period	2,869,105	-	2,869,105
At 31 December 2015	2,974,198	-	2,974,198
At 31 December 2015	20,540	45,675	66,215
AT 31 December 2014	5,129,291	45,675	5,174,966

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Country of registration	Class of shares	Holding	Principal activity
Bonnybridge Pharmacy Company Limited	Scotland	Ordinary	100 %	Dormant
MacBride Pharmacy Limited	Scotland	Ordinary	100 %	Dormant
I.M. Campbell (Chemist) Limited	Scotland	Ordinary	100 %	Dormant

ASSOCIATES

Name	Country of registration	Class of shares	Holding	Principal activity
Auto Carfields Limited	Scotland	Ordinary	45%	Dispensing chemist
H.H.C.C. (Pharmacy) Company Limited	Scotland	Ordinary	40%	Dispensing of pharmaceutical goods

RED BAND CHEMICAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

17. STOCKS

	2015 £	2014 £
Goods for resale	2,186,170	1,929,777

18. DEBTORS

	2015 £	2014 £
Trade debtors	2,615,131	1,988,681
Amounts owed by group undertakings (note 28)	429,201	373,399
Amounts owed by associated undertakings (note 28)	-	30,400
Other debtors	523,667	412,079
Prepayments and accrued income	17,992	214,509
	<u>3,585,991</u>	<u>3,019,068</u>

19. CASH AND CASH EQUIVALENTS

	2015 £	2014 £
Cash at bank and in hand	1,910,567	41,145
Less: bank overdrafts	-	(62,910)
	<u>1,910,567</u>	<u>(21,765)</u>

20. CREDITORS: Amounts falling due within one year

	2015 £	2014 £
Bank overdrafts	-	62,910
Bank loans (note 22)	458,097	700,157
Trade creditors	2,231,163	1,900,621
Amounts owed to group undertakings (note 28)	20,540	10,000
Amounts owed to associated undertakings (note 28)	200,000	200,000
Corporation tax	180,780	51,261
Taxation and social security	89,397	68,028
Other creditors	23,999	2,865
Accruals and deferred income	564,508	344,887
	<u>3,768,484</u>	<u>3,340,729</u>

RED BAND CHEMICAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

20. CREDITORS: Amounts falling due within one year (continued)

Secured loans

The bank loan is repayable in monthly instalments over 15 years with a rate of interest based on a margin over base rate.

The bank borrowings are secured by a floating charge over the assets and undertakings of Raimes, Clark & Company Limited, Red Band Chemical Company Limited, Bonnybridge Pharmacy Company Limited, MacBride Pharmacy Limited, Pharmacy Finance Limited and I.M. Campbell (Chemist) Limited. There is also an unlimited cross company guarantee granted among the aforementioned companies.

21. CREDITORS: Amounts falling due after more than one year

	2015 £	2014 £
Bank loans (note 22)	6,342,498	6,810,035

22. LOANS

Analysis of the maturity of loans is given below:

	2015 £	2014 £
Amounts falling due within one year		
Bank loans	458,097	700,157
Amounts falling due 1-2 years		
Bank loans	465,480	457,945
Amounts falling due 2-5 years		
Bank loans	1,441,951	1,418,598
Amounts falling due after more than 5 years		
Bank loans	4,435,067	4,933,492

RED BAND CHEMICAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

23. DEFERRED TAXATION

	Deferred tax £
At 1 January 2015	(431,894)
Charged to the profit and loss account	54,056
Arising on business combinations	(3)
At 31 December 2015	(377,841)

The provision for deferred taxation is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	(382,164)	(431,952)
Short term timing differences	4,323	58
	<u>(377,841)</u>	<u>(431,894)</u>

24. SHARE CAPITAL

	2015 £	2014 £
Authorised, allotted, called up and fully paid 1,250 Ordinary shares of £1 each	<u>1,250</u>	<u>1,250</u>

The share capital has full voting and capital distribution rights.

25. RESERVES

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

Profit & loss account

This reserve includes all current and prior period retained profits and losses.

26. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £182,471 (2014: £150,320). There were £10,538 (2014: £287) contributions payable to the fund at the balance sheet date.

RED BAND CHEMICAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

27. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £	2014 £
Not later than 1 year	44,154	57,667
Later than 1 year and not later than 5 years	159,648	165,290
Later than 5 years	548,632	587,144
Total	<u>752,434</u>	<u>810,101</u>

28. RELATED PARTY TRANSACTIONS

During the year, Auto Carfields Limited made purchases from the company in the normal course of business amounting to £322,517 (2014: £289,819) which were at normal commercial rates and no preferential terms were given. An unsecured loan of £200,000 was also granted in 2008 by Auto Carfields Limited, and at the year end the balance outstanding was £200,000 (2014: £200,000). Mrs M E Cumming (shareholder in the ultimate parent undertaking) owns 55% of the share capital of Auto Carfields Limited. 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 (2014: £5,000).

At the year end the company was due £nil (2014: £30,400) from H.H.C.C. (Pharmacy) Limited. In the prior year these funds were advanced to H.H.C.C. (Pharmacy) Limited and were repaid in the current year. This balance was unsecured and interest free. The company is a director of H.H.C.C. Pharmacy Limited and owns 40% of the share capital.

As a wholly owned sub-subsiidiary of Raimes, Clark & Company, Limited, the company has taken advantage of the exemption provided by FRS 102 s33.1A whereby disclosures need not be given of transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

29. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking of the Company is Pharmacy Finance Limited, a Company registered in Scotland. 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.

In the opinion of the Directors, the Company has no ultimate controlling party.

RED BAND CHEMICAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

30. FIRST TIME ADOPTION OF FRS 102

	Note	As previously stated 1 January 2014 £	Effect of transition 1 January 2014 £	FRS 102 (as restated) 1 January 2014 £	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Fixed assets	1	12,878,863	-	12,878,863	13,120,307	(357,809)	12,762,498
Current assets		5,495,693	-	5,495,693	4,989,991	-	4,989,991
Creditors: amounts falling due within one year		(2,548,774)	(10,000)	(2,558,774)	(3,330,729)	(10,000)	(3,340,729)
Net current assets		<u>2,946,919</u>	<u>(10,000)</u>	<u>2,936,919</u>	<u>1,659,262</u>	<u>(10,000)</u>	<u>1,649,262</u>
Total assets less current liabilities		15,825,782	(10,000)	15,815,782	14,779,569	(367,809)	14,411,760
Creditors: amounts falling due after more than one year		(8,405,005)	10,000	(8,395,005)	(6,820,035)	10,000	(6,810,035)
Provisions for liabilities		(402,624)	-	(402,624)	(431,894)	-	(431,894)
Net assets		<u>7,018,153</u>	<u>-</u>	<u>7,018,153</u>	<u>7,527,640</u>	<u>(357,809)</u>	<u>7,169,831</u>
Capital and reserves		<u>7,018,153</u>	<u>-</u>	<u>7,018,153</u>	<u>7,527,640</u>	<u>(357,809)</u>	<u>7,169,831</u>

RED BAND CHEMICAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

30. FIRST TIME ADOPTION OF FRS 102 (continued)

	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Turnover	24,315,975	-	24,315,975
Cost of sales	(17,197,237)	-	(17,197,237)
	7,118,738	-	7,118,738
Administrative expenses	1 (6,317,613)	(357,809)	(6,675,422)
Other operating income	82,684	-	82,684
Operating profit	883,809	(357,809)	526,000
Income from shares in group undertakings	46,833	-	46,833
Interest payable and similar charges	(286,624)	-	(286,624)
Taxation	(134,531)	-	(134,531)
Profit on ordinary activities after taxation and for the financial year	<u>509,487</u>	<u>(357,809)</u>	<u>151,678</u>

Explanation of changes to previously reported profit and equity:

1 The intangible assets are now being amortised over their current estimated useful lives of 20 years.

Red Band Chemical Company Limited

Management information

For the year ended 31 December 2015

RED BAND CHEMICAL COMPANY LIMITED

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £	2014 £
Turnover	24,247,867	24,315,975
Cost of sales	(16,436,663)	(17,197,237)
Gross profit	<u>7,811,204</u>	<u>7,118,738</u>
Gross profit %	32.2 %	29.3 %
Other operating income	135,969	82,684
	<u>7,947,173</u>	<u>7,201,422</u>
Less: overheads		
Administration expenses	(7,164,571)	(6,675,422)
Operating profit	<u>782,602</u>	<u>526,000</u>
Interest payable	(116,803)	(286,624)
Investment income	(13,500)	(46,833)
Tax on profit on ordinary activities	(117,337)	(134,531)
Profit for the year	<u>561,962</u>	<u>151,678</u>

RED BAND CHEMICAL COMPANY LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

TURNOVER	2015	2014
	£	£
Sales	24,247,867	24,315,975
	<u> </u>	<u> </u>
COST OF SALES	2015	2014
	£	£
Purchases	16,436,663	17,197,237
	<u> </u>	<u> </u>
OTHER OPERATING INCOME	2015	2014
	£	£
Miscellaneous income	135,969	82,684
	<u> </u>	<u> </u>
ADMINISTRATION EXPENSES	2015	2014
	£	£
Directors' salaries	303,153	223,999
Directors' pension costs	10,000	13,213
Staff salaries	3,658,756	3,427,177
Staff national insurance	282,302	265,933
Staff pension costs	184,812	137,107
Staff training	25,646	21,639
Hotels, travel and subsistence	138,845	153,176
Consultancy	6,332	11,888
Postage	101,509	93,478
Telephone and fax	33,874	28,610
Computer costs	139,694	156,423
General office expenses	100,725	82,402
Advertising and promotion	13,021	17,303
Trade subscriptions	63,508	73,809
Political donations	35,361	35,956
Legal and professional	38,164	63,222
Auditors' remuneration	8,800	8,800
Management charges	475,000	475,000
Bank charges	28,475	17,366
	<u> </u>	<u> </u>
Sub-total carried forward	5,647,977	5,306,501

RED BAND CHEMICAL COMPANY LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £	2014 £
ADMINISTRATION EXPENSES (continued)		
Sub-total brought forward	5,647,977	5,306,501
Bad debts	-	20,140
Rent	536,193	470,438
Light and heat	65,642	70,884
Insurances	32,146	33,390
Repairs and maintenance	85,106	111,430
Depreciation	236,816	185,438
Amortisation	388,774	357,809
Loss/(profit) on sale of tangible assets	2,590	(608)
Impairment of goodwill	-	120,000
Exceptional items	169,327	-
	<u>7,164,571</u>	<u>6,675,422</u>
INTEREST PAYABLE		
	2015 £	2014 £
Bank interest payable	111,803	281,624
Group interest payable	5,000	5,000
	<u>116,803</u>	<u>286,624</u>
INVESTMENT INCOME		
	2015 £	2014 £
Dividends received from associated undertakings	13,500	46,833
Dividends received from subsidiary undertakings	2,869,105	-
Impairment of investments in subsidiary undertakings	(2,869,105)	-
	<u>13,500</u>	<u>46,833</u>