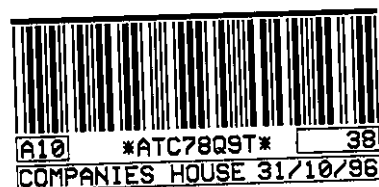


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ST. VINCENT'S ORTHOPAEDIC HOSPITAL
(A Company Limited by Guarantee)

Company No. 2721809
Registered Charity No. 1014889

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH 1996



St. Vincent's Orthopaedic Hospital

Legal and Administrative Details

Legal Status

Company Limited by Guarantee Number: 2721809
Registered Charity Number: 1014889

Directors

Professor J. Malone-Lee (Chairman)
J.P. Browne
R.O. Brown
Mrs. M. Collins
J.B. Davern
G.M. Freely
P.J. Hoskins
Sister Paula Kearon
P.A. Rodgers

Company Secretary

Mrs M. Collins

Registered Office

St. Vincent's Orthopaedic Hospital
Eastcote
Pinner
Middlesex
HA5 2NB

Bankers

Barclays Bank Plc
Green Lane
Northwood
Middlesex

Solicitors

Witham Weld
70 St. George's Square
London SW1V 3RD

Auditors

Kingston Smith
Devonshire House
146 Bishopsgate
London EC2M 4JX

St. Vincent's Orthopaedic Hospital

Report of the Directors

The directors have pleasure in presenting their report and financial statements for the year ended 31st March 1996.

Principal Activity

The principal activities of the Hospital are elective Orthopaedic surgery, care of the severely physically disabled and care of the frail elderly.

Annual Review

Difficult economic conditions continued throughout the year and the market in private elective orthopaedic surgery remained depressed. The reduction in non-contractual Cross Boundary health authority work was more than offset by increased business from GP Fundholders. The income from the long-stay unit for care of the frail elderly and respite care fell whilst income from the severely physically disabled unit remained constant.

The directors are hopeful of returning to a small surplus in the current year.

Results

The results of the Hospital for the year are shown in the Income and Expenditure Account on page 4.

Charitable Status

The Hospital is a registered Charity (Charity Number 1014889).

Fixed Assets

Movements in the fixed assets are shown in Note 5 on page 8. In the opinion of the directors the freehold property has a market value which is not significantly different from that shown in the financial statements.

Directors

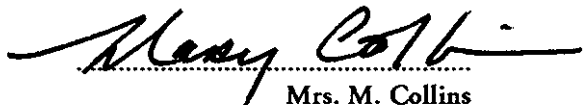
The directors who served the company throughout the year were Mr. J.P. Browne, Mr. J.B. Davern, Mr. P.A. Rodgers, Sister Paula Kearon, Mr. B.A. Harrison, CBE, and Mr. P.J. Hoskins. Mr. R.O. Brown, Mrs. M. Collins and Mr. G.M. Freely were appointed as directors on 25th May 1995. In addition Professor James Malone-Lee was appointed as a director on 16th May 1996, and Mr. B.A. Harrison, CBE resigned on 25th June 1996.

The company has no share capital and is limited by guarantee. The directors have no interest in the surplus or assets of the company and receive no remuneration.

Auditors

Kingston Smith have indicated their willingness to continue in office as auditors of the company. In accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors to the company for the ensuing year.

By Order of the Board


Mrs. M. Collins
Secretary

Eastcote,
Pinner,
Middlesex, HA5 2NB.

19th September 1996

St. Vincent's Orthopaedic Hospital

Directors' Responsibilities and Report of the Auditors

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the income and expenditure of the company for that period.

In preparing those financial statements, the directors are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; prepare the financial statements on a going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors' Report to the Members of St. Vincent's Orthopaedic Hospital

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described above, the company directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

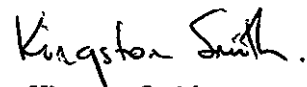
Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st March 1996 and of its deficit of income over expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Kingston Smith
Chartered Accountants
and Registered Auditors

Devonshire House
146 Bishopsgate
London EC2M 4JX

23rd September 1996

St. Vincent's Orthopaedic Hospital
Income and Expenditure Account
For the year ended 31st March 1996

	Notes	1996 £	1996 £	1995 £	1995 £
Service Income	2				
Hospital fees receivable		3,319,705		3,324,857	
Contributions from board and residence		34,206		37,917	
Miscellaneous income		<u>117,742</u>		<u>96,013</u>	
			3,471,653		3,458,787
Expenditure					
Medical and nursing care		2,393,566		2,304,903	
Catering and domestic costs		131,632		134,632	
Premises expenditure and depreciation		624,174		584,470	
Administration expenses		<u>486,012</u>		<u>401,150</u>	
			<u>(3,635,384)</u>		<u>(3,425,155)</u>
Operating (Deficit)/Surplus	3		(163,731)		33,632
Voluntary Income					
Donations from League of Friends		8,631		4,293	
Other donations and gifts		14,394		4,308	
Legacies		<u>12,000</u>		<u>15,061</u>	
			35,025		23,662
Investment Income					
Bank deposit interest		<u>37,364</u>		<u>15,229</u>	
			<u>37,364</u>		<u>15,229</u>
(Deficit)/surplus of Income over Expenditure			<u>(91,342)</u>		<u>72,523</u>

Statement of Investment Gains
For the year ended 31st March 1996

Change in unrealised value of investment		<u>-</u>	<u>(10)</u>
Net Investment (Losses)/Gains		<u>-</u>	<u>(10)</u>
Profit on disposal of freehold land		<u>-</u>	<u>507,512</u>
Total recognised (losses)/gains transferred to general reserve	10	<u>(91,342)</u>	<u>580,025</u>

There are no other recognised gains or losses.


All of the Hospital's activities are continuing operations of the company.

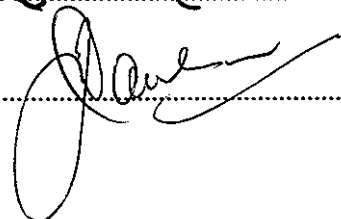
St. Vincent's Orthopaedic Hospital

Balance Sheet at 31st March 1996

	Notes	1996 £	1996 £	1995 £	1995 £
Fixed Assets					
Tangible assets	5		1,549,069		1,540,938
Current Assets					
Stocks	6	37,991		36,052	
Debtors	7	305,861		580,891	
Investments	8	179		179	
Cash at bank and in hand		<u>485,308</u>		<u>640,651</u>	
		829,339		1,257,773	
Creditors: Amounts falling due within one year	9	<u>481,316</u>		<u>810,277</u>	
Net Current Assets			<u>348,023</u>		<u>447,496</u>
Net Assets			<u>1,897,092</u>		<u>1,988,434</u>
 Unrestricted funds					
General reserve	10		1,466,214		1,557,556
Revaluation reserve	10		<u>430,878</u>		<u>430,878</u>
			<u>1,897,092</u>		<u>1,988,434</u>

Approved by the Board on 19th September 1996

J. Malone-Lee  Director

J.B. Davern  Director

St. Vincent's Orthopaedic Hospital
Cash Flow Statement
For the year ended 31st March 1996

	1996 £	1996 £	1995 £	1995 £
Net Cash (Outflow)/Inflow from Operating Activities (Note 1)		(128,426)		168,131
Investing Activities				
Purchase of tangible fixed assets	(73,792)		(75,349)	
Sale of tangible fixed assets	<u>-</u>		<u>567,512</u>	
Net Cash (Outflow)/Inflow from Investing Activities		(73,792)		492,163
Financing Activities				
Loan repayments		<u>(253,125)</u>		<u>(16,875)</u>
(Decrease)/Increase in Cash and Cash Equivalents (Note 2)		(455,343)		643,419
Cash and Cash Equivalents at 1st April 1995		<u>940,651</u>		<u>297,232</u>
Cash and Cash Equivalents at 31st March 1996		<u><u>485,308</u></u>		<u><u>940,651</u></u>

Notes to the Cash Flow Statement
For the year ended 31st March 1996

**1 Reconciliation of Income less Expenditure
to Net Cash Inflow from Operating
Activities**

	1996 £	1995 £
(Deficit)/excess of income over expenditure	(91,342)	72,523
Depreciation	65,661	53,502
(Decrease)/increase in creditors	(75,836)	82,645
(Increase) in debtors	(24,970)	(27,282)
(Increase) in stocks	<u>(1,939)</u>	<u>(13,257)</u>
	<u><u>(128,426)</u></u>	<u><u>168,131</u></u>

**2 Analysis of Changes in Cash and
Cash Equivalents during the Year**

	1996 £	1995 £	Change in year £
Cash at bank and in hand	485,308	640,651	(155,343)
Funds held by Solicitors	<u>-</u>	<u>300,000</u>	<u>(300,000)</u>
	<u><u>485,308</u></u>	<u><u>940,651</u></u>	<u><u>(455,343)</u></u>

St. Vincent's Orthopaedic Hospital

Notes to the financial statements

for the year ended 31st March 1996

1 Accounting Policies

Accounting Basis and Standards

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties, and in accordance with applicable accounting standards and the requirements of Statement of Recommended Practice No. 2 (Accounting by Charities).

Income and Expenditure Account

The company is a non-profit making Charity, and the directors therefore consider it more appropriate to prepare an income and expenditure account in place of a profit and loss account, as permitted by Section 226 of the Companies Act 1985.

Taxation

The company is not liable to corporation tax on its income or capital gains by virtue of its charitable activities.

Fixed Assets

Any expenditure on the acquisition or installation of fixed assets is capitalised.

All receipts of fixed assets by way of donations to the Hospital are capitalised.

Depreciation

Depreciation on fixed assets is provided at rates estimated to write off the cost or revalued amounts less estimated residual value of each asset over its expected useful life as follows:-

Freehold buildings	1%	p.a. straight line
Plant and machinery	10%	p.a. straight line
Fixtures, fittings and equipment	10%	p.a. straight line
Motor vehicles	25%	p.a. reducing balance
Computer equipment	25%	p.a. straight line

Stocks

The stock of medical supplies and other consumables are stated at the lower of original cost and net realisable value, with provision being made for obsolete and slow moving stocks.

Investments

The Hospital's listed investments are included in the financial statements at market value.

Pension Scheme Arrangements

The hospital makes contributions to the pension arrangements of the majority of its employees. Such contributions are charged to the Income and Expenditure Account on an accruals basis.

2 Service Income

Service income represents the amounts derived from the provision of orthopaedic hospital care on account of Area Health Authorities, Cross Boundary Referrals, Private Patients, Respite Care and ancillary services.

3 Operating (Deficit)/Surplus

This is stated after charging:

	1996 £	1995 £
Auditors' Remuneration	5,000	5,000
Depreciation of owned assets	65,661	53,502
Loan interest payable	<u>3,769</u>	<u>12,627</u>

St. Vincent's Orthopaedic Hospital
Notes to the financial statements
for the year ended 31st March 1996
(Continued)

4 Information regarding employees including directors	1996 Number	1995 Number
The average number of persons employed by the company during the year was as follows:		
Medical	2	1
Nursing and Paramedical	124	125
Administration and clerical	25	23
Ancillary and other staff	39	38
	<u>190</u>	<u>187</u>
Their total remuneration was:		
	£	£
Wages and salaries	2,431,008	2,225,175
Social security costs	170,750	183,709
Other pension costs	49,624	106,768
	<u>2,651,382</u>	<u>2,515,652</u>

None of the directors received any remuneration or reimbursement of expenses from the company during the year.

5 Fixed Assets	Freehold Land and Buildings	Plant, Machinery and Hospital Equipment	Fixtures, Fittings and Office Equipment	Motor Vehicles	Total
Cost or Valuation	£	£	£	£	£
At 1st April 1995	1,474,474	281,795	119,035	36,803	1,912,107
Additions	21,286	24,188	28,318	-	73,792
Disposals	-	-	(557)	(2,000)	(2,557)
At 31st March 1996	<u>1,495,760</u>	<u>305,983</u>	<u>146,796</u>	<u>34,803</u>	<u>1,983,342</u>
Depreciation					
At 1st April 1995	91,482	189,695	66,685	23,307	371,169
Disposals	-	-	(557)	(2,000)	(2,557)
Charge for the year	14,958	26,715	20,530	3,458	65,661
At 31st March 1996	<u>106,440</u>	<u>216,410</u>	<u>86,658</u>	<u>24,765</u>	<u>434,273</u>
Net Book Value					
At 31st March 1996	<u>1,389,320</u>	<u>89,573</u>	<u>60,138</u>	<u>10,038</u>	<u>1,549,069</u>
At 31st March 1995	<u>1,382,992</u>	<u>92,100</u>	<u>52,350</u>	<u>13,496</u>	<u>1,540,938</u>

The freehold land and buildings were valued on 31st March 1988 by the Trustees of St. Vincent Orthopaedic Hospital on the basis of the estimated market value at that date. In the opinion of the directors, the current market value is not significantly different from that stated above.

St. Vincent's Orthopaedic Hospital
Notes to the financial statements
for the year ended 31st March 1996
(Continued)

5 Fixed Assets (continued)

Comparable historical cost of the freehold land and buildings included at valuation:

Cost	£
At 1st April 1995	1,043,596
Additions	<u>21,286</u>
At 31st March 1996	<u>1,064,882</u>
Depreciation based on Cost	
At 1st April 1995	64,388
Charge for the year	<u>11,457</u>
At 31st March 1996	<u>75,845</u>
Net Book Value	
At 31st March 1996	<u>989,037</u>
At 31st March 1995	<u>979,208</u>

6 Stocks	1996	1995
	£	£
Medical supplies and implants	24,847	25,508
Other consumable stocks	<u>13,144</u>	<u>10,544</u>
	<u>37,991</u>	<u>36,052</u>

7 Debtors	1996	1995
	£	£
Trade debtors	256,590	236,367
Other debtors	527	321,142
Prepayments and accrued income	<u>48,744</u>	<u>23,382</u>
	<u>305,861</u>	<u>580,891</u>

8 Investments	1996	1995
	£	£
Listed investments at market value	<u>179</u>	<u>179</u>
Historical cost of listed investments	<u>149</u>	<u>149</u>

St. Vincent's Orthopaedic Hospital
Notes to the financial statements
for the year ended 31st March 1996
(Continued)

9 Creditors: Amounts falling due within one year	1996	1995
	£	£
Unsecured loan	-	253,125
Trade creditors	240,763	287,255
Other creditors	34,363	44,290
Other taxes and social security	53,344	51,322
Accruals and deferred income	152,846	174,285
	<u>481,316</u>	<u>810,277</u>

Included in accruals and deferred income is an amount of £54,743 (1995 - £48,265) which represents donations used to purchase capital equipment for the Hospital. These donations are being released to the income and expenditure account over the estimated useful life of those fixed assets donated.

10 Unrestricted Funds

	General Reserve	Revaluation Reserve	Total
	£	£	£
Balance at 1st April 1995	1,557,556	430,878	1,988,434
Transfer from income and expenditure account	(91,342)	-	(91,342)
Balance at 31st March 1996	<u>1,466,214</u>	<u>430,878</u>	<u>1,897,092</u>

The revaluation reserve relates to the surplus on revaluation of freehold land and buildings.

11 Capital Commitments	1996	1995
	£	£
Expenditure contracted for at 31st March 1996 but not provided in the financial statements	<u>7,710</u>	<u>25,000</u>

12 Members' Liability

At 31st March 1996 the number of members was 3 (1995 - 3), and their liability in the event of the winding up of the Company is limited to £10 per member.

St. Vincent's Orthopaedic Hospital
Notes to the financial statements
for the year ended 31st March 1996
(Continued)

13 Pension Scheme Arrangements

Certain of the hospital's staff are members of the NHS Benefits Agency scheme which is an unfunded defined benefits scheme. The level of contributions to the scheme is set annually by the agency and the hospital does not have any commitment to fund an actuarial deficit or right to benefit from an actuarial surplus.

A defined contribution scheme is operated principally for administrative staff. The employer's contribution rate is 7½% and the employees' contribution rate is 6%. In addition, the hospital contributes to the personal pension arrangements of one employee.

Total pension costs for the year amounted to £49,624 (1995 - £106,768).

At the year end, pension contributions outstanding were £10,432 (1995 - £14,406).

14 Connected Charities

- a) The charity benefits from the support of the League of Friends of St. Vincent's Orthopaedic Hospital, a registered charity, which exists to support the activities of the Hospital by way of donations for the purchase of equipment and facilities to enhance the quality of the service provided by the Hospital. The trustees of the League of Friends are closely connected with the Hospital and are therefore well placed to determine the areas in which support is required.

Donations by the League of Friends during the year amounted to £8,631 (1995 - £4,293).

- b) The Hospital has set up a registered charity jointly with the Harrow and Hillingdon Branch of the Alzheimer's Disease Society to raise funds for the provision of accommodation at the Hospital for those suffering from Alzheimer's Disease, and for the enhancement of facilities at the hospital. The charity is known as the Holding Hands Appeal for the benefit of St. Vincent's Orthopaedic Hospital. Two of its four trustees are nominated by the Hospital and the other two are nominated by the Alzheimer's Disease Society.

Grants totalling £20,563 (1995 - £52,416) were paid by the Holding Hands Appeal to assist in the funding of certain improvements in facilities at the Hospital.