

TRUSTEES OF THE LONDON CLINIC LIMITED
(Limited by Guarantee)

GOVERNORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1986

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 £443,431 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.

The number of patients admitted for treatment was 8,374 (1985:9,170) and 9,084 (1985:7,684) surgical operations were carried out. The average daily bed occupancy was 125.59 (1985:133.43) and the average duration of stay for each patient was 5.47 days (1985:5.24 days).

The Pathology Department carried out 2,076,153 (1985:1,755,262) units of work, the X-Ray Department 16,098 (1985:15,284) examinations, the Endoscopy Department 1,609 (1985:1,503) examinations, the Physiotherapy Department 12,514 (1985:13,985) treatments, the Cardiography Department 3,021 (1985:2,584) examinations. In the Diagnostic Unit, 834 (1985:835) 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.

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Governor ... *James Ramsden*

Secretary *A. J. King*



TRUSTEES OF THE LONDON CLINIC LIMITED
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FOR THE YEAR ENDED 30TH SEPTEMBER 1986

In our opinion, the freehold and leasehold land and buildings shown in the balance sheet at a net book value of £1,461,064, had an estimated market value at 30th September 1986 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, Mitchell & Co, who will practise under the name of Peat Marwick McLintock with effect from 1st April, 1987, as auditors, is to be proposed at the forthcoming Annual General Meeting.

For and on behalf of the Board of Governors,


Secretary

Certified true copy

Governor *James Ramsden*

Secretary *[Signature]*

REPORT OF THE AUDITORS TO THE
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 1986 and of the surplus of income over expenditure and source and application of funds for the year to that date and comply with the Companies Act 1985.

3rd Ann 1987
London.

Robert Mark Mitchell
Chartered Accountants

Certified true copy

Governor *James Ramsden*

Secretary *J.P. Hunt*

TRUSTEES OF THE LONDON CLINIC LIMITED
(Limited by Guarantee)

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30TH SEPTEMBER 1986

	<u>Note</u>	<u>1986</u>		<u>1985</u>	
		£	£	£	£
Turnover - charges to patients	3		13,238,930		12,489,858
Less: cost of sales - costs related directly to charges to patients			9,598,858		8,949,855
Gross profit			<u>3,640,072</u>		<u>3,540,003</u>
Less:					
Overhead expenditure		1,375,292		1,191,662	
Administrative expenditure		<u>1,573,156</u>		<u>1,473,479</u>	
			2,948,448		2,665,141
			<u>691,624</u>		<u>874,862</u>
Add:					
Other operating income: Recovery of expenditure on consulting suites			260,152		241,370
			<u>951,776</u>		<u>1,116,232</u>
Less:					
Other operating charges:					
Interest payable	6	45,337		193,582	
Credit card charges		23,459		-	
Discounts allowed		<u>84,889</u>		-	
			153,685		193,582
Surplus for the year before special expenditure			<u>798,091</u>		<u>922,650</u>
Other operating charges: Special expenditure	7		423,524		357,710
Surplus for the financial year			<u>374,567</u>		<u>564,940</u>
Add:					
Extraordinary items	8		67,864		800,000
			<u>443,431</u>		<u>1,364,940</u>
Balance brought forward from previous year			396,362		(968,578)
Surplus balance carried forward			<u>839,793</u>		<u>396,362</u>

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

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Governor *James Ramsden*

Secretary *[Signature]*

TRUSTEES OF THE LONDON CLINIC LIMITED
(Limited by Guarantee)

SAMARITAN FUND

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30TH SEPTEMBER 1986

	£	<u>1986</u>	£	£	<u>1985</u>	£
Interest receivable on deposit account		823			931	
Donations		<u>260</u>			<u>103</u>	
			1,083			1,034
Less: Grant from fund			-			155
Balance carried forward to balance sheet			<u>1,083</u>			<u>879</u>

BALANCE SHEET
AS AT 30TH SEPTEMBER 1986

		<u>1986</u>		<u>1985</u>	
		£		£	
Cash at bank		12,149		11,066	
Balance brought forward		11,066		10,187	
Balance from income and expenditure		1,083		879	
		<u>12,149</u>		<u>11,066</u>	

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Governor *James Ramsden*

Secretary *[Signature]*

TRUSTEES OF THE LONDON CLINIC LIMITED
(Limited by Guarantee)

BALANCE SHEET AS AT 30TH SEPTEMBER 1986

	<u>Note</u>	£	<u>1986</u>	£	£	<u>1985</u>	£
Fixed assets:							
Tangible assets	9		1,461,064			1,478,731	
Current assets:							
Stocks	10	246,769			211,371		
Debtors	11	1,316,495			1,603,779		
Cash at bank and in hand			177,933		16,009		
			<u>1,741,197</u>		<u>1,831,159</u>		
Creditors: amounts falling due within one year	12	<u>1,080,027</u>			<u>1,431,087</u>		
Net current assets			661,170			400,072	
Total assets less current liabilities			<u>2,122,234</u>			<u>1,878,803</u>	
Creditors: amounts falling due after more than one year	12		-			(200,000)	
			<u>2,122,234</u>			<u>1,678,803</u>	
Capital and reserves:							
Revaluation reserve			1,282,441			1,282,441	
Revenue surplus			839,793			396,362	
			<u>2,122,234</u>			<u>1,678,803</u>	

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

Jamieson Ramsden
)
Roger Pith
) Governors

..... 17th MARCH 1987. Date.

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Governor *Jamieson Ramsden*

Secretary *[Signature]*

TRUSTEES OF THE LONDON CLINIC LIMITED
(Limited by Guarantee)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30TH SEPTEMBER 1986

	£	<u>1986</u>	£	£	<u>1985</u>	£
SOURCE OF FUNDS						
Surplus for the year before special expenditure		798,091			922,650	
Adjustment for items not involving the movement of funds:						
Amortisation		17,667			17,152	
		<u>815,758</u>			<u>939,802</u>	
FUNDS FROM OTHER SOURCES						
Donations		68,864			800,000	
		<u>884,622</u>			<u>1,739,802</u>	
APPLICATION OF FUNDS						
Special expenditure		(423,524)			(357,710)	
Repayment of bank loan		-			(800,000)	
		<u>461,098</u>			<u>582,092</u>	
INCREASE/(DECREASE) IN WORKING CAPITAL						
Stocks		35,398			103,212	
Debtors		(287,840)			75,379	
Creditors due within one year		34,504			(95,667)	
Movement in net liquid funds:						
Bank overdraft		517,112		497,908		
Cash at bank and in hand		<u>161,924</u>		<u>1,260</u>		
		679,036		<u>499,168</u>		
		<u>461,098</u>		<u>582,092</u>		

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Governor *Jamieson*

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 £423,524 (1985:£357,710). Hire purchase payments are treated consistently with this policy.

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 *James Cameron*
Secretary *[Signature]*

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>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>
	£	£	£	£
Nursing floors	8,974,460	8,848,027	468,630	737,720
<u>Special Departments</u>				
Pathology	1,030,059	812,474	100,313	28,909
Diagnostic	40,691	40,354	2,888	5,538
Dispensary	1,096,050	1,019,121	190,296	226,663
Physiotherapy	205,800	188,423	27,663	20,397
Radiology	567,228	506,131	63,270	34,876
Endoscopy	167,301	143,080	58,414	54,137
Cardiography	117,416	93,664	45,341	24,743
Theatres	937,430	769,321	(41,281)	(33,113)
Out-patient theatres	102,495	69,263	36,242	16,362
	<u>13,238,930</u>	<u>12,489,858</u>	<u>951,776</u>	<u>1,116,232</u>

4. RESULT FOR THE FINANCIAL YEAR

Result for the financial year is stated after charging:

	<u>1986</u>	<u>1985</u>
	£	£
Amortisation of leasehold property	17,667	17,152
Auditors' remuneration	10,470	9,240
Hire of medical and other equipment	95,222	71,622
Directors' remuneration	4,000	6,073

5. EMOLUMENTS

Directors

During the year there were three Directors (Governors) each of whom received emoluments amounting to less than £5,000. The Chairman waived emoluments during the year ended 30th September, 1986 of £4,000.

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Governor .. *James Ramsden*

Secretary .. *[Signature]*

TRUSTEES OF THE LONDON CLINIC LIMITED
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NOTES ON THE ACCOUNTS

5. EMOLUMENTS (continued)

Employees

- (a) The average number of employees employed by the Clinic during the year was as follows:

	<u>1986</u>	<u>1985</u>
Management	7	7
Administration	27	25
Nursing and medical staff	346	346
Ancillary staff	339	314
	<u>719</u>	<u>692</u>

- (b) The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	6,486,430	5,805,820
Social security costs	617,527	543,376
Other pension costs	541,331	471,646
	<u>7,645,288</u>	<u>6,820,842</u>

- (c) One employee received emoluments in excess of £30,000.

£30,000 - £35,000	<u>1</u>	<u>-</u>
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6. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1986</u>	<u>1985</u>
	£	£
Interest payable in respect of loans repayable within five years	<u>45,337</u>	<u>193,582</u>

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Governor *James Ramsden*
Secretary *[Signature]*

TRUSTEES OF THE LONDON CLINIC LIMITED
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NOTES ON THE ACCOUNTS

7. OTHER OPERATING CHARGES

Special expenditure comprises:

	<u>1986</u>	<u>1985</u>
	£	£
Final fees and retention relating to rebuilding and improvement of lifts on 8th floor	9,692	50,950
Theatre instruments	39,351	69,626
Theatre refurbishment	1,975	154,866
Outpatients' theatre alterations	-	6,653
Outpatients' theatre instruments	15,237	31,600
Radiology equipment	-	30,285
Pathology alterations - Microbiology department	55,152	-
Pathology equipment	15,039	3,500
Endoscopy equipment	8,342	7,195
Cardiology equipment	-	3,035
Basement toilets	7,221	-
Trayed meals service	79,873	-
Diagnostic department relocation	46,852	-
Bed pan washer	2,331	-
Telephones	40,006	-
Computer - 1st stage	54,790	-
Vernon House improvements	13,566	-
Clinic outside decoration	14,387	-
Microfilming	5,167	-
High Dependency Unit professional fees	14,543	-
	<u>423,524</u>	<u>357,710</u>

8. EXTRAORDINARY ITEMS

	<u>1986</u>	<u>1985</u>
	£	£
Extraordinary income:		
Donations	68,864	800,000
	<u>68,864</u>	<u>800,000</u>

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Governor *James Ramsden*
Secretary *[Signature]*

TRUSTEES OF THE LONDON CLINIC LIMITED
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NOTES ON THE ACCOUNTS

9. FIXED ASSETS

	£	<u>1986</u>	£	£	<u>1985</u>	£
Freehold property:						
5/12 St. Mark's Square, Camden			216,454			216,454
Short-term leasehold property:						
145/147 Harley Street and 18/20 Devonshire Place	1,555,000			1,555,000		
Amortisation		<u>310,390</u>			<u>292,723</u>	
			1,244,610			1,262,277
			<u>1,461,064</u>			<u>1,478,731</u>

Included above are assets at the following valuations:

	£
Freehold property at Governors' valuation in 1970	216,454
Short-term leasehold property at professional valuation in 1962	<u>1,555,000</u>

On 7th October 1981, a mortgage debenture between the Clinic and the National Westminster Bank plc, was sealed, creating a charge on all the fixed assets.

10. STOCKS

	<u>1986</u>	<u>1985</u>
	£	£
Raw materials and consumables	<u>246,769</u>	<u>211,371</u>

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Governor .. *James Ramsden*

Secretary .. *[Signature]*