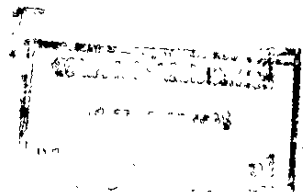


1653420

LITTLE ASTON HOSPITAL
PLC

ANNUAL ACCOUNTS

31 DECEMBER 1987



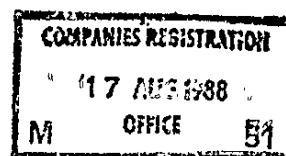
Coopers
& Lybrand

LITTLE ASTON HOSPITAL PLC

ANNUAL ACCOUNTS

31 DECEMBER 1987

COOPERS & LYBRAND
Chartered Accountants
Birmingham



LITTLE ASTON HOSPITAL PLC

Report of the directors for the year ended 31 December 1987

1 The directors present herewith their annual report of the affairs of the company together with the accounts and auditors' report for the year ended 31 December 1987.

Principal activities and review of business and future developments

2 The principal activity of the company is the operation of a private hospital meeting the needs of patients in the West Midlands area. 1987 represented the second complete year of trading and produced a profit, before taxation, of £340,590, an increase of 486% on the previous year. HCA United Kingdom hold the management contract for the hospital.

3 Overnight occupancy during 1987 averaged 65% which was above the budget forecast. The increase in overnight occupancy was achieved against a background of a continued fall in the average length of stay to 4.8 days and with an increasing proportion of day cases. Overall, there was a 17.2% increase in patient throughput. During the year, the switch from non-bed income continued and saw the establishment of a successful In-vitro Fertilization Unit and the equipping of the second X-ray room.

4 With a large proportion of the hospital's beds being occupied during the day time with day-case patients, the position has now been reached where the hospital is full and patients are kept waiting. The directors have therefore commenced building a new 25 bed ward which will be available in September 1988 and which will cost approximately £800,000. With provident associations and insurance companies anxious to contain premiums whilst medical supplies and NHS staff costs continue to escalate ahead of the retail price index, every effort is being made to contain costs, including a Group Hospital buying programme in association with the Management Company.

Dividend and reserves

5 The movement in reserves is set out on page 4. The directors do not recommend the payment of a dividend.

Fixed Assets

6 The movements in tangible fixed assets are set out in note 7 to the accounts on page 10.

Directors

7 The directors during the year were:-

A E Steed (Chairman)
N A Dunn
H D Ellis
H D Jones
G D Ward
D L Goldsmith
L J McCulloch
P Murphy

A Pilgrim (appointed 1 May 1987)

8 In accordance with the Articles of Association, D L Goldsmith, N A Dunn, and H D Ellis will retire at the next general meeting and are eligible for re-election.

Directors' interests in shares

9 N A Dunn and his family have a controlling interest in Sol Construction Limited (Sol). Accordingly the interests of that company in the share capital of the company are deemed to be interests of N A Dunn as a director. At the beginning and end of the financial year the shareholdings of Sol were 153,650 'B' shares.

10 Sol has a right to receive free of charge during 1989 up to 76,825 fully paid ordinary shares in the company, the number to be allotted being dependent upon the company's profitability.

Directors' interests in contracts

11 H D Ellis, as Chairman and a substantial shareholder of Aston Villa Football Club plc (Aston Villa), is interested in an agreement between the company and Aston Villa, granting an option to Aston Villa to subscribe for up to a maximum of 30,000 ordinary shares of £1.00 each at a price of £1.80 per share. This option expires two months after the publication of the audited results of the company for the year ending 31 December 1988.

Political and charitable contributions

12 The company made charitable donations during the year totalling £204.

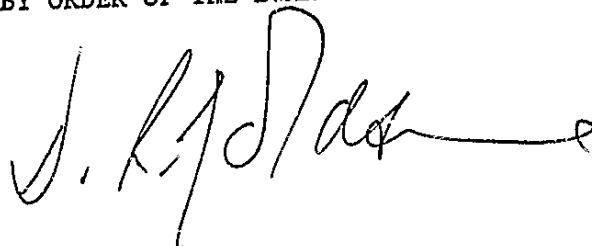
Close company provisions

13 The company is not a close company as defined by the Income and Corporation Taxes Act 1970 (as amended). There has been no change in this respect since the end of the financial year.

Auditors

14 A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



Secretary

21 March 1988

Report of the auditors to the members of
LITTLE ASTON HOSPITAL PLC

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

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 1987 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

Coppen & Lybman

Chartered Accountants
BIRMINGHAM, 21 March 1988

LITTLE ASTON HOSPITAL PLC

Profit and loss account
for the year ended 31 December 1987

	<u>Notes</u>	<u>1987</u> £	<u>1986</u> £
Turnover	1(d)	3,351,037	2,647,258
Direct costs		(1,839,660)	(1,514,950)
Administrative expenses		(830,610)	(694,627)
Operating profit	2	680,767	437,681
Interest payable and similar charges	5	(340,177)	(368,210)
Interest receivable		-	775
Profit before taxation		340,590	70,246
Taxation	6	-	(233)
Profit for the financial year		<u>340,590</u>	<u>70,013</u>

STATEMENT OF ACCUMULATED LOSSES

Accumulated deficit at 1 January 1987	(812,063)	(882,076)
Profit for the financial year	340,590	70,013
Accumulated deficit at 31 December 1987	<u>(471,473)</u>	<u>(812,063)</u>

The notes on pages 7 to 13 form part of these accounts.

Auditors' report page 3.

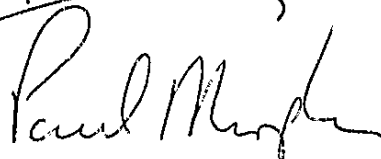
LITTLE ASTON HOSPITAL PLC

Balance sheet - 31 December 1987

	Notes	1987 £	1986 £
FIXED ASSETS			
Tangible assets	7	4,686,849	4,834,824
CURRENT ASSETS			
Stock	8	114,277	101,395
Debtors	9	448,535	340,659
Cash at bank and in hand		634	519
		<u>563,446</u>	<u>442,573</u>
CREDITORS: amounts falling due within one year	10	415,061	392,908
Loan repayments due within one year	10	450,000	387,500
		<u>865,061</u>	<u>780,408</u>
NET CURRENT LIABILITIES		<u>(301,615)</u>	<u>(337,835)</u>
Total assets less current liabilities		4,385,234	4,496,989
CREDITORS: amounts falling due after more than one year 11		<u>(1,937,500)</u>	<u>(2,389,845)</u>
		<u>2,447,734</u>	<u>2,107,144</u>
CAPITAL AND RESERVES			
Called up share capital	13	1,800,000	1,800,000
Share premium account		1,119,207	1,119,207
Accumulated losses		(471,473)	(812,063)
		<u>2,447,734</u>	<u>2,107,144</u>

Approved by the board on 21 March 1988


 Directors


 The notes on pages 7 to 13 form part of these accounts.

Auditors' report page 3.

LITTLE ASTON HOSPITAL PLC

Statement of source and application of funds
for the year ended 31 December 1987

	<u>1987</u>	<u>1986</u>
	£	£
SOURCE OF FUNDS		
Profit before taxation	340,590	70,246
Adjustment for items not involving the movement of funds:		
Depreciation	271,223	254,985
Loss on sale of fixed assets	1,744	9,916
Discount on repayment of loan	(10,000)	-
	<u>262,967</u>	<u>264,901</u>
Total from operations	603,557	335,147
FUNDS FROM OTHER SOURCES		
Sale of fixed assets	741	25,258
Loans taken up	-	180,691
	<u>741</u>	<u>205,949</u>
	604,298	541,096
APPLICATION OF FUNDS		
Purchase of fixed assets	125,733	156,924
Loans and advances repaid	427,500	50,000
Taxation paid	233	2,721
Hire purchase repaid	2,345	-
	<u>(555,811)</u>	<u>(209,645)</u>
	<u>48,487</u>	<u>331,451</u>
MOVEMENT IN WORKING CAPITAL		
Increase in stocks	12,882	1,362
Increase in debtors	107,876	90,660
(Increase)/decrease in creditors excluding bank overdraft, loans and taxation	<u>(22,499)</u>	<u>206,049</u>
	98,259	298,071
Movement in net liquid funds:		
Cash in hand	115	327
Bank overdraft	<u>(49,887)</u>	<u>33,053</u>
	<u>(49,772)</u>	<u>33,380</u>
	<u>48,487</u>	<u>331,451</u>

LITTLE ASTON HOSPITAL PLC

Notes to the accounts - 31 December 1987

Principal accounting policies

1 A summary of the more important accounting policies of the company, which have been applied consistently, is set out below.

(a) Accounting convention

The accounts have been prepared under the historical cost convention.

(b) Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any related expenses of acquisition which include project management fees.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:-

	%
Freehold buildings	2
Plant and equipment	15
Motor vehicles	25
Computer	20

Freehold land is not depreciated.

(c) Stocks

Stocks are stated at the lower of cost and net realisable value. In general cost is determined on a weighted average basis. Net realisable value is the price at which stocks can be charged to patients in the normal course of business. Provision is made where necessary for obsolete, slow moving and defective stocks.

(d) Turnover

Turnover represents the invoice value of goods and services supplied.

(e) Taxation

The charge for taxation is based on the results for the year as adjusted for disallowable items. Provision for deferred tax is made at the rate of corporation tax ruling at the date at which timing differences are expected to reverse to the extent that it is probable that a liability will arise. Where the rate is not known, the latest estimate of the long term rate applicable has been adopted.

LITTLE ASTON HOSPITAL PLC

Notes to the accounts - 31 December 1987

Operating profit

2 Operating profit is stated after charging:-

	<u>1987</u> £	<u>1986</u> £
Auditors' remuneration	5,775	5,250
Hire of plant and equipment	8,002	7,317
Depreciation of tangible fixed assets	271,223	254,985
Directors' emoluments (see note 3)	74,697	69,332
	<u> </u>	<u> </u>

Directors' emoluments

3	<u>1987</u> £	<u>1986</u> £
Receivable in respect of fees	24,900	24,000
Receivable in respect of management services	49,797	45,332
	<u> </u>	<u> </u>
	74,697	69,332
	<u> </u>	<u> </u>

Directors' emoluments, disclosed in accordance with Part V of Schedule 5 of the Companies Act 1985, are as follows:

Chairman	£14,667	£13,167
Highest paid director	£38,131	£35,165

Number of directors whose emoluments were within the ranges:-

0 to £5,000	6	6
£5,001 to £10,000	1	1
£10,001 to £15,000	1	1
£15,001 to £40,000	1	1

LITTLE ASTON HOSPITAL PLC

Notes to the accounts - 31 December 1987 continued

Employee information

4	<u>1987</u>	<u>1986</u>
The average number of persons employed by the company (including executive directors) during the year was	185	180

Employment costs of all employees included above:-

	£	£
Gross salaries	1,037,547	893,338
Employer's national insurance and state pension contributions	94,197	78,506
	<u>1,131,744</u>	<u>971,844</u>

Interest payable and similar charges

5	<u>1987</u> £	<u>1986</u> £
Bank overdraft interest	16,255	12,207
Interest on loans wholly repayable within five years	34,521	40,418
Interest on other loans	259,161	296,073
Hire purchase interest	1,352	640
Other charges	38,888	18,872
	<u>350,177</u>	<u>368,210</u>
Less: Discount on early repayment of unsecured loan	(10,000)	-
	<u>340,177</u>	<u>368,210</u>

Taxation

6	<u>1987</u> £	<u>1986</u> £
The taxation charge comprises:-		
United Kingdom corporation tax at 29.25%	-	233
	<u>-</u>	<u>233</u>

LITTLE ASTON HOSPITAL PLC

Notes to the accounts - 31 December 1987 continued

Tangible fixed assets

7	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
<u>Cost</u>				
At 1 January 1987	4,077,123	1,166,080	19,426	5,262,629
Expenditure	25,172	100,561	-	125,733
Disposals	-	(3,274)	-	(3,274)
At 31 December 1987	<u>4,102,295</u>	<u>1,263,367</u>	<u>19,426</u>	<u>5,385,088</u>

Depreciation

At 1 January 1987	126,890	296,058	4,857	427,805
Charge for the year	73,045	193,321	4,857	271,223
Disposals	-	(789)	-	(789)
At 31 December 1987	<u>199,935</u>	<u>488,590</u>	<u>9,714</u>	<u>698,239</u>

Net book value

At 31 December 1987	<u>3,902,360</u>	<u>774,777</u>	<u>9,712</u>	<u>4,686,849</u>
At 31 December 1986	<u>3,950,233</u>	<u>870,022</u>	<u>14,569</u>	<u>4,834,824</u>

Plant and equipment with an original cost of £500,000 was acquired under a leasing arrangement, with an option to purchase in 1990.

Stocks

8	<u>1987</u> £	<u>1986</u> £
Drugs and consumable stores	<u>114,277</u>	<u>101,395</u>

LITTLE ASTON HOSPITAL PLCNotes to the accounts - 31 December 1987 continuedDebtors

	<u>1987</u>	<u>1986</u>
	£	£
9		
Trade debtors	398,073	317,950
Other debtors	15,785	4,120
Prepayments and accrued income	34,677	18,589
	<u>448,535</u>	<u>340,659</u>

All the above amounts are due within one year of the balance sheet date.

Creditors: amounts falling due within one year

	<u>1987</u>	<u>1986</u>
	£	£
10		
Bank overdraft (see (a) below)	118,366	68,479
Other loans (see (c) below)	-	50,000
Trade creditors	99,151	91,126
Taxation and social security (see (d) below)	35,196	28,535
Accruals and deferred income	162,348	154,768
	<u>415,061</u>	<u>392,908</u>
Bank loan (see (a) below)	100,000	100,000
Medium term loan (see note 11)	250,000	187,500
Advance by leasing company (see (b) below)	100,000	100,000
	<u>450,000</u>	<u>387,500</u>

- (a) The bank loan and overdraft are secured by a second fixed and floating charge over all the assets of the company but the bank has priority under a deed of priority to the extent of £2.5m.
- (b) The advance by the leasing company is secured by a fixed and floating charge over all the assets of the company which is postponed to the extent of £2.5m in favour of Midland Bank plc.
- (c) Other loans are interest free and unsecured.
- (d) The creditor for taxation and social security includes UK corporation tax payable amounting to £Nil (1986 £233).

LITTLE ASTON HOSPITAL PLC

Notes to the accounts - 31 December 1987 continued

Creditors: amounts falling due after more than one year

11	<u>1987</u> £	<u>1986</u> £
Bank loan (see 10(a) above)	250,000	350,000
Medium term loan (see below)	1,562,500	1,812,500
Advance by leasing company (see 10(b) above)	125,000	225,000
Hire purchase creditor	-	2,345
	<u>1,937,500</u>	<u>2,389,845</u>

The medium term loan is repayable over 8 years from 1987 and the rate of interest is the London Inter Bank Offered Rate plus 0.6875%. It is secured by a second fixed and floating charge over all the assets of the company but the lender has priority under a deed of priority for £2.5m.

Deferred taxation

12 As at 31 December 1987, the full potential liability to deferred taxation, arising wholly on fixed asset timing differences, of £476,658 (1986 £578,129) was fully covered by taxation losses carried forward of £648,873 (1986 £1,175,068).

Called up share capital

13	<u>1987</u> £	<u>1986</u> £
Authorised:-		
2,500,000 ordinary shares of £1 each	<u>2,500,000</u>	<u>2,500,000</u>
Allotted, called up and fully paid:-		
1,300,000 ordinary shares of £1 each	<u>1,300,000</u>	<u>1,300,000</u>
500,000 'B' shares of £1 each	<u>500,000</u>	<u>500,000</u>
	<u>1,800,000</u>	<u>1,800,000</u>

B shares rank pari passu with the ordinary shares and will be redesignated as ordinary shares in 1989. At the time of the redesignation the holders of the B shares will be entitled to receive additional new ordinary shares credited as fully paid on the basis of 5 ordinary shares for every £6 by which the profits before taxation of the company for the year ending 31 December 1988 exceed £800,000 up to a maximum of £1,100,000.

LITTLE ASTON HOSPITAL PLCNotes to the accounts - 31 December 1987 continuedCapital commitments

14	<u>1987</u> £	<u>1986</u> £
Expenditure contracted for	811,318	-
Expenditure authorised by directors but not yet contracted for	-	33,729
	<u>811,318</u>	<u>33,729</u>

The expenditure contracted for is in respect of the new ward referred to in paragraph 4 of the report of the directors.