

TRUSTEES OF THE LONDON CLINIC LIMITED
(Limited by Guarantee)

GOVERNORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1987

The Board of Governors is empowered by the Articles of Association of the Company to act as the Board of Directors of the Trustees of the London Clinic Limited and has pleasure in issuing the following report:

The Governors during the year were:

The Right Honourable James Ramsden, (Chairman)
The Right Honourable Lord Farnham,
Mr R.G. Gibbs.

The Income and Expenditure Account shows a surplus of £588,384 for the year. This has been carried forward to Capital and Reserves.

The Company continues to be registered as a Charity and its activities have remained those of a private hospital and clinic, with a total of 186 licensed beds. The state of the Company's affairs continues to be satisfactory. It is planned to improve the Clinic facilities in the coming year by providing a High Dependency Unit and enlarging the Physiotherapy Department, including the provision of hydrotherapy.

The number of patients admitted for treatment was 8,885 (1986:8,374) and 8,856 (1986: 9,084) surgical operations were carried out. The average daily bed occupancy was 125.73 (1986:125.59) and the average duration of stay for each patient was 5.16 days (1986:5.47 days).

The Pathology Department carried out 2,537,235 (1986:2,076,153) units of work, the X-Ray Department 18,193 (1986:16,098) examinations, the Endoscopy Department 1,552 (1986:1,609) examinations, the Physiotherapy Department 14,628 (1986:12,514) treatments, and the Cardiography Department 2,862 (1986:3,021) examinations. In the Diagnostic Unit, 914 (1986:834) patients were investigated.

The Company treats all applications for employment on merit alone and does not discriminate against disabled people when considering their applications for suitable positions. Training, where appropriate, is given and career development is available to the same extent as to able-bodied employees. If an employee should become disabled while in the service of the Company, he will be retained, if possible, and found suitable work.

The Company takes a positive view of employee communications and maintains a system of keeping employees informed of developments and progress by consultation in departments.

Certified true copy

Governor.....*James Ramsden*.....

Secretary.....*[Signature]*.....

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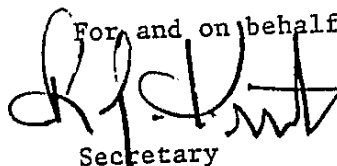
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GOVERNORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1987

In the Governors' opinion, the freehold and leasehold land and buildings shown in the balance sheet at a net book value of £1,442,868, had an estimated market value at 30th September 1987 which was considerably in excess of net book value. Covenants attaching to the leases preclude the use of the property other than as a Clinic, nursing home, consulting rooms and hostels.

A resolution for the re-appointment of Peat Marwick McLintock as auditors is to be proposed at the forthcoming Annual General Meeting.

For and on behalf of the Board of Governors,


 Secretary

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Governor.....

Secretary.....

REPORT OF THE AUDITORS TO THE MEMBERS OF
TRUSTEES OF THE LONDON CLINIC LIMITED

We have audited the accounts set out on pages 4 to 13 in accordance with approved Auditing Standards.

In our opinion the accounts which have been prepared on the basis of the accounting policies set out on page 8 and, in respect of capital expenditure, under the modified accounting concept referred to therein, give a true and fair view of the state of the Company's affairs at 30th September 1987 and of the surplus of income over expenditure and source and application of funds for the year to that date and have been prepared in accordance with the Companies Act 1985.



Chartered Accountants

London.

9/3/88

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Governor.....

Secretary.....

TRUSTEES OF THE LONDON CLINIC LIMITED
(Limited by Guarantee)

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30TH SEPTEMBER 1987

	<u>Note</u>	£	<u>1987</u>	£	£	<u>1986</u>	£
Turnover - charges to patients	3		14,610,991			13,238,930	
Less: cost of sales - costs related directly to charges to patients			10,512,438			9,598,858	
Gross profit			<u>4,098,553</u>			<u>3,640,072</u>	
Less:							
Overhead expenditure		1,674,848			1,375,292		
Administrative expenditure		<u>1,698,864</u>			<u>1,573,156</u>		
			3,373,712			2,948,448	
			<u>724,841</u>			<u>691,624</u>	
Add:							
Other operating income:							
Recovery of expenditure on consulting suites			283,181			260,152	
			<u>1,008,022</u>			<u>951,776</u>	
Less:							
Other operating charges:							
Interest payable	6	14,484			45,337		
Credit card charges		29,206			23,459		
Discounts allowed		<u>26,811</u>			<u>84,889</u>		
			70,501			153,685	
Surplus for the year before special expenditure			<u>937,521</u>			<u>798,091</u>	
Other operating charges:							
Special expenditure	7		391,828			423,524	
Surplus on ordinary activities			<u>545,693</u>			<u>374,567</u>	
Add:							
Extraordinary income	8		42,691			68,864	
Surplus for the financial year			<u>588,384</u>			<u>443,431</u>	
Balance brought forward from previous year			839,793			396,362	
Surplus carried forward			<u>1,428,177</u>			<u>839,793</u>	

The notes on pages 8 to 13 form part of these accounts.

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Governor.....
Secretary.....

TRUSTEES OF THE LONDON CLINIC LIMITED
(Limited by Guarantee)

(Limited by Guarantee)

BALANCE SHEET AT 30TH SEPTEMBER 1987

	<u>Note</u>	<u>1987</u>	<u>1986</u>
		£	£
Fixed assets:			
Tangible assets	9	1,442,868	1,461,064
Current assets:			
Stocks	10	242,523	246,769
Debtors	11	1,804,772	1,316,495
Cash at bank and in hand		<u>249,489</u>	<u>177,933</u>
		2,296,784	1,741,197
Creditors: amounts falling due within one year	12	<u>963,409</u>	<u>1,080,027</u>
Net current assets		1,333,375	661,170
Total assets less current liabilities		<u>2,776,243</u>	<u>2,122,234</u>
Creditors: amounts falling due after more than one year	12	65,625	-
		<u>2,710,618</u>	<u>2,122,234</u>
Capital and reserves:			
Revaluation reserve		1,282,441	1,282,441
Revenue surplus		1,428,177	839,793
		<u>2,710,618</u>	<u>2,122,234</u>

The notes on pages 8 to 13 form part of these accounts.

These accounts were approved by the Board of Governors
on 9th March, 1988.

Somerset

.....)
.....) Governors
Fairbanks)
.....)

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Governor... *Somerset*
Secretary... *J. H. K.*

TRUSTEES OF THE LONDON CLINIC LIMITED
(Limited by Guarantee)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30TH SEPTEMBER 1987

	£	<u>1987</u>	£	<u>1986</u>	£
SOURCE OF FUNDS					
Surplus for the year before special expenditure		937,521		798,091	
Adjustment for items not involving the movement of funds: Amortisation		18,196		17,667	
FUNDS GENERATED FROM OPERATIONS		<u>955,717</u>		<u>815,758</u>	
FUNDS FROM OTHER SOURCES					
Increase in creditors: amounts falling due after more than one year		65,625		-	
Extraordinary income		42,691		68,864	
		<u>1,064,033</u>		<u>884,622</u>	
APPLICATION OF FUNDS					
Special expenditure		(391,828)		(423,524)	
Repayment of bank loan		(200,000)		-	
INCREASE IN WORKING CAPITAL		<u>472,205</u>		<u>461,098</u>	
COMPONENTS OF INCREASE IN WORKING CAPITAL					
Stocks		(4,246)		35,398	
Debtors		488,277		(287,840)	
Creditors due within one year		(83,382)		34,504	
Movement in net liquid funds:					
Bank overdraft		-		517,112	
Cash at bank and in hand		<u>71,556</u>		<u>161,924</u>	
		71,556		679,036	
		<u>472,205</u>		<u>461,098</u>	

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Governor... *James Lawless*

Secretary... *[Signature]*

TRUSTEES OF THE LONDON CLINIC LIMITED
(Limited by Guarantee)

SAMARITAN FUND

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30TH SEPTEMBER 1987

	£	<u>1987</u>	£	£	<u>1986</u>	£
Interest receivable on deposit account	668			823		
Donations	<u>10</u>			<u>260</u>		
		678				1,083
Less: Grant from fund		8,728				-
Balance carried forward to balance sheet		<u>(8,050)</u>				<u>1,083</u>

BALANCE SHEET
AS AT 30TH SEPTEMBER 1987

	<u>1987</u>	<u>1986</u>
	£	£
Cash at bank	4,099	12,149
Balance brought forward	12,149	11,066
Balance from income and expenditure	(8,050)	1,083
	<u>4,099</u>	<u>12,149</u>

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Governor.....*James Hamner*

Secretary.....*[Signature]*

TRUSTEES OF THE LONDON CLINIC LIMITED
(Limited by Guarantee)

NOTES ON THE ACCOUNTS

1. STATUS OF THE COMPANY

The Company is limited by guarantee and does not have a share capital. Every member of the Company undertakes to contribute to the assets of the Company in the event of it being wound up while he is a member, or within one year after he ceases to be a member, such amount as may be required, not exceeding £1 for the payment of the debts and liabilities contracted before he ceases to be a member. The Company is a registered Charity and, as such, is exempt from Income and Corporation Tax under the provisions of the Income and Corporation Taxes Act 1970.

2. ACCOUNTING POLICIES

Basis of preparation of accounts

The accounts have been prepared under the historical cost convention adjusted by the revaluation of freehold and leasehold properties referred to in note 9 below.

Special Expenditure

The income and property of the Company is, in accordance with the memorandum of association, to be applied solely for Charitable purposes and, in particular, the acquisition of and carrying on the business of proprietors of the London Clinic. No portion of the income and property may be distributed by way of profit to the members of the Trust. The Company is thus not run for profit and its income year by year is applied to the provision of medical services through the operation of the Clinic. In meeting this objective, income must be available to meet the cost of improving and developing, as well as maintaining, the facilities available in the existing property. In order to achieve an appropriate match of income and expenditure, it is the Governors' policy to write-off expenditure on plant and machinery and alterations and reconstructions of existing buildings to the income and expenditure account in the year in which the expenditure is incurred. Such expenditure during the year amounted to £391,828 (1986:£423,524). Hire-purchase payments are treated consistently with this policy. It is impracticable to estimate the financial effect of not capitalising special expenditure and depreciating it over its estimated useful economic life.

Amortisation

Provision for amortisation of the short-term leasehold property is calculated on a sinking fund basis over the term of the lease expiring in 2025, charging an increasing amount to the Income and Expenditure account each year.

Depreciation

No provision for depreciation has been made on freehold property.

Stocks

Stocks are valued at the lower of cost and net realisable value.

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Governor.....
Secretary.....

TRUSTEES OF THE LONDON CLINIC LIMITED
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NOTES ON THE ACCOUNTS

3. TURNOVER

Turnover attributable to different classes of business and surplus and deficit attributable to each class is as follows:

	<u>Turnover</u>		<u>Surplus/(deficit)</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	£	£	£	£
Nursing floors	9,046,663	8,974,460	(26,932)	468,630
<u>Special Departments</u>				
Pathology	1,330,078	1,030,059	307,710	100,313
Diagnostic	45,303	40,691	6,116	2,888
Dispensary	789,347	1,096,050	106,329	190,296
Physiotherapy	249,305	205,800	55,368	27,663
Radiology	646,259	567,228	110,018	63,270
Endoscopy	169,155	167,301	58,420	58,414
Cardiography	129,644	117,416	51,140	45,341
Theatres	1,829,253	937,430	250,544	(41,281)
Out-patient theatres	120,475	102,495	44,322	36,242
Lithotripsy	255,509	-	44,987	-
	<u>14,610,991</u>	<u>13,238,930</u>	<u>1,008,022</u>	<u>951,776</u>
	=====	=====	=====	=====

During the year the Company ceased to give discounts and revised its pricing structure.

Charges arising from dispensary issues used in Theatres are this year recorded in Theatre turnover. Previously all such items were included as Dispensary income.

4. RESULTS FOR THE FINANCIAL YEAR

Results for the financial year are stated after charging:

	<u>1987</u>	<u>1986</u>
	£	£
Amortisation of leasehold property	18,197	17,667
Auditors' remuneration	11,250	10,470
Hire of medical and other equipment	125,497	95,222
Directors' remuneration	4,100	4,000
	=====	=====

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Governor... *James R. ...*

Secretary... *[Signature]*