

TRUSTEES OF THE LONDON CLINIC LIMITED
(Limited by Guarantee)

GOVERNORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1983

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 the Earl of Ranfurly, KCMG, Chairman,
The Right Honourable Lord Farnham,
Mr. R.G. Gibbs (appointed 8th June 1983)
Mr. M. Macphail, CA, (retired 31st December 1982)
Mr. W.G. Pullen,
The Right Honourable James Ramsden,
Mr. T.G. Rees, MPS, DBA.

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 licenced beds, and the state of the Company's affairs continues to be satisfactory.

In order to provide funds for Clinic improvements, we have transferred £3,127 from a reserve for rebuilding and re-equipment, leaving a nil balance and a deficit of £910,594 to be carried forward on the income and expenditure account.

During the year, a total of 12 new beds was added to the Clinic facilities. The number of patients admitted for treatment was 6,806 (1982:6,461) and 6,977 (1982:6,320) surgical operations were carried out. The average daily bed occupancy was 128.12 (1982:134.83) and the average duration of stay for each patient was 6.87 days (1982:7.61 days).

The Pathology Department carried out 38,001 (1982:38,707) examinations, the X-Ray Department 12,445 (1982:12,576) examinations, the Endoscopy Department 1,226 (1982:1,326) examinations, the Physiotherapy Department 13,866 (1982:15,132) treatments, the Cardiography Department 1,872 examinations. Of these 30,040 (1982:30,923) were in respect of out-patients. In the Diagnostic Unit, 775 (1982:726) patients were investigated.

The average number of U.K. employees during the year was 673 (1982:630) and their aggregate remuneration was £4,968,560 (1982:£4,416,768).

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.

Certified true copy.

James Ramsden
..... Governor

[Signature]
..... Secretary

TRUSTEES OF THE LONDON CLINIC LIMITED
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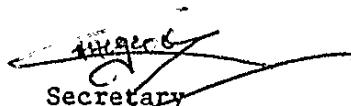
GOVERNORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1983

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In our opinion, the freehold and leasehold land and buildings shown in the balance sheet at a net book value of £1,512,536, had an estimated market value at 30th September 1983 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.

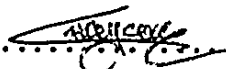
A resolution for the re-appointment of Peat, Marwick, Mitchell & Co. as auditors, is to be proposed at the forthcoming Annual General Meeting.

For an on behalf of the Board of Governors,


Secretary

Certified true copy.


..... Governor


..... Secretary



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 1983 and of the deficit of income over expenditure and source and application of funds for the year to that date and comply with the Companies Acts 1948 to 1981.

Red. M. M. M. M. M.

Chartered Accountants

London.

16th May, 1984

Certified true copy.

..... *Tamara Ramcote* Governor

..... *[Signature]* Secretary

TRUSTEES OF THE LONDON CLINIC LIMITED
(Limited by Guarantee)

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30TH SEPTEMBER 1983

	<u>Note</u>	<u>1983</u>	<u>1982</u>
		£	£
Turnover - charges to patients	3	10,459,318	10,079,647
Less cost of sales - costs related directly to charges to patients		7,468,068	7,361,978
Gross profit		<u>2,991,250</u>	<u>2,717,669</u>
Less:			
Overhead expenditure		1,038,734	966,419
Administrative expenditure		<u>1,239,048</u>	<u>1,149,274</u>
		2,277,782	2,115,693
		<u>713,468</u>	<u>601,976</u>
Add:			
Other operating income:			
Recovery of expenditure on consulting suites		220,873	204,575
Interest receivable and similar income		<u>-</u>	<u>1,310</u>
		220,873	205,885
		<u>934,341</u>	<u>807,861</u>
Less:			
Other operating charges:			
Interest payable	6	139,734	65,434
Surplus for the year before special expenditure		<u>794,607</u>	<u>742,427</u>
Special expenditure	7	1,212,777	2,060,323
Deficit for the financial year		<u>(418,170)</u>	<u>(1,317,896)</u>
Add:			
Transfer from reserve for rebuilding and re-equipment		3,127	650,000
		<u>(415,043)</u>	<u>(667,896)</u>
Balance brought forward from previous year		(495,551)	172,345
Deficit balance carried forward		<u>(910,594)</u>	<u>(495,551)</u>

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

Certified true copy *Tanner-Lamson* Governor
PEARL MARSHALL MITCHELL & CO.

..... *Harper* Secretary

TRUSTEES OF THE LONDON CLINIC LIMITED
(Limited by Guarantee)

BALANCE SHEET AS AT 30TH SEPTEMBER 1983

	<u>Note</u>	<u>1983</u>	<u>1982</u>
		£	£
Fixed assets:			
Tangible assets	8	1,512,536	1,528,701
Current assets:			
Stocks		73,431	63,921
Debtors	9	1,230,436	1,268,430
Cash at bank and in hand		6,233	28,571
		<u>1,310,100</u>	<u>1,360,922</u>
Creditors. amounts falling due within one year	10	<u>1,550,789</u>	<u>1,599,606</u>
Net current liabilities		(240,689)	(238,684)
Total assets less current liabilities		<u>1,271,847</u>	<u>1,290,017</u>
Creditors: amounts falling due after more than one year	10	(900,000)	(500,000)
		<u>371,847</u>	<u>790,017</u>
Capital and reserves:			
Revaluation reserve		1,282,441	1,282,441
Reserve for rebuilding and re-equipment	12	-	3,127
Revenue (deficit)		(910,594)	(495,551)
		<u>371,847</u>	<u>790,017</u>

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

.....*Reginald*.....)
*James Ramsden*.....) Governors

.....*16th May 1984*..... Date
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.....*James Ramsden*..... Governor

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

TRUSTEES OF THE LONDON CLINIC LIMITED
(Limited by Guarantee)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30TH SEPTEMBER 1983

	£	1983	£	1982	£
SOURCE OF FUNDS					
Surplus for the year before special expenditure		794,607		742,427	
Adjustment for items not involving the movement of funds:					
Amortisation		16,165		15,695	
		<u>810,772</u>		<u>758,122</u>	
FUNDS FROM OTHER SOURCES					
Bank loan		500,000		500,000	
		<u>1,310,772</u>		<u>1,258,122</u>	
APPLICATION OF FUNDS					
Special expenditure		1,212,777		2,060,323	
		<u>97,995</u>		<u>(802,201)</u>	
INCREASE/(DECREASE) IN WORKING CAPITAL					
Stocks		9,510		3,797	
Debtors		(37,994)		93,743	
Creditors due within one year		238,273		(163,910)	
Movement in net liquid funds:					
Bank overdraft	(89,456)		(481,468)		
Cash at bank and in hand	<u>(22,338)</u>		<u>(254,363)</u>		
		(111,794)		(735,831)	
		<u>97,995</u>		<u>(802,201)</u>	

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..... *James Ramsden* Governor

..... *[Signature]* Secretary

TRUSTEES OF THE LONDON CLINIC LIMITED
(Limited by Guarantee)

Page 8

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 its being wound up while he is a member, or within one year after he ceases to be a member, for the payment of the debts and liabilities contracted before he ceases to be a member, such amount as may be required not exceeding £1. The Company is a registered Charity and, as such, is exempt from taxes 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 8 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 £1,212,777 (1982:£2,060,323).

Amortisation

Provision for amortisation of the short-term leasehold property is calculated on a sinking fund basis at 3% to produce £1,555,000 over the term of the lease expiring in 2025.

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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..... *James Lumsden* Governor

..... *[Signature]* Secretary

TRUSTEES OF THE LONDON CLINIC LIMITED
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Page 9

NOTES ON THE ACCOUNTS

3. TURNOVER

Turnover attributable to different classes of business and profit and loss attributable to each class is as follows:

	<u>Turnover</u>		<u>Profit/(loss)</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Nursing Home	8,348,724	8,049,723	721,305	585,716
<u>Special Departments</u>				
Pathology	606,511	567,096	34,977	37,668
Diagnostic	37,006	32,261	6,198	1,932
Dispensary	766,019	762,564	157,696	152,137
Physiotherapy	149,213	151,863	2,351	8,086
Radiology	414,934	440,480	(6,060)	12,001
Endoscopy	90,033	75,660	17,221	9,011
Cardiography	46,878	-	653	-
	<u>10,459,318</u>	<u>10,079,647</u>	<u>934,341</u>	<u>806,551</u>

4. DEFICIT FOR THE FINANCIAL YEAR

Deficit for the financial year is stated after charging:

	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>
Amortisation of leasehold property	16,165	15,695
Auditors' remuneration	8,750	8,050
Hire of medical and other equipment	6,213	-
Directors' remuneration	13,626	14,500
	<u>44,754</u>	<u>38,245</u>

5. EMOLUMENTS

Directors

During the year there were seven Directors (Governors) each of whom received emoluments amounting to less than £5,000. The emoluments of the Chairman amounted to £4,000 (1982:£4,000).

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..... *James Lander* Governor

..... *[Signature]* Secretary

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>1983</u>	<u>1982</u>
Management	7	7
Administration	25	25
Nursing and medical staff	337	306
Ancillary staff	304	292
	<u>673</u>	<u>630</u>

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

	£	£
Wages and salaries	4,968,560	4,416,768
Social security costs	482,307	427,460
Other pension costs	443,689	408,058
	<u>5,894,556</u>	<u>5,252,286</u>

- (c) The number of employees, other than Directors (Governors) whose remuneration, excluding pension contributions, exceeded £30,000, was nil (1982:nil).

6. INTEREST PAYABLE AND SIMILAR CHARGES COMPRISES

	<u>1983</u>	<u>1982</u>
	£	£
Interest payable in respect of loans repayable within five years	<u>139,734</u>	<u>65,434</u>

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..... *James Lammie* Governor

..... *[Signature]* Secretary

TRUSTEES OF THE LONDON CLINIC LIMITED
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NOTES ON THE ACCOUNTS

7. OTHER OPERATING CHARGES

Special expenditure comprises:

	<u>1983</u> £	<u>1982</u> £
Rebuilding and improvement to lifts and 8th floor	1,044,355	1,968,645
Reconstruction of lifts	37,294	3,569
Commissioning costs - 8th floor	34,199	-
Rebuilding and improvements to operating theatres	-	21,715
Fire precautions - staff homes	-	960
Radiology equipment	30,757	2,415
Cardiography Unit	6,709	1,525
Department of Pathology: Alterations to 3rd and 4th floors Equipment	- 12,550	10,259 3,551
Conversion of Resident Medical Officers' flat	-	43,882
Boilers	-	3,802
Kitchen ventilation	18,936	-
Theatre instruments	27,977	-
	<u>1,212,777</u>	<u>2,060,323</u>

8. FIXED ASSETS

	<u>1983</u> £		<u>1982</u> £
Freehold property: 5/12 St. Mark's Square	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>258,918</u>		<u>242,753</u>
	1,296,082		1,312,247
	<u>1,512,536</u>		<u>1,528,701</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.

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..... *James W. Cameron* Governor *James W. Cameron* Secretary

TRUSTEES OF THE LONDON CLINIC LIMITED
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NOTES ON THE ACCOUNTS

9. DEBTORS

Debtors comprise of:

	<u>1983</u>	<u>1982</u>
	£	£
Trade debtors - amounts due from patients	1,098,666	1,182,706
Other debtors	30,294	26,304
Prepayments	101,476	59,420
	<u>1,230,436</u>	<u>1,268,430</u>

10. CREDITORS

Amounts falling due within one year:

	<u>1983</u>	<u>1982</u>
	£	£
Bank loan (secured)	100,000	-
Bank overdraft (secured)	570,924	481,468
Trade creditors	342,062	245,273
Social security	178,529	138,729
Other creditors	49,212	38,962
Accruals	310,062	695,174
	<u>1,550,789</u>	<u>1,599,606</u>

Amounts falling due after more than one year:

Bank loan (see note 11)	<u>900,000</u>	<u>500,000</u>
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11. BANK LOAN

The Clinic has arranged for a secured loan facility from the National Westminster Bank PLC, of £1,000,000, which has been fully drawn as at 30th September 1983. The loan is repayable over three years commencing 31st December 1983. A repayment of £100,000 has been shown as repayable within one year. Interest is chargeable quarterly at 1½% above the National Westminster Bank PLC base rate with a minimum rate of 6½% per annum throughout.

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..... *James Munn* Governor

..... *Hayes* Secretary

TRUSTEES OF THE LONDON CLINIC LIMITED
(Limited by Guarantee)

NOTES ON THE ACCOUNTS

12. RESERVE FOR REBUILDING AND RE-EQUIPMENT

	<u>1983</u> £	<u>1982</u> £
The balance is arrived at as follows:		
Balance brought forward	3,127	653,127
Transfer to income and expenditure	(3,127)	(650,000)
	<u>-</u>	<u>3,127</u>

13. COMMITMENTS

Commitments for special expenditure contracted for are approximately £205,000 (1982:£1,347,000) and authorised but not contracted for are £nil (1982:£114,000).

Certified true copy

..... *John W. Lawrence* Governor

..... *[Signature]* Secretary

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