Rochester Medical Limited

Directors' report and financial statements

Registered number 5779226

Period 1 October 2013 to 30 November 2014

Contents

Strategic report

The directors present their strategic report on Rochester Medical Limited for the 14 month period ended 30 November 2014.

Business review

Rochester Medical Limited is a wholly owned subsidiary of Bard Limited and was acquired on 28th November 2013.

The principal activity of Rochester Medical Limited is the distribution of a broad line of innovative, technologically enhanced urinary continence and urine drainage care products for home care and acute extended care.

On 1 December 2014 the trade, assets and liabilities of the company were transferred to the parent company, Bard Limited at its book value of £6.5 million. Rochester Medical Limited ceased to trade on 30 November 2014.

Results and performance

The profit for the period, after taxation, was £985,000 (*2013 year: £1,386,000*).

The directors do not recommend the payment of a dividend.

During the period sales grew by 15.8% with the company delivering sales of £19.3 million. Overall gross margin increased to £8.7 million for the period.

By order of the board

J Allsop
Director

5 Commerce Way, Lancing Business Park
Lancing, West Sussex, BN15 8TA
8 September 2015

Directors' report

The directors present their directors report on Rochester Medical Limited Ltd for the 14 month period ended 30 November 2014.

Directors

The directors who held office during the period were as follows:

J Allsop (appointed 14 November 2013)

D A Jonas (resigned 14 November 2013)

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board

J Allsop
Director

5 Commerce Way, Lancing Business Park
Lancing, West Sussex, BN15 8TA
8 September 2015

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 these financial statements, the directors are required to:

• select suitable accounting policies and then apply them consistently;

• make judgments and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Rochester Medical Limited

We have audited the financial statements of Rochester Medical Limited for the period ending 30 November 2014 set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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

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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2014 and of its profit for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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.

Martin Newsholme

Martin Newsholme (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor

KPMG LLP
Chartered Accountants
1 Forest Gate
Brighton Road
Crawley
RH11 9PT

Date: 9 September 2015

Profit and loss account

for the period ended 30 November 2014

	Note	**14 months ended 30 November 2014 (Discontinued)**	Year ended 30 September 2013
		£000	£000
Turnover	2	**19,284**	16,655
Cost of sales		**(10,610)**	(9,274)
Gross profit		**8,674**	7,381
Distribution costs		**(1,620)**	(1,662)
Administrative expenses		**(5,779)**	(3,843)
Operating profit		**1,275**	1,876
Interest receivable and similar income		**12**	7
Interest payable and similar charges	*6*	**(5)**	(15)
Profit on ordinary activities before taxation	3	**1,282**	1,868
Tax on profit on ordinary activities	7	**(297)**	(482)
Profit for the financial year		**985**	1,386

All activities are considered to be discontinuing due to the transfer of trade and assets to Bard Limited on 1 December 2014.

There were no material differences between reported profits and losses and historical cost profits and losses.

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

Balance sheet
at 30 November 2014

	Note	**30 November 2014**		30 September 2013	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	8		**1,849**		2,122
Tangible assets	9		**791**		891
			2,640		3,013
Current assets					
Stocks	10	**649**		1,552	
Debtors	11	**3,864**		3,403	
Cash at bank and in hand		**1,692**		5,337	
		6,205		10,292	
Creditors: *amounts falling due within one year*	12	**(2,384)**		(1,955)	
Net current assets			**3,821**		8,337
Total assets less current liabilities			**6,461**		11,350
Creditors: amounts falling due after more than one year	13		**-**		(5,874)
Net assets including pension assets			**6,461**		5,476
Capital and reserves					
Called up share capital	14		**-**		-
Other reserves	15		**4,656**		4,656
Profit and loss account	15		**1,805**		820
Equity shareholders' funds			**6,461**		5,476

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

These financial statements were approved by the board of directors on 8 September 2015 and were signed on its behalf by:

J Allsop

Director

Reconciliation of movements in shareholders' funds

for the period ended 30 November 2014

	14 months ended 30 November 2014 (Discontinued)	Year ended 30 September 2013
	£000	£000
Profit for the financial year	**985**	1,386
Share option re-charge	**-**	51
Net additions to shareholders' funds	**985**	1,437
Opening shareholders' funds	**5,476**	4,039
Closing shareholders' funds	**6,461**	5,476

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

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As 100% of the company's voting rights are controlled within the group headed by C.R. Bard Inc., the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of C.R. Bard Inc, within which this company is included, can be obtained from Forest House, Brighton Road, Crawley, West Sussex, RH11 9BP.

Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied in the principle activity of the company during the year, exclusive of Value Added Tax and trade discounts.

Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

Positive goodwill and customer lists are capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of its first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Amortisation is provided at the following rates:

Customer lists	-	20 years straight line
Goodwill	-	15 years straight line

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or net of depreciation.

Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold property	-	30 years straight line
Plant and machinery	-	5 – 7 years straight line

Residual value is calculated on prices prevailing at the date of acquisition.

Notes *(continued)*

1 Accounting policies *(continued)*

Assets with no remaining net book value at the end of the year, after provision of full depreciation costs, are written off.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Post-retirement benefits

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in repect of the year.

The assets of the scheme are held separately from those of the company in an independently administered fund.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the FIFO method is used. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads. Net realisable value is based on normal estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Dividends

Dividends are only recognised as a liability to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Share Based Payments

The company has applied the requirements of FRS 20 Share based payment. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the group's estimate of shares that will eventually vest and is adjusted for the effect of non market-based vesting conditions.

Notes *(continued)*

2 Analysis of Turnover

All turnover arose within the United Kingdom.

All turnover was derived from the principal activity of the company – the sale of healthcare products.

3 Profit on ordinary activities before taxation

	14 months ended 30 November 2014 (Discontinued)	Year ended 30 September 2013
Profit on ordinary activities before taxation is stated after charging:	**£000**	£000
Amortisation of goodwill	**197**	169
Depreciation and other amounts written off owned tangible fixed assets:	**103**	88
Hire of plant & machinery – rentals payable under operating leases	**228**	266
Exchange gain/(loss)	**42**	(15)
Auditors' remuneration	**-**	18
Amortisation of customer lists	**76**	65

Auditors remuneration of £27,000 has been borne by another group company.

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	14 months ended 30 November 2014 (Discontinued)	Year ended 30 September 2013
Distribution	**71**	65
Administration	**6**	7
	77	72

Notes *(continued)*

4 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

	14 months ended 30 November 2014 (Discontinued)	Year ended 30 September 2013
	£000	£000
Wages and salaries	**2,376**	1,880
Social security costs	**68**	204
Other pension costs	**132**	63
	2,576	2,147

5 Director's remuneration

No emoluments were paid to the director by the company during the period *(2013: £nil)*

6 Interest payable and similar charges

	14 months ended 30 November 2014 (Discontinued)	Year ended 30 September 2013
	£000	£000
On loans from group undertakings	**5**	15
	5	15

7 Taxation

Analysis of charge in period

	2014	**2014**	2013	2013
	£000	**£000**	£000	£000
UK corporation tax				
Current tax on income for the period		**297**		486
Adjustment for prior years		**-**		(13)
Total current tax		**297**		473
Deferred tax (see note 11)				
Origination/reversal of timing differences	**-**		(5)	
Adjustment for prior years	**-**		14	
Total deferred tax		**-**		9
Tax on profit on ordinary activities		**297**		482

Notes *(continued)*

7 Taxation *(continued)*

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (*2013: higher*) than the standard rate of corporation tax in the UK 21.67%, (*2013:23.5%*). The differences are explained below.

	14 months ended 30 November 2014 (Discontinued)	Year ended 30 September 2013
	£000	£000
Current tax reconciliation		
Profit on ordinary activities before tax	**1,282**	1,868
Current tax at 21.67% (2013: 23.5%)	**278**	439
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**1**	26
Capital allowances for the year in excess of depreciation	**16**	4
Adjustment to tax charge in respect of prior periods	**-**	(13)
Short term timimg differences	**2**	6
Adjustmentss to brought forward values	**-**	11
Total current tax charge (see above)	**297**	473

8 Intangible fixed assets

	Customer lists £000	**Goodwill £000**	**Total £000**
Cost			
At 1 October 2013 and 30 November 2014	1,300	2,662	3,962
Amortisation			
At 1 October 2013	477	1,363	1,840
Charge for the year	76	197	273
At 30 November 2014	553	1,560	2,113
Net book value			
At 30 November 2014	**747**	**1,102**	**1,849**
At 30 September 2013	823	1,299	2,122

Notes *(continued)*

9 Tangible fixed assets

	Freehold Property £000	Plant and Machinery £000	Total £000
Cost			
At 1 October 2013	840	475	1,315
Additions	-	4	4
At 30 November 2014	840	479	1,319
Depreciation			
At 1 October 2013	127	298	425
Charge for the year	28	75	103
At 30 November 2014	155	373	528
Net book value			
At 30 November 2014	**685**	**106**	**791**
At 30 September 2013	713	177	890

10 Stocks

	14 months ended 30 November 2014 (Discontinued)	Year ended 30 September 2013
	£000	£000
Finished goods and goods for resale	**649**	1,552

There are no material differences between the replacement cost of stock and the balance sheet amounts.

Notes *(continued)*

11 Debtors

	14 months ended 30 November 2014 (Discontinued)	Year ended 30 September 2013
	£000	£000
Trade debtors	3,391	3,271
Amounts owed by group undertakings	434	64
Deferred tax asset	-	20
Prepayments and accrued income	39	48
	3,864	3,403

The elements of deferred taxation are as follows:

	14 months ended 30 November 2014 (Discontinued)	Year ended 30 September 2013
	£000	£000
Difference between accumulated depreciation and amortisation and capital allowances	-	2
Other timing differences effected through deferred tax	-	18
Deferred tax asset	-	20

The following are the major deferred tax assets movements during the current period and prior year:

	14 months ended 30 November 2014 (Discontinued)	Year ended 30 September 2013
	£000	£000
At beginning of the year as previously stated	20	29
Credit/(charge) to the P&L		
Short-term timing differences	(20)	(9)
At the end of the period/year	-	20

Notes *(continued)*

12 Creditors: amounts falling due within one year

	14 months ended 30 November 2014 (Discontinued)	Year ended 30 September 2013
	£000	£000
Trade creditors	**176**	614
Corporation tax	**271**	485
Taxation and social security	**258**	673
Accruals and deferred income	**603**	183
Amounts owed to group undertakings	**1,076**	-
	2,384	1,955

13 Creditors: amounts falling due after more than one year

	14 months ended 30 November 2014 (Discontinued)	Year ended 30 September 2013
	£000	£000
Amounts owed to group undertakings	**-**	5,874

Amounts owed to subsidiary undertakings are unsecured and non-interest bearing.

14 Called up share capital

	14 months ended 30 November 2014 (Discontinued)	Year ended 30 September 2013
	£000	£000
Authorised, allotted, called up and fully paid		
1 ordinary share of £1 each	**-**	-

Notes *(continued)*

15 Reserves

	Other reserve	Profit and loss account	Total
	£000	£000	£000
At beginning of the period as previously reported	4,656	820	5,476
Retained profit for the year	-	985	985
At 30 November 2014	**4,656**	**1,805**	**6,461**

16 Commitments

a) Annual commitments under non-cancellable operating leases are as follows:

	14 months ended 30 November 2014 (Discontinued)	Year ended 30 September 2013
	£000	£000
Operating leases which expire:		
Within one year	**99**	136
In the second to fifth years inclusive	**-**	130
Over five years	**-**	-
	99	266

17 Pension schemes

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contribution payable by the company to the scheme and amounted to £132,166 (2013: £63,318).

18 Equity-settled share based payments

During the period there were two separate schemes in place, The Rochester Medical Corporation 2001 Stock Incentive Plan and the Rochester Medical 2010 Stock Incentive Plan. All share options were exercised during the period.

	WAEP	No. of Shares
Outstanding at the beginning of the period	**$9**	**1,467,365**
Exercised	**$10**	**(1,467,365)**
Outstanding at the end of the period	**$0**	**-**
Exercisable at the end of the period	**$0**	**-**

The share option charge recognised within these financial statements in respect of share options granted to UK employees is £nil (*2013: £50,604*).

Notes *(continued)*

19 Post balance sheet events

On 1 December 2014 the trade and assets of the business were transferred to its parent company Bard Limited at book value of £6.5 million.

20 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Bard Limited.

The largest group in which the results of the company are consolidated is that headed by CR Bard Inc, incorporated in New Jersey, USA. The CR Bard Inc. Annual Report on form 10-K/A for the year ended 31 December 2014 is available from the company's website at *www.crbard.com.*