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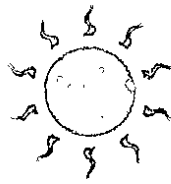
## **NOTICE OF ILLEGIBLE PAGES**

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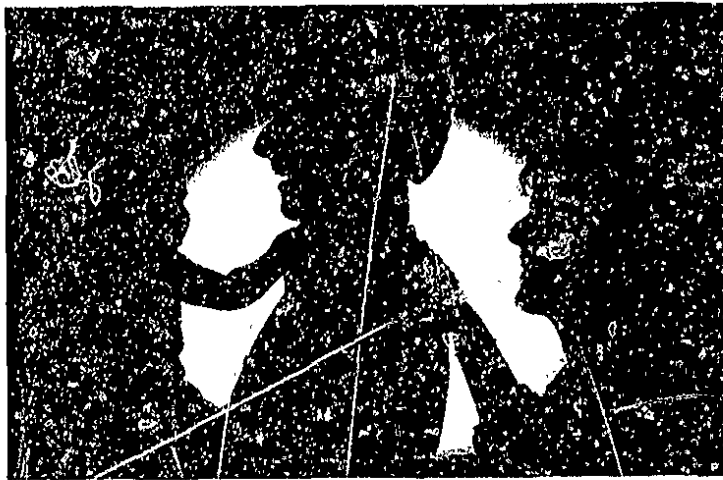
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HOSPITAL CORPORATION  
INTERNATIONAL

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Annual Report & Accounts 1991

*Care Through Partnership*

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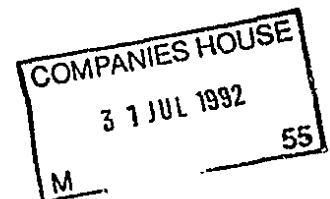
HOSPITAL CORPORATION  
INTERNATIONAL

**CARE THROUGH PARTNERSHIP**

Hospital Corporation International Group PLC manages hospital facilities and healthcare businesses around the world.

The Group's approach to healthcare management combines diligence and efficiency. Success is measured by the ability to exceed the expectations of patients, doctors and shareholders. This is achieved through the emphasis on partnership at every level. Doctors and medical support staff, in particular, are highly valued partners and their involvement in the management process is paramount.

The Group operates worldwide in the following regions: United Kingdom, North America, Latin America, Western Europe, Eastern Europe and the Middle East.



**NOTICE**

*Please note that the Annual General Meeting of the Company will be held at the Burton Room, 2nd floor, The Institute of Directors, 116 Pall Mall, London SW1Y 5ED on Friday 4th September, 1992 commencing at 10am. A Notice of the Annual General Meeting is enclosed with this report.*

HOSPITAL CORPORATION  
INTERNATIONAL

CHAIRMAN'S STATEMENT



On 16 January 1992 you approved the merger of Bioplan Holdings PLC with Hospital Corporation International Limited (HCI) and the change of name to Hospital Corporation International Group PLC (HCI Group). I was appointed to the Board at that time as Vice-Chairman and Group Chief Executive and was subsequently appointed Chairman on 14 February.

As a result of the merger, HCI Group now has an international network of healthcare operations, through the amalgamation of Bioplan's facilities in the United Kingdom and HCI's operations in Latin America, the Middle East, Eastern Europe, North America (HCI) and its International Recruiting and Consulting Divisions.

*Results*

You should already be aware that, despite a rights issue in May 1991 which raised approximately £22.3 million cash, the Bioplan group experienced considerable financial difficulties in the latter half of that year which culminated in January's merger with HCI.

The main reasons for these difficulties were the disappointing trading performance at the existing hospitals and an ambitious hospital development programme which has seen bed capacity more than double since the beginning of 1991. In addition, the collapse of the property market made progress difficult at Westley Court, the graduated care complex in Kidderminster.



HICL CORPORATION  
INTERNATIONAL

Since the merger, your new Board has discovered that the situation at Bioplan was considerably worse than had been anticipated.

As a result, for the nine months to December 1991, we have reported a loss on ordinary activities before exceptional items of £4.6 million for the former Bioplan group. In addition to the poor trading performance and based upon a recent independent market valuation commissioned since the merger, it has been necessary for us to write down overall property asset values further than anticipated. We have reviewed the appropriateness of the Group's accounting policies and, where necessary, have adopted a more conservative approach, primarily in respect of development expenditure. These adjustments to the Balance Sheet have resulted in exceptional losses for the period of £16.8 million. Last year's sale of the Eurotek furniture business at a loss of £1.3 million enables us now to focus exclusively on healthcare-related activities. Total losses for the period amount to £22.8 million.

In spite of the above, net asset value per share of 32.6p underpins the present financial standing of the Group and provides the foundation for the new management team to build the potential of the newly merged Group.

When writing to you in December to recommend the merger the former Chairman recognised that the business required both the injection of experienced healthcare management and strengthened financial resources. The merger itself and our subsequent actions detailed below have already done much to improve this, but there is still much to do to obtain a satisfactory return from our UK operations.

*Management*

The Board of Directors has been restructured.

I am joined on the Board by two executive directors from HICL: Ronald Marston, President and Chief Executive Officer, HICL Inc. and Managing Director of the Group, former President of HICA International. Mr Marston has additional responsibility for our Middle East, North America and Asia operations. Sr Rodrigo Moreno is President and Chief Executive Officer of our Latin American operations.



HOSPITAL CORPORATION  
INTERNATIONAL

James Mills-Webb, former Commercial/Finance Director of AMI Healthcare Group Pl C, has joined us as Deputy Chief Executive and Finance Director of the Group and Chief Executive of United Kingdom operations.

We are also pleased to welcome to the Board two non-executive directors, who will also sit on certain Board Committees.

Anthony Bryan, former Chairman of HCI Inc, is Chairman of the Executive and Compensation Committees.

Sir David Rowe-Ham is Chairman of the Audit Committee.

Mr Paul Jarrett is the Group's Medical Director.

Robert Nellist, your former Chairman, and Peter Nutting, who both joined the Board in May 1991, have resigned following the merger.

We have already made a number of key senior management appointments and will continue to strengthen our team of dedicated and extremely capable managers.

*Resources*

We have provided for your information a proforma consolidated balance sheet of the enlarged Group as if the merger had been completed on 31 December 1991.

Although the merger has improved the financial stability of the Group, we will continue to review the performance of our assets, the structure of our borrowings, and the level of our gearing. The Group's *return on capital employed* will continue to be the main criterion for the measurement of performance. This will apply to the continuous evaluation of any under-performing assets. This coming year will be a period of restructuring and consolidation, especially in the United Kingdom, in order to position ourselves appropriately for future growth.



HOSPITAL CORPORATION  
INTERNATIONAL

In May 1992, the Group disposed of its Westley Court graduated care facility for a consideration of £2.82 million partially deferred. The Group was granted a 99 year lease of the nursing care centre at Westley Court and has subsequently reached an agreement for the acceleration of the deferred element of the consideration.

By the end of February 1992 the Group successfully opened, on schedule, two new hospital facilities, Kings Oak and Runnymede, adding an additional 84 beds to the group. HCI Latin America completed a \$2 million bond issue in May 1992. The proceeds of the bond issue were used to restructure debt and working capital.

In order for the Group to be able to consider payment of dividends in the future, we plan to apply to the courts later this year for the restructuring of the Company's capital.

*Prospects*

During the period under review the Company has received the support of its bankers and professional advisers. Your new Board is grateful for this support and confidence as it looks to continue the restructuring which is taking place. This comprehensive restructuring now makes it possible for our management to focus on the substantial opportunities inherent in our business. We are encouraged by the progress achieved so far and look forward with confidence to the challenges ahead.

I would like to welcome our UK colleagues to the expanded Group, and finally I would like to place on record my thanks to all our employees who have displayed great loyalty and commitment to the Group in the recent difficult months.

Dennis A. Sokol



HOSPITALS ENTERPRISES  
CORPORATION

DIRECTORS AND OFFICERS



*D.A. Sokol  
Chairman and Chief  
Executive*



*J.S.E. Mills-Wibb  
Deputy Chief Executive  
and Finance Director*



*R.G. Marston  
President of HCL Inc.  
and Group  
Managing Director*



*R. Moreno  
Director, President and  
Chief Executive Officer,  
Lacm America*



*Mr. P. E. M. Jarrett  
Medical Director*



*A.J.A. Bryant  
Non Executive Director  
Chairman of the  
Executive and  
Compensation Committee*



*Sir David Rowe-Ham  
Non Executive Director  
Chairman of the  
Audit Committee*



*C. Miller  
Senior Vice President,  
Eastern Europe*



*J. Rigby-Jones  
Deputy Finance Director and  
Group Financial Controller*

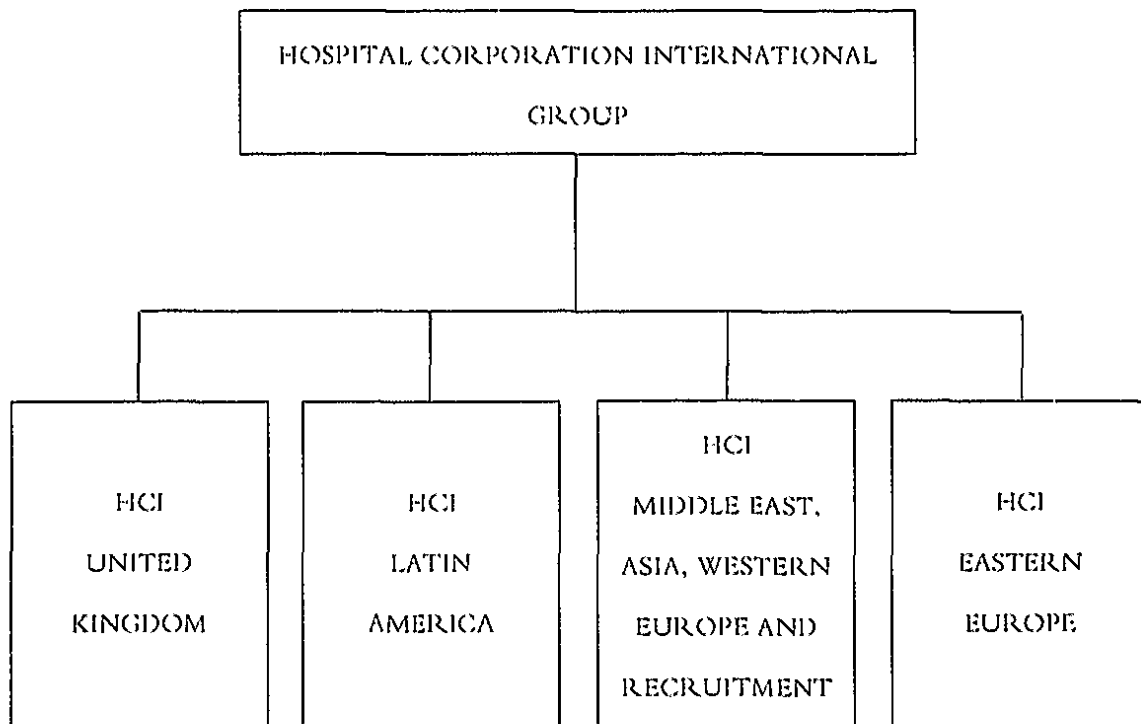


*A. Stone  
Company Secretary*



HOSPITAL CORPORATION  
INTERNATIONAL

## GROUP STRUCTURE





## *United Kingdom*

We now operate nine hospitals and a nursing facility in the United Kingdom with a total complement of over 300 beds. Six of these hospitals have been developed in partnership with National Health Service hospitals.

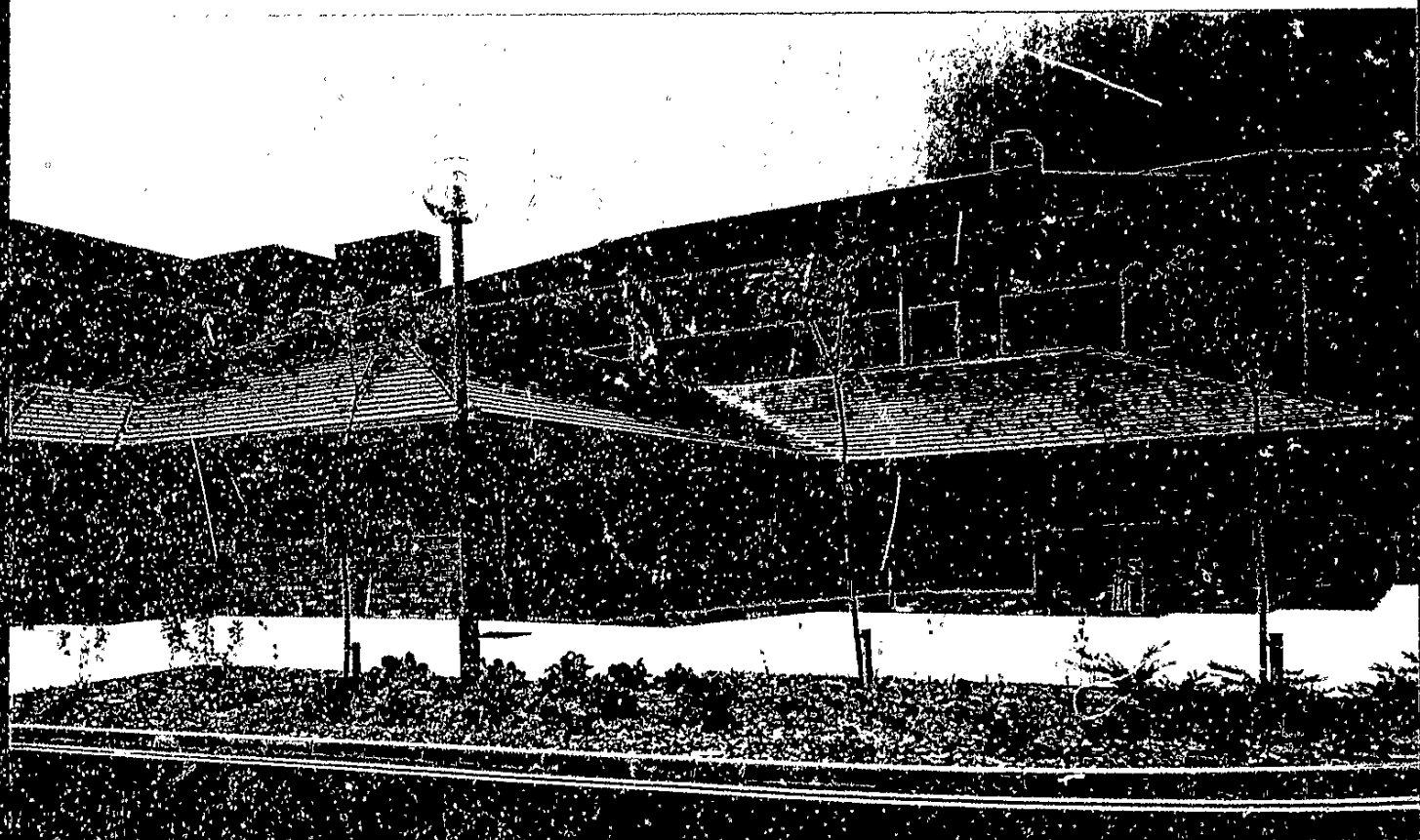
In addition, we operate the private Meriden Ward at Walsgrave Hospital, Coventry and a day surgery centre at the Churchill Hospital, Oxford.

We have already noted that the Group's 1991 development programme is now recognised as having been very ambitious, our immediate task therefore is to improve the operational performance of all, and especially our newest, facilities. There has necessarily been a major change of perspective from development to operational management. In this process we recognise the crucial importance of our customers, patients and consultants alike, our NHS partners and our employees.



*James Mills-Will*  
*UK Chief Executive*

THE FIRST EXPANSION  
IN THE HISTORY OF THE HOSPITAL

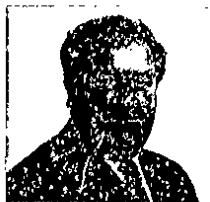


*Runnymede Private Hospital, Chertsey, Opened January 1992.*



## *United Kingdom Management Teams*

### *Partnership Hospitals*



*Harry Sharp*  
*Senior Hospital Director*  
*Bishops Wood Private*  
*Hospital, Northwood*



*June Duesbury*  
*Hospital Director*  
*Kings Oak Private*  
*Hospital, Enfield*



*Diane Herbert*  
*Hospital Director*  
*Runnymede Private*  
*Hospital, Chertsey*



*Kate Denham*  
*Hospital Director*  
*Sandringham Private*  
*Hospital, Kings Lynn*



*Val Edwards*  
*Hospital Director*  
*South Cheshire*  
*Private Hospital,*  
*Crore*



*Elizabeth Hayes*  
*Hospital Director*  
*West Peaks Private*  
*Hospital, Macclesfield*



*Jess Whitard*  
*Hospital Director*  
*Walsgrave Hospital*  
*(Morden Wards)*  
*Coventry*

### *Independent Hospitals*



*Roz Spalding*  
*Senior Hospital Director*  
*West Midlands Private*  
*Hospital, Halesowen*



*Mary Farrar*  
*Hospital Director*  
*North Downs Private*  
*Hospital, Caterham*



*Alison Cottrell*  
*Hospital Director*  
*Yale Private Hospital,*  
*Wrexham*



THE BISHOPS WOODS HOSPITAL  
TRUST



*Bishops Woods Private Hospital, Northwood, Opened February 1991*





HOSPITAL CORPORATION  
INTERNATIONAL

## *Latin America*

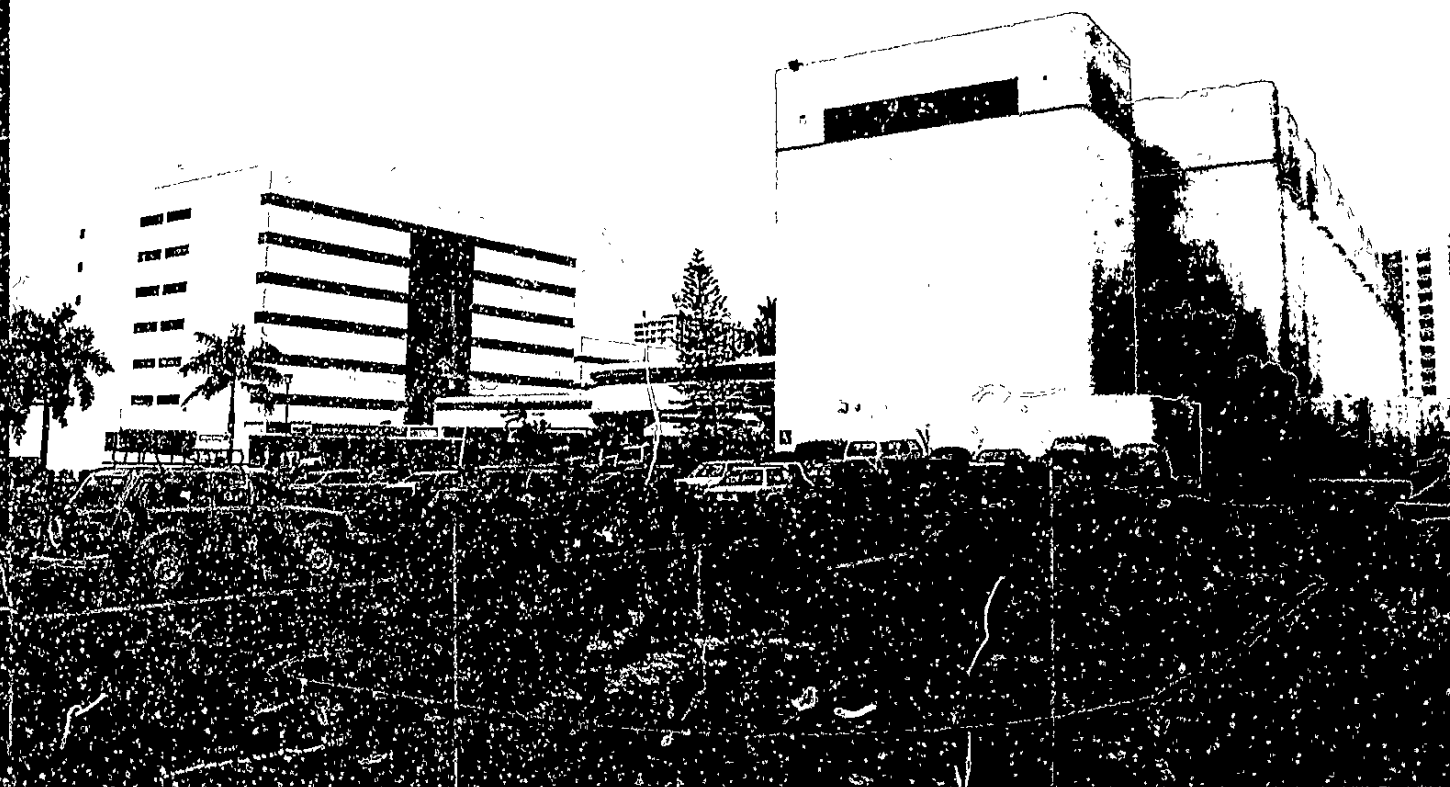
Our hospital in Panama, the Centro Médico Paitilla, is one of the most modern and well equipped healthcare facility in Latin America. Built in 1974, and extended in 1985 to 181 beds, we have added to its already impressive technological resources in 1991 by investing \$1.8 million in the installation of a Magnetic Resonance Imager. This sophisticated system greatly enhances the hospital's diagnostic capabilities and provides a much sought after and unique service in the region.

Our strategy in 1992 will be to use local resources to build on the hospital's reputation and to expand our market position in the region.



*Rodrigo A. Moreno  
Chief Executive,  
Latin America*

HOSPITAL CORPUS CHRISTI  
INTERNATIONAL



HCI - Centro Médico Pañilla, Panama.



Central Médico Pañilla, Management Team. Seated: Lilia de García, Comptroller, Rodrigo A. Moreno I, Executive Director, Cecilia de Gago, Director of Intimacy. Standing: Roberto A. Arriaga D., Administrative Director, Juan Espinosa, Medical Director, Jorge De Rivas, Technical Diagnostic Director and Alvaro Antadillas, Maintenance Director.





HOSPITAL CORPORATION  
INTERNATIONAL

## *Middle East*

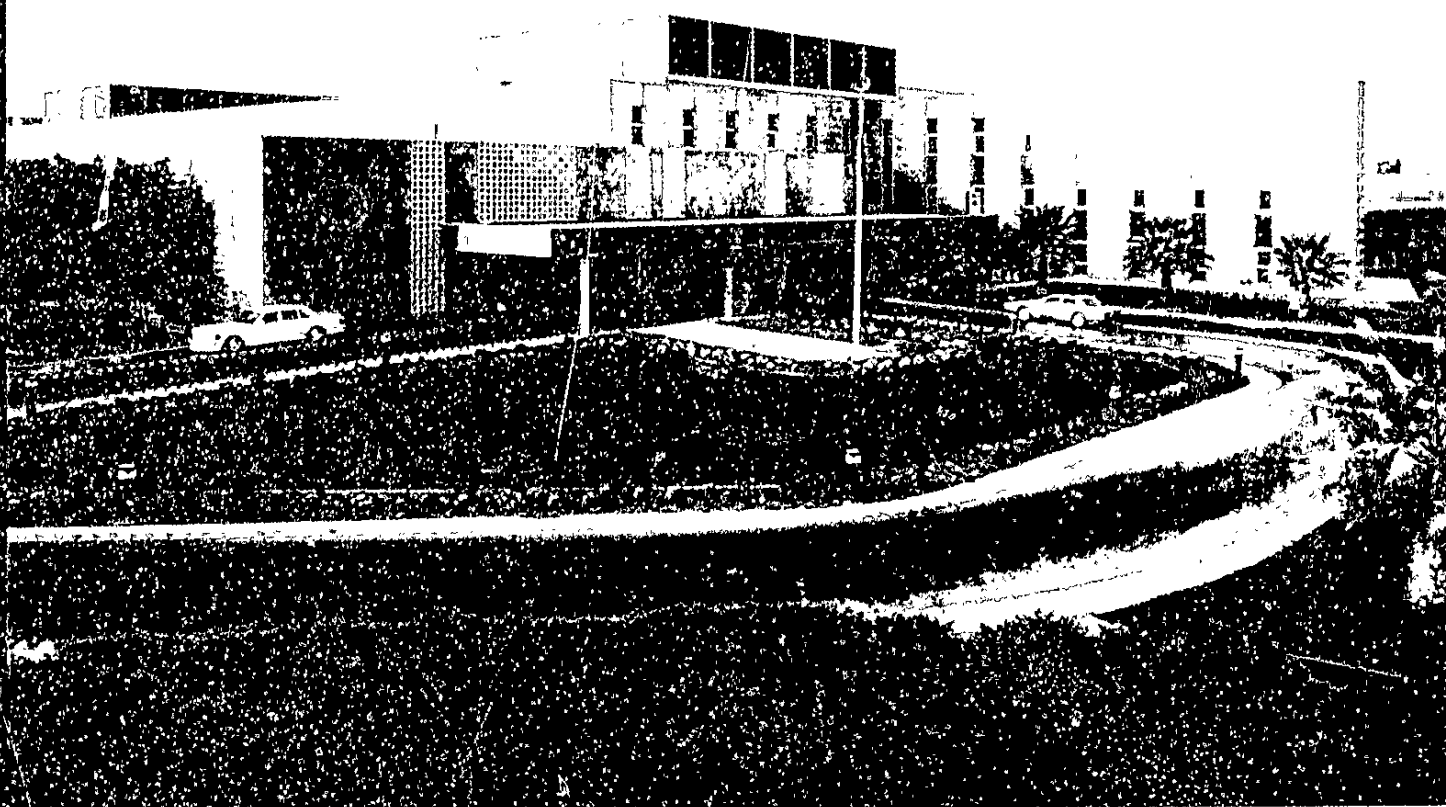
HCI Group is one of the leading Western management companies in the Middle East. We have maintained a high profile in the region since 1973 when Hospital Corporation International was awarded a contract to manage the most prestigious hospital in the region, the King Faisal Specialist Hospital and Research Centre in Riyadh, Saudi Arabia.

Today the Group is responsible for recruiting the hospital's medical and ancillary staff from North America and Europe.



*Ron Marston*  
*Chief Executive, Middle East.*

# PROJECTS



*King Faisal Specialist Hospital and Research Centre, Riyadh, Saudi Arabia*



*Middle East Management Team: Steven Ipling, Neil Lambart, Katty Langdon*

# *International Recruitment*

Our International Recruitment division recruits management teams, consultants and healthcare personnel for Group operations and clients worldwide through offices in Nashville, London and Riyadh.

More than 15,000 permanent staff have been successfully selected and mobilised to date for projects in the United States, Latin America, Europe, the Middle East, India, the Far East and Australia.



*Ron Marston  
Chief Executive,  
International Recruitment*

INTERNATIONAL RECRUITMENT  
NASHVILLE HEADQUARTERS



*Nashville Headquarters, International Recruitment.*



*Nashville Management Team, Mary Thivine,  
Linda Hogan, Karen Fleming, Bambi Brown*



*UK Recruiting Manager, Carmel Mackay*



HOSPITAL CORPORATION  
INTERNATIONAL

## *Eastern Europe*

HCI is responding to the growing demand for high quality Western-style healthcare within the newly formed democracies of Eastern Europe.

In August 1991 the American Medical Centre in Moscow was opened as a primary care out-patient clinic for the treatment of Western expatriates, visitors and tourists. This is the first and only healthcare facility of its kind in the City.

In April 1992 we entered into a letter of intent for the purpose of establishing a joint venture with the Granovskogo Hospital (formerly the Kremlin Hospital) in Moscow to establish and manage the new Russian-American International Hospital (RAIH). This is the first time that a Western healthcare management company has been asked to upgrade and administer an important hospital within the former Soviet Union. The hospital is scheduled to be fully operational by the end of 1992.

In the fall of 1990, Hospital Corporation International, Inc. entered into a joint venture with American International Group (AIG) to form Healthcare Enterprise International (HEI).

Funded by the United States Agency for International Development (A.I.D.), HEI assists governments and the private sector abroad to provide the following services; identifying opportunities for healthcare investment in Eastern Europe, Asia and the former Soviet Union by conducting feasibility studies, coordinating on-site research of economic and political climates, assisting in the development of business plans and applications for capital, training, coordinating U.S. study tours, developing and disseminating educational and informational material and facilitating investment missions.

Mr Lee Williams, Vice President of Government Affairs for HCI, is based in Washington, D.C. Mr Williams has been assigned to work as a Senior Executive at HEI.

HEALTHS CORPORATION  
INTERNATIONAL



*American Medical Centre, Moscow*



*C. Miller  
Senior Vice President,  
Eastern Europe*



*American Medical Centre, management team*



*L. Williams  
Vice President, H.C.I.  
Government Affairs*

## DIRECTORS' REPORT

for the 9 months ended 31 December 1991

### FINANCIAL STATEMENTS

The Directors present their report and the financial statements for the nine months ended 31 December 1991. The Directors also present proforma financial information on the state of affairs of the newly enlarged group following the acquisition of Hospital Corporation International Limited (HCI) referred to below.

### PRINCIPAL ACTIVITIES AND CHANGE OF NAME

The group's principal activities in the period were the construction and management of private medical facilities. The Company changed its name from Bioplan Holdings PLC to Hospital Corporation International Group PLC (HCI Group) on its acquisition of HCI on 16 January 1992.

### RESULTS AND DIVIDENDS

The results for the period are shown on page 24 of the financial statements. The Directors do not recommend the payment of an ordinary dividend. A dividend was paid in July 1991 to the holders of the 8% convertible cumulative redeemable preference shares. Transfers to/from reserves are shown in note 19 to the financial statements.

### REVIEW OF PERIOD AND FUTURE PROSPECTS

The extremely disappointing results for the period to 31 December 1991 reflect the difficulties experienced by your previous management in managing the substantial hospital construction and opening programme that had been undertaken. In addition, the results reflect exceptional charges of £16.8 million including £13.5 million of property write-downs resulting from the independent valuation of the UK properties commissioned by your new Board, and £2.4 million of hospital opening and group reorganisation costs. There is also an extraordinary charge of £1.26 million which arose from the disposal of the Eurotek office furniture business in July 1991.

The results indicate that there is much to be done to obtain a satisfactory return from UK operations but the Directors are

confident that the management team is now largely in place to be able to bring about the wide-ranging improvements necessary to generate satisfactory returns for shareholders in the medium term.

Since 31 December 1991, the final two hospitals in the United Kingdom have been opened. This will allow us to concentrate on improving operating performance across the whole UK portfolio, whilst building on the international reputation, activities, and financial resources of HCI.

In order for the group to be able to consider paying dividends in future on both ordinary and preference shares, your Directors plan to apply to the UK courts later this year for the capital of the Company to be reconstructed.

During the period under review the Company has enjoyed the support of its bankers and professional advisers. Your new Board is grateful for their support and confidence as it looks to continue the restructuring which is taking place to enable us to achieve the objectives stated above.

Additional information about the group is given in the Chairman's Statement on page 2.

### FIXED ASSETS

Details of movements in fixed assets during the period are set out in notes 10, 11 and 12 to the financial statements.

### POST BALANCE SHEET EVENT

On 16 January 1992 the Company acquired the entire share capital of Hospital Corporation International Limited (HCI). The consideration was satisfied by the issue of 35,953,900 Ordinary shares of 10p each representing 45% of the enlarged issued Ordinary share capital of the Company. Deferred consideration may become payable, over a period of five years, depending on the financial performance of the enlarged group and the future Ordinary share price performance of the Company. Such deferred consideration will be satisfied by the issue to the vendors of HCI of up to a further 17,755,012 Ordinary shares of the Company.

## DIRECTORS' REPORT

for the 9 months ended 31 December 1991

### DIRECTORS

The Directors who served during the period and those who were appointed since the period end are as follows:

	Appointed	Resigned
R.H.H. Nellist	3.5.1991	13.2.1992
P. Nutting	31.5.1991	12.2.1992
P.G. Townsend		11.9.1991
R.C. Townsend		20.12.1991
C.M. Herridge		20.12.1991
P.J. Williams		20.12.1991
P.E.M. Jarrett	11.9.1991*	5.6.1991
D.A. Sokol	16.1.1992	
R.C. Marston	16.1.1992	
J.S.E. Mills-Webb	14.2.1992	
R. Moreno	14.2.1992	
A.J.A. Bryan	16.1.1992	
Sir David Rowe-Ham G.B.E.	14.2.1992	
Sir Ronald Grierson	24.2.1992	25.7.1992

\*Date of re-appointment

Sir Ronald Grierson had already attained the age of 70 years on his appointment to the Board on 24th February 1992 and accordingly his appointment requires confirmation by the shareholders at the Annual General Meeting. Sir Ronald resigned on 25th July 1992.

### DIRECTORS' SERVICE CONTRACTS

The unexpired period of the service contract of each Director of the Company proposed for re-election at the Annual General Meeting is as follows:

	Unexpired Period
D.A. Sokol	2 years
R.C. Marston	2 years
J.S.E. Mills-Webb	2 years
A.J.A. Bryan	2 years
P.E.M. Jarrett	3 years

Mr. P.E.M. Jarrett's contract requires him to devote part of his time to the affairs of the Company.

Sir David Rowe-Ham and Mr R. Moreno, who are also proposed for re-election, do not have service contracts with the Company.

### NON-EXECUTIVE DIRECTORS

The current Non-Executive Directors are:

**Paul Jarrett**, aged 49, is a Consultant General and Vascular Surgeon, and Director of Surgical Services and a Trust Board Director of Kingston Hospital Trust. He is a founder and Chairman of the British Association of Day Surgery and a Trustee of the Princess Alice Hospice.

He is the author of a number of papers on fibrinolysis in vascular disorders and on day surgery. He has been an adviser on day surgery to the Greek Department of Health, the Humana Wellington Hospital, UK private health insurers and various government and professional organisations in the United Kingdom.

**Anthony Bryan**, aged 68, joined the Board in January 1992 as a Non-Executive Director. He has a broadly based commercial background and is currently a director of Federal Express Inc. Mr Bryan has a number of business interests outside of HCI Group.

**Sir David Rowe-Ham G.B.E., F.C.A.**, aged 56, joined the Board in February 1992 as a Non-Executive Director. He is Chairman of Olayan Europe Ltd. and a non-executive director of Williams Holdings PLC and other public and private companies. He is a former Lord Mayor of London.



## DIRECTORS' REPORT

for the 9 months ended 31 December 1991

### DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Directors who held office at 31 December 1991 had the following interests in the shares of the Company at the beginning (or date of appointment if later) and end of the financial period:

	10p Ordinary shares fully paid	
	31 December 1991	31 March 1991
P.E.M. Jarrett	666,467	666,467
R.H.H. Nellist	-	-
P. Nutting	-	-

All holdings are beneficial. No Director had any interest in the preference share capital. Between 31 December 1991 and 27 July 1992 there have been no changes in the shareholdings shown above.

Of those Directors who have been appointed since 31 December 1991, D.A. Sokol, A.J.A. Bryan and R.C. Marston have beneficial interests in the shares of the Company as set out under Substantial Shareholders. Sir Ronald Grierson has a beneficial interest in 115,000 Ordinary Shares.

### DIRECTORS' INSURANCE

The Company maintains an insurance policy on behalf of the Directors against liability arising from any wrongful act committed by them in their capacities as Directors of the Company.

### SHARE OPTION SCHEMES

In 1986 the Company adopted a Share Option Scheme which was approved by the Inland Revenue under the provisions of the Income and Corporation Taxes Act 1988.

Options have been granted to employees in respect of 30,000 10p Ordinary shares at a subscription rate of £1.56 a share. The options can only be exercised between 18 April 1993 and 18 April 2000. James Mills-Webb, Deputy Chief Executive and Finance Director, was granted options on 799,000 Ordinary shares of 10p each, on 14 February 1992.

### SUBSTANTIAL SHAREHOLDERS

At 27 July 1992, the Company had been notified of the following interests of 3% or more of the Company's share capital.

#### Ordinary Share Capital

	Number of Ordinary shares	Percentage
D.A. Sokol	11,864,787	14.85
A.J.A. Bryan	11,864,787	14.85
R.C. Marston	8,772,752	10.98
Clerical Medical & General Life Assurance Society	3,867,475	4.84
*Nutraco Nominees Ltd	5,189,960	6.50
*Royal Bank of Scotland Edinburgh Nominees Ltd WD2 A/C*	2,590,000	3.24

\*Held as nominees of individual shareholders

#### Preference Share Capital

	Number of Preference shares	Percentage
Abtrust Preferred Income Investment Trust plc	375,000	10.15
Bank of Scotland Nominees (Unit Trusts) Ltd	175,000	4.74
Clerical Medical & General Life Assurance Society	690,000	18.68
C O Nominees Ltd AE A/C*	125,500	3.40
C O Nominees Ltd F7 A/C*	250,000	6.77
CSIB Nominees Ltd	124,172	3.36
Hanover Nominees Ltd		
MA A/C	425,000	11.51
N C B Trust Ltd B A/C*	220,000	5.96
The Prudential Assurance Company Ltd	119,900	3.25
Sun Alliance Pensions Ltd	329,960	8.93

## DIRECTORS' REPORT

for the 9 months ended 31 December 1991

### EMPLOYEES

During the period the Company has made available for all staff the opportunity for self-development by giving financial assistance and studytime. Senior management have had the opportunity of attending in-house training in addition to external seminars on management subjects.

The Company and its employees take all reasonable steps to ensure equality of employment opportunities irrespective of religion, race, colour, sex, ethnic origin, marital status or disability.

Informal meetings are held with staff on an ad hoc basis to convey Company information as appropriate.

### POLITICAL AND CHARITABLE DONATIONS

During the period the Company has made charitable donations in the UK of £30,000 (31 March 1991: £517).

### CLOSE COMPANY PROVISIONS

The Company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

### AUDITORS

On 13 February 1992 BDO Binder Hamlyn resigned as auditors and Touche Ross & Co. were appointed in their place.

In accordance with Section 384 of the Companies Act 1985, a resolution proposing that Touche Ross & Co. be re-appointed as auditors of the Company will be put to the Annual General Meeting

Approved by the Board of Directors and signed on behalf of the Board:

A. Stone, Company Secretary

27 July 1992

## AUDITORS' REPORT

To the Members of Hospital Corporation International Group PLC (formerly Bioplan Holdings PLC).

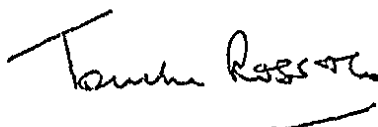
We have audited the financial statements on pages 24 to 48 in accordance with Auditing Standards.

In our opinion the financial statements give:

- i) a true and fair view of the state of affairs of the Company and the Group at 31 December 1991 and of the loss and source and application of funds of the Group for the nine months then ended and have been properly prepared in accordance with the Companies Act 1985;

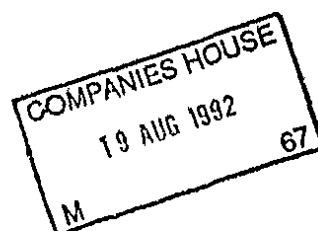
and

- ii) on the basis described in accounting policy 1(c), a true and fair view of the proforma state of affairs of the enlarged group at 31 December 1991.



Touche Ross & Co.  
Chartered Accountants and  
Registered Auditor  
London.

27 July 1992.



# CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the 9 months ended 31 December 1998

		9 months ended 31 December 1998	9 months ended 31 December 1997
	Notes	£'000	£'000
Turnover	2	11,083	10,307
Cost of sales		8,637	9,898
Gross profit		2,446	4,409
Distribution costs		-	989
Administrative expenses		5,263	4,065
Operating (loss)/profit	3	(2,817)	1,354
Interest receivable	4(a)	148	207
Interest payable	4(b)	(1,967)	(1,230)
(Loss)/profit on ordinary activities before exceptional items		(4,636)	421
Exceptional items	5	(16,803)	(534)
Loss on ordinary activities before taxation		(21,439)	(113)
Tax on loss on ordinary activities	6	20	(612)
Loss on ordinary activities after taxation		(21,419)	(725)
Extraordinary items	7	(1,260)	(749)
Loss for the financial period		(22,679)	(1,474)
Dividends	8	(148)	(733)
Retained loss for the financial period, transferred from reserves	19	(22,827)	(2,207)
Basic loss per ordinary share	9	(54.9)p	(7.4)p

A statement of movements on reserves is set out in note 19 to the financial statements.

1

HOSPITAL CORPORATION INTERNATIONAL GROUP PLC  
(Formerly Biogen Holdings PLC)

CONSOLIDATED BALANCE SHEETS

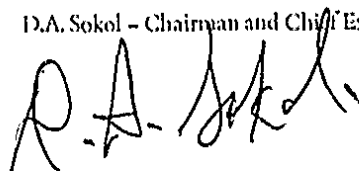
as at 31 December 1991

	Notes	Proforma enlarged group £'000	31 Dec 1991 £'000	31 March 1991 £'000
<b>FIXED ASSETS</b>				
Intangible assets	10	635	-	-
Tangible assets	11	49,424	39,266	35,754
Investments	12	486	2,022	35
		50,545	41,288	35,789
<b>CURRENT ASSETS</b>				
Stocks	13	3,779	3,342	6,698
Debtors	14	6,266	3,229	3,656
Cash at bank and in hand		6,461	1,893	152
		16,506	8,464	10,506
CREDITORS: amounts falling due within one year	15	(18,411)	(13,920)	(17,387)
Net current liabilities		(1,905)	(5,456)	(6,881)
Total assets less current liabilities		48,640	35,832	28,908
CREDITORS: amounts falling due after more than one year	16	(22,583)	(16,393)	(10,897)
PROVISIONS FOR LIABILITIES AND CHARGES	17	-	-	(59)
		<u>26,057</u>	<u>19,439</u>	<u>17,952</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	18	11,683	8,088	5,125
Share premium account	19	27,031	27,031	7,693
Revaluation reserve	19	2,013	2,013	1,767
Merger reserve	19	6,140	3,117	3,117
Profit and loss account	19	(20,810)	(20,810)	255
		<u>26,057</u>	<u>19,439</u>	<u>17,952</u>

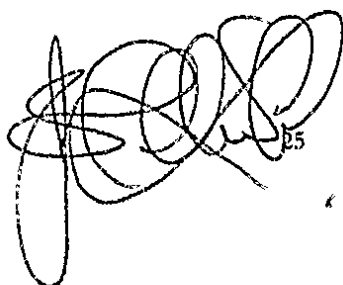
The financial statements on pages 24 to 48 were approved by the Board of Directors on 27 July 1992.

Signed on behalf of the Board of Directors

D.A. Sokol - Chairman and Chief Executive



J.S.E. Mills-Webb - Deputy Chief Executive and Finance Director



HOSPITAL CORPORATION INTERNATIONAL GROUP PLC  
(Formerly Bioplan Holdings PLC)

BALANCE SHEET

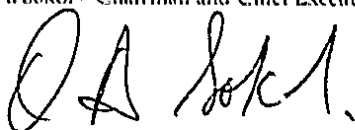
as at 31 December 1991

	Notes	31 December 1991 £'000	31 March 1991 £'000
<b>FIXED ASSETS</b>			
Tangible assets	11	190	65
Investments	12	3,482	13,964
		3,672	14,029
<b>CURRENT ASSETS</b>			
Stocks	13	-	16
Debtors	14	31,241	15,742
Cash at bank and in hand		1,778	4
		33,019	13,762
CREDITORS: amounts falling due within one year	15	(8,835)	(3,480)
Net current assets		24,184	10,282
Total assets less current liabilities		27,856	24,311
CREDITORS: amounts falling due after more than one year	16	(8,844)	(15)
		<u>19,012</u>	<u>24,296</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	8,088	5,125
Share premium account	19	27,031	7,693
Revaluation reserve	19	755	1,488
Merger reserve	19	-	9,838
Profit and loss account	19	(16,862)	152
		<u>19,012</u>	<u>24,296</u>

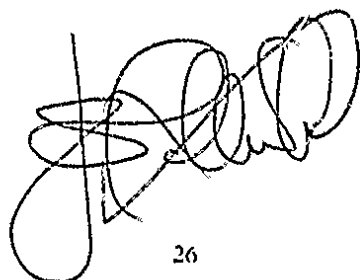
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HOSPITAL CORPORATION INTERNATIONAL GROUP PLC  
(formerly Bioplan Holdings PLC)

CONSOLIDATED STATEMENT OF SOURCE  
AND APPLICATION OF FUNDS

for the 9 months ended 31 December 1991

	9 months ended 31 December 1991	15 months ended 31 March 1991 (restated)
	£'000	£'000
<b>SOURCE OF FUNDS</b>		
Loss on ordinary activities before taxation	(21,439)	(113)
Extraordinary items	(1,260)	(749)
<b>Items not involving the movement of funds</b>		
Deficit on revaluation of tangible fixed assets	9,780	-
Depreciation	997	1,007
Loss on discontinuance of engineering business	-	359
Loss on disposal and write off of fixed assets	1,438	-
Write down in value of developments held for resale	3,742	-
Investments written off or provided against	86	390
<b>Funds (absorbed) by/generated from operations</b>	<b>(6,656)</b>	<b>894</b>
<b>Funds from other sources</b>		
Proceeds of rights issue	22,301	15,220
Shares issued in consideration of the acquisition of Bioplan Group PLC	-	10,356
Increase in hire purchase and finance lease obligations	780	3,460
Proceeds of disposal and reclassification of tangible fixed assets	1,442	114
Bank and other loans obtained	-	7,760
<b>Total source of funds</b>	<b>17,867</b>	<b>37,804</b>
<b>APPLICATION OF FUNDS</b>		
Purchase of Bioplan Group PLC	-	(12,209)
Purchase of investments	(2,073)	(7)
Purchase of tangible fixed assets	(15,156)	(17,036)
Tax paid	(369)	(71)
Dividends paid	(291)	(590)
Bank and other loans repaid	(3,589)	(5,497)
<b>Total application of funds</b>	<b>(21,478)</b>	<b>35,410</b>
<b>NET (APPLICATION)/SOURCE OF FUNDS</b>	<b>(3,611)</b>	<b>2,394</b>
The net movement of funds is represented by the following movement in working capital:		
Increase in stocks	386	1,553
Decrease in debtors	(532)	(29)
Increase in creditors less than one year	(2,941)	(1,440)
	(3,087)	84
<b>Movement in net liquid funds:</b>		
Bank overdrafts	(2,265)	2,578
Cash at bank and in hand	1,741	(268)
	(524)	2,310
<b>MOVEMENT IN WORKING CAPITAL</b>	<b>(3,611)</b>	<b>2,394</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the 9 months ended 31 December 1991

### 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular policies adopted are described below.

(a) *Basis of accounting*

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain freehold and long leasehold land and buildings.

(b) *Basis of consolidation*

The group financial statements consolidate the financial statements of Hospital Corporation International Group PLC and all its subsidiary undertakings made up to 31 December 1991. The group profit and loss account includes the results of acquired businesses from the date of their acquisition and the results of disposed businesses to the date of disposal.

No profit and loss account is presented for Hospital Corporation International Group PLC as provided by Section 230 of the Companies Act 1985.

(c) *Proforma enlarged group information*

On 16 January 1992, the Company acquired for the issue of new ordinary shares the entire share capital of Hospital Corporation International Limited (HCL).

The financial statements include a proforma consolidated balance sheet as at 31 December 1991, together with relevant notes. This consolidates the balance sheet of the group with that of HCL as at 31 December 1991, in order to reflect a proforma state of affairs of the enlarged group at that date. This proforma consolidated balance sheet has been arrived at by giving effect to the share issue made on 16 January 1992 for the acquisition.

Advantage has been taken of the merger relief offered by Section 131 of the Companies Act 1985 in respect of consideration received in excess of the nominal value of the shares issued in connection with the acquisition of HCL. Also, although the transaction qualifies for merger accounting, the Directors have decided to account for the combination as an acquisition.

(d) *Goodwill*

Goodwill is the amount by which the purchase consideration for interests in subsidiary undertakings exceeds the fair value to the group of the net assets acquired. Goodwill is written off directly to reserves. Where the fair value of the net assets acquired exceeds the purchase consideration for the shares the excess, being negative goodwill, is credited directly to the merger reserve.

## NOTES TO THE FINANCIAL STATEMENTS

for the 9 months ended 31 December 1991

### 1 ACCOUNTING POLICIES (continued)

#### (e) *Tangible fixed assets*

Depreciation is provided on all fixed assets, apart from freehold and long leasehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, which is reviewed annually. The estimated useful lives are as follows:

Freehold buildings	40-50 years
Leasehold buildings	the shorter of 50 years and the period of the lease
Plant and machinery	3-15 years
Fixtures, fittings and equipment	3-20 years
Motor vehicles	4 years

Buildings in the course of construction are not depreciated until such time as they become operational.

#### (f) *Intangible fixed assets*

Expenditure relating to new projects is written off in the year in which it is incurred except to the extent that it relates to the establishment of new markets and that its recovery can reasonably be regarded as assured. Where expenditure is deferred, it is amortised over periods not exceeding five years commencing with the start of the commercial operation of the project.

Commissioning expenses incurred prior to the opening of hospitals are written off as incurred. This represents a change in accounting policy from prior years when such costs were capitalised and amortised over five years. Accordingly, the figures for prior periods have been restated (see note 19).

#### (g) *Developments in the course of construction*

Developments in the course of construction, to be held as operating fixed assets or for resale when completed, are included either at cost less provision for permanent diminution in value or at valuation. Interest attributable to the cost of such developments is capitalised except where such interest would cause total cost to exceed market value on completion of the development.

Previously, certain overheads incurred during the construction period were capitalised; these are now expensed as incurred. This represents a change in accounting policy from prior years. Accordingly, the figures for prior periods have been restated (see note 19).

#### (h) *Stocks*

Developments for sale outside the group are included in stocks and are stated at the lower of cost and net realisable value. Cost represents expenditure to the balance sheet date including interest attributable to expenditure during the construction period except where such interest would cause total cost to exceed net realisable value.

Other stocks are stated at the lower of cost and net realisable value.

#### (i) *Deferred taxation*

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.



## NOTES TO THE FINANCIAL STATEMENTS

for the 9 months ended 31 December 1991

### 1. ACCOUNTING POLICIES (continued)

(j) *Foreign currency*

Transactions of UK companies denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account. The financial statements of foreign subsidiaries are translated into sterling at the closing rates of exchange and the difference arising from the translation of the opening net investment in subsidiaries at the closing rate is taken directly to reserves.

(k) *Finance leases and hire purchase contracts*

Assets obtained under hire purchase contracts and finance leases are capitalised and are depreciated in accordance with the policy above. Interest on hire purchase contracts and finance leases is charged to the profit and loss account to give a constant periodic rate of interest on the net investment in the contracts in each year. This represents a change in accounting policy from previous periods when interest was charged to the profit and loss account on a straight line basis. The figures for prior periods have been restated accordingly (see note 19). Rentals paid under operating leases are charged directly to the profit and loss account.

(l) *Pension scheme arrangements*

The group operates a pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the group, being invested with an insurance company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of the pensions evenly over employees' working lives with the group. HCL, which was acquired on 16 January 1992, does not operate a pension scheme. Its Panamanian subsidiary is required by local laws to set aside each year an amount for each employee based on seniority. The seniority benefit costs are stated on an actuarial basis determined by an independent fund manager who acts as a trustee of the funds provided by the company.

(m) *Investments*

Investments held as fixed assets are stated at cost less provision for permanent diminution in value. Those held as current assets are stated at the lower of cost and net realisable value.

(n) *Discounted and zero coupon borrowings*

For discounted and zero coupon borrowings, the interest cost included in the profit and loss account is based on the implicit interest rate within the relevant financial arrangement.

(o) *Turnover*

Turnover is the amount derived from the provision of goods and services falling within the group's ordinary activities after discounts and sales taxes.

HOSPITAL CORPORATION INTERNATIONAL GROUP PLC  
(formerly Bioplan Holdings PLC)

NOTES TO THE FINANCIAL STATEMENTS  
for the 9 months ended 31 December 1991

2. SEGMENTAL ANALYSIS

Class of business	9 months ended 31 December 1991			15 months ended 31 March 1991		
	Turnover £'000	Loss £'000	Net Assets £'000	Turnover £'000	Profit (Loss) £'000	Net Assets £'000
Healthcare	9,976	(2,817)	37,830	11,402	1,551	32,901
Residential care units	1,107	-	3,000	-	-	6,079
Office furniture	-	-	-	4,900	(197)	907
	11,083	(2,817)	40,830	16,302	1,354	39,887
Net interest/borrowings	-	(1,819)	(21,391)	-	(933)	(21,935)
Exceptional items	-	(16,803)	-	-	(534)	-
Total	11,083	(21,439)	19,439	16,302	(113)	17,952

All turnover and loss on ordinary activities arose within the United Kingdom.

The comparatives for turnover and profit from Healthcare are for the period from 17 April 1990.

The decision to dispose of the office furniture business was taken in April 1991. No operating results have been included in the current period.

3. OPERATING (LOSS) : PROFIT is stated after charging or (crediting):

	9 months ended 31 December 1991 £'000	15 months ended 31 March 1991 £'000
Rents receivable	-	(40)
Depreciation		
- owned fixed assets	529	582
- assets under finance leases and hire purchase contracts	468	425
Operating lease rentals		
- plant and machinery	102	78
- land and buildings	596	34
Auditors' remuneration	40	27

HOSPITAL CORPORATION INTERNATIONAL GROUP PLC  
(Formerly Bioplan Holdings PLC)

NOTES TO THE FINANCIAL STATEMENTS

for the 9 months ended 31 December 1991

4. INTEREST	9 months ended 31 December 1991 £'000	15 months ended 31 March 1991 £'000
(a) <i>Interest receivable</i>		
Bank deposit	148	297
(b) <i>Interest payable</i>		
Loans and overdrafts repayable:		
within 5 years not by instalments	205	495
within 5 years by instalments	1,225	1,932
wholly or partly in more than 5 years	50	114
	1,480	2,541
Finance leases terminating within 5 years	402	557
Other loans	85	4
	1,967	3,102
Less capitalised	-	(1,872)
	1,967	1,230
5. EXCEPTIONAL ITEMS		
Write down in carrying value of hospitals on valuation	9,780	-
Write down in value of developments held for resale	3,742	-
Commissioning costs of new hospitals	976	534
Costs associated with HCI acquisition	1,356	-
Aborted project and disposal costs	595	-
Costs associated with introduction to the Official List	165	-
Investments written off	189	-
	16,803	534

HOSPITAL CORPORATION INTERNATIONAL GROUP PLC  
(Formerly Bioplan Holdings PLC)

## NOTES TO THE FINANCIAL STATEMENTS

for the 9 months ended 31 December 1991

6. TAX ON LOSS ON ORDINARY ACTIVITIES	9 months ended 31 December 1991 £'000	15 months ended 31 March 1991 £'000
<i>UK current year taxation:</i>		
UK corporation tax at 33% (34%)	-	604
ACT written off	23	-
Deferred taxation	(97)	-
	(74)	604
<i>Prior years:</i>		
UK corporation tax	54	8
Tax (credit)/charge on loss on ordinary activities	(20)	612
The losses arising in excess of those group relieved have not been recognised for tax purposes, as these are carried forward for offset against future taxable profits in the United Kingdom.		
 7. EXTRAORDINARY ITEMS		
Loss on disposal of office furniture business	1,260	-
Provision against investment	-	390
Loss on discontinuance of engineering activities	-	359
	1,260	749
 8. DIVIDENDS		
Preference shares	148	590
Ordinary shares:		
Final proposed - £ nil (31 March 1991: 0.1p per share)	-	143
	148	733

The dividends on preference shares for the period ended 31 March 1991 include arrears of £295,000. The cumulative unpaid dividends on preference shares at 31 December 1991 were £148,000.

### 9. LOSS PER SHARE

The calculation of loss per share before extraordinary items is based on the weighted average number of shares in issue for the period of 39,261,323 Ordinary shares of 10p each (31 March 1991: 13,850,257), as adjusted for the rights issue dilution and share consolidation, and the loss on ordinary activities after taxation and preference dividends (excluding arrears of preference dividends) of £21,567,000 (31 March 1991: £1,020,000 loss).

HOSPITAL CORPORATION INTERNATIONAL GROUP PLC  
(Formerly Bioplan Holdings PLC)

NOTES TO THE FINANCIAL STATEMENTS

for the 9 months ended 31 December 1991

10. INTANGIBLE FIXED ASSETS

31 December 1991

£'000

Proforma enlarged group

Development costs

635

11. TANGIBLE FIXED ASSETS

	Land and buildings	Plant and machinery	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000	£'000
Proforma enlarged group				
Net book value at 31 December 1991	<u>40,195</u>	<u>-</u>	<u>9,229</u>	<u>49,424</u>
Group				
Cost or valuation				
1 April 1991 as previously reported	32,976	1,279	5,885	40,140
Prior year adjustments (note 19)	(2,883)	-	-	(2,883)
1 April 1991 as restated	30,093	1,279	5,885	37,257
Additions	13,038	-	2,118	15,156
Assets of subsidiary disposed of	(27)	(1,279)	-	(1,306)
Disposals	-	-	(120)	(120)
Reclassified as stocks	(1,162)	-	(289)	(1,451)
Deficit on revaluation	(8,286)	-	-	(8,286)
Written off in the period	(526)	-	-	(526)
31 December 1991	<u>33,130</u>	<u>-</u>	<u>7,594</u>	<u>40,724</u>
Depreciation				
1 April 1991	257	389	837	1,503
Charge for the period	419	-	578	997
Assets of subsidiary disposed of	(12)	(389)	-	(401)
Reclassified as stocks	(9)	-	-	(9)
Write-back on revaluation	(519)	-	-	(519)
Disposals	-	-	(113)	(113)
31 December 1991	<u>136</u>	<u>-</u>	<u>1,322</u>	<u>1,458</u>
Net book value				
31 December 1991	<u>32,994</u>	<u>-</u>	<u>6,272</u>	<u>39,266</u>
31 March 1991 as restated	<u>29,836</u>	<u>890</u>	<u>5,028</u>	<u>35,754</u>

HOSPITAL CORPORATION INTERNATIONAL GROUP PLC  
(Formerly Bioplan Holdings PLC)

NOTES TO THE FINANCIAL STATEMENTS

for the 9 months ended 31 December 1991

11. TANGIBLE FIXED ASSETS (continued)

(a) The cost or valuation of land and buildings comprises

	Freehold		Long leaseholds		Short leasehold tenancies		
	Completed hospitals	Developments in course of construction	Completed hospitals	Developments in course of construction	Offices	Completed surgical units	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Group (continued)</b>							
<b>Cost or valuation</b>							
1 April 1991 as previously reported	7,075	1,417	18,977	4,776	38	693	32,976
Prior year adjustments (note 19)	(520)	(368)	(1,558)	(405)	-	(32)	(2,883)
1 April 1991 as restated	6,555	1,049	17,419	4,371	38	661	30,093
Additions	-	5,205	138	7,695	-	-	13,038
Reclassification	-	2,477	-	(2,477)	-	-	-
Assets of subsidiary disposed of	-	-	-	-	(27)	-	(27)
Transfer completed hospitals	5,792	(5,792)	67	(67)	-	-	-
(Deficit)/surplus on revaluation	(3,263)	-	(5,497)	474	-	-	(8,286)
Reclassified as stocks	(1,162)	-	-	-	-	-	(1,162)
Written off in the period	-	(233)	-	(293)	-	-	(526)
31 December 1991	7,922	2,706	12,127	9,703	11	661	33,130
<b>Depreciation</b>							
1 April 1991	101	-	61	-	13	82	257
Charge for the period	105	-	261	-	2	51	419
Assets of subsidiary disposed of	-	-	-	-	(12)	-	(12)
Reclassified as stocks	(9)	-	-	-	-	-	(9)
Write-back on revaluation	(197)	-	(322)	-	-	-	(519)
31 December 1991	-	-	-	-	3	133	136
<b>Net book value</b>							
31 December 1991	7,922	2,706	12,127	9,703	8	528	32,994
31 March 1991 as restated	6,454	1,049	17,358	4,371	25	579	29,836

HOSPITAL CORPORATION INTERNATIONAL GROUP PLC  
(Formerly Bioplan Holdings PLC)

NOTES TO THE FINANCIAL STATEMENTS

for the 9 months ended 31 December 1991

11. TANGIBLE FIXED ASSETS (continued)

Group (continued)

- (b) The freehold and long leasehold land and buildings were valued at open market value for existing use in April 1992 by Edwin Hill & Partners, Chartered Surveyors. This valuation has been reflected in these financial statements. A deficit arising on the difference between the valuation and net book value of £9,780,000 has been written off as an exceptional item in the period and a surplus arising of £2,013,000 has been taken to revaluation reserve.
- (c) Included in the cost of developments in course of construction and of completed hospitals is capitalised interest of £1,020,840 (31 March 1991: £1,020,840).
- (d) Included in the amounts for plant and machinery and fixtures, fittings and equipment above are the following amounts relating to assets acquired under hire purchase contracts and finance leases:

	£'000
<b>Cost</b>	
31 December 1991	6,853
<b>Depreciation</b>	
1 April 1991	678
Charge for the period	468
31 December 1991	1,146
<b>Net book value</b>	
31 December 1991	5,707

Company	Fixtures, fittings and equipment £'000
<b>Cost</b>	
1 April 1991	107
Additions	107
Group transfers	215
Disposals	(93)
31 December 1991	336
<b>Depreciation</b>	
1 April 1991	42
Charge for the period	51
Group transfers	90
Disposals	(37)
31 December 1991	146
<b>Net book value</b>	
31 December 1991	190
31 March 1991	65

HOSPITAL CORPORATION INTERNATIONAL GROUP PLC  
(formerly Bioplan Holdings PLC)

NOTES TO THE FINANCIAL STATEMENTS

for the 9 months ended 31 December 1991

16. CREDITORS: amounts falling due after more than one year (continued)

(a) <i>Analysis of loan repayments</i>	Proforma enlarged group	Group		Company	
	31 December 1991	31 December 1991	31 March 1991	31 December 1991	31 March 1991
	£'000	£'000	£'000	£'000	£'000
Bank loans					
Between one and two years	7,239	6,727	1,750	6,684	-
Between two and five years	4,508	2,975	5,250	1,803	-
After five years	6,756	2,999	582	296	-
Other loans					
Between one and two years	38	38	50	-	-
Between two and five years	-	-	25	-	-
Obligations under hire purchase and finance lease contracts					
Between one and two years	1,486	1,357	1,175	46	15
Between two and five years	2,556	2,297	2,065	15	-
	<u>22,583</u>	<u>16,393</u>	<u>10,897</u>	<u>8,844</u>	<u>15</u>

Amounts due within one year are included in current liabilities.

- (b) The bank loans and overdrafts of the Group and the Company are secured by fixed and floating charges on the assets of the Group and bear interest at 2% above the banks' base rate.



HOSPITAL CORPORATION INTERNATIONAL GROUP PLC  
(Formerly Bioplan Holdings PLC)

NOTES TO THE FINANCIAL STATEMENTS

for the 9 months ended 31 December 1991

13. STOCKS

	Proforma enlarged group	Group		Company	
	31 December 1991	31 December 1991	31 March 1991	31 December 1991	31 March 1991
	£'000	£'000	£'000	£'000	£'000
Raw materials and consumables	-	-	194	-	16
Work in progress	-	-	42	-	-
Finished goods	-	-	36	-	-
Stocks of hospital consumables	779	342	347	-	-
Developments held for resale	3,000	3,000	6,079	-	-
	<u>3,779</u>	<u>3,342</u>	<u>6,698</u>	<u>-</u>	<u>16</u>

Interest amounting to £749,000 (31 March 1991: £749,000) is included in developments held for resale. The replacement cost of stocks is not considered to be materially different from the above amounts.

	Group £'000
<i>Developments held for resale:</i>	
1 April 1991 as previously reported	6,330
Prior year adjustment (note 19)	(251)
At 1 April 1991 as restated	<u>6,079</u>
Fixed assets reclassified	1,442
Additions in period	307
Costs attributed to sales in the period	(1,086)
Write-down to net realisable value	<u>(3,742)</u>
31 December 1991	<u>3,000</u>

14. DEBTORS

	Proforma enlarged group	Group		Company	
	31 December 1991	31 December 1991	31 March 1991	31 December 1991	31 March 1991
	£'000	£'000	£'000	£'000	£'000
Trade debtors	3,868	1,705	1,922	-	-
Other debtors	1,454	1,075	1,173	79	33
Prepayments and accrued income	839	344	559	1	13
Amounts owed by subsidiaries	-	-	-	30,867	13,452
Corporation tax recoverable	105	105	-	294	244
	<u>6,266</u>	<u>3,229</u>	<u>3,656</u>	<u>31,241</u>	<u>13,742</u>

HOSPITAL CORPORATION INTERNATIONAL GROUP PLC  
(Formerly Bioplan Holdings PLC)

NOTES TO THE FINANCIAL STATEMENTS

for the 9 months ended 31 December 1991

15. CREDITORS: amounts falling due within one year

	Proforma enlarged group	Group		Company	
	31 December 1991	31 December 1991	31 March 1991	31 December 1991	31 March 1991
	£'000	£'000	£'000	£'000	£'000
Bank overdrafts	5,407	3,232	967	1,850	131
Bank loans	90	90	8,061	48	1,716
Other loans	50	50	750	-	700
Obligations under hire purchase and finance lease contracts	1,717	1,626	1,260	80	65
Trade creditors	3,552	2,069	1,173	769	136
Bills of exchange payable	-	-	49	-	-
Amounts owed to subsidiaries	-	-	-	3,048	-
Dividends	-	-	143	-	143
Other taxes and social security costs	337	222	221	108	47
Corporation tax	176	176	401	156	246
Other creditors	1,134	1,134	-	517	-
Accruals	5,948	5,321	3,910	1,759	296
Amounts due and provisions on disposal of subsidiaries and discontinued operations	-	-	452	-	-
	<u>18,411</u>	<u>13,920</u>	<u>17,387</u>	<u>8,835</u>	<u>3,480</u>

16. CREDITORS: amounts falling due after more than one year

	Proforma enlarged group	Group		Company	
	31 December 1991	31 December 1991	31 March 1991	31 December 1991	31 March 1991
	£'000	£'000	£'000	£'000	£'000
Bank loans	18,503	12,701	7,582	8,783	-
Other loans	38	38	75	-	-
Obligations under hire purchase and finance lease contracts	4,042	3,654	3,240	61	15
	<u>22,583</u>	<u>16,393</u>	<u>10,897</u>	<u>8,844</u>	<u>15</u>

HOSPITAL CORPORATION INTERNATIONAL GROUP PLC  
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12. FIXED ASSET INVESTMENTS

	Proforma enlarged group	Group Other	Subsidiary undertakings	Company Other	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
1 April 1991		931	15,790	896	16,686
Additions		2,073	-	2,022	2,022
Disposals		-	(1,701)	-	(1,701)
Written off in the period		(982)	(1,126)	(896)	(2,022)
31 December 1991		2,022	12,963	2,022	14,985
<b>Amounts provided</b>					
1 April 1991		896	1,826	896	2,722
Provided in the period		-	11,503	-	11,503
Disposals		-	(750)	-	(750)
Written off in the period		(896)	(1,076)	(896)	(1,972)
31 December 1991		-	11,503	-	11,503
<b>Net book value</b>					
31 December 1991	<u>486</u>	<u>2,022</u>	<u>1,460</u>	<u>2,022</u>	<u>3,482</u>
31 March 1991		<u>35</u>	<u>13,964</u>	<u>-</u>	<u>13,964</u>

Other investments of the Group and the Company at 31 December 1991 comprise costs relating to the acquisition of HCI which was completed on 16 January 1992. The subsidiary undertakings, which were wholly owned by the group at 31 December 1991 are detailed in note 27. Investments of the proforma enlarged group include £65,000 in respect of the HCI shareholding in the Company.

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17. PROVISIONS FOR LIABILITIES AND CHARGES

*Deferred taxation*

Deferred taxation provided in the financial statements and the amounts not provided are as follows:

	Provided		Not provided	
	31 December 1991	31 March 1991	31 December 1991	31 March 1991
Group	£'000	£'000	£'000	£'000
Capital allowances in advance of depreciation	21	-	(8)	356
Other short-term timing differences	207	221	-	-
Losses	(228)	-	(1,085)	-
Taxation on valuation surplus	-	-	2,620	3,025
	-	221	1,527	3,381
Less: ACT recoverable	-	(162)	-	-
	<u>-</u>	<u>59</u>	<u>1,527</u>	<u>3,381</u>

18. CALLED UP SHARE CAPITAL

	31 December 1991		31 March 1991	
	Number	£'000	Number	£'000
<b>Group and Company</b>				
<b>Authorised:</b>				
Ordinary shares of 10p each	59,225,900	5,923	-	-
Ordinary shares of 1p each	-	-	195,776,700	1,958
8% Convertible cumulative redeemable preference shares of £1 each	3,863,500	3,864	3,863,500	3,864
		<u>9,787</u>		<u>5,822</u>
<b>Allotted, called up and fully paid:</b>				
Ordinary shares of 10p each	43,943,655	4,395	-	-
Ordinary shares of 1p each	-	-	143,204,427	1,432
8% Convertible cumulative redeemable preference shares of £1 each	3,693,350	3,693	3,693,350	3,693
		<u>8,088</u>		<u>5,125</u>

The called-up share capital of the *proforma* enlarged group at 31 December 1991 includes 35,953,900 Ordinary shares of 10p each issued on 16 January 1992 as consideration for the acquisition of HCL.

The Preference shares are convertible at the rate of £1.70 nominal of Ordinary share capital for every 100 Preference shares on 31 August in each year from 1992 to 1996. The Company has the right to redeem the Preference shares from 1 July 1996 to 30 June 2003.

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18. CALLED UP SHARE CAPITAL (continued)

Share movements

	8% Preference shares of £1 '000	Ordinary shares of 10p '000	Ordinary shares of 1p '000
1 April 1991	3,693	-	143,204
Rights issue (note a)	-	-	296,232
Consolidation of 1p shares into 10p shares (note b)	-	43,944	(439,436)
31 December 1991	3,693	43,944	-

- (a) On 20 May 1991 there was a rights issue on the basis of two Ordinary shares of 1p each for every share held. The purpose of the issue was to enable the Group to redeem outstanding debt and to provide funding for further capital expenditure.

By an ordinary resolution passed on 20 May 1991, the authorised share capital of the Company was increased from £5,821,267 to £9,786,090 by the creation of 396,482,300 Ordinary shares of 1p each ranking *pari passu* in all respects with the existing shares of 1p each.

On 11 June 1991, pursuant to the terms of the rights issue, 296,232,125 Ordinary shares of 1p each were allotted at a premium of 7p per share.

- (b) By an ordinary resolution passed on 12 August 1991 the 592,259,000 Ordinary shares of 1p each comprising the entire Ordinary share capital of the Company, issued and unissued, were consolidated into 59,225,900 Ordinary shares of 10p each.
- (c) In 1986 the Company adopted a Share Option Scheme which was approved by the Inland Revenue under the provisions of the Income and Corporation Taxes Act 1988. At 31 December 1991 there were 30,000 10p Ordinary shares reserved for issue under the Scheme.

19. RESERVES

	Share premium account £'000	Revaluation reserve £'000	Merger reserve £'000	Profit and loss account £'000
Proforma Enlarged Group	£'000	£'000	£'000	£'000
31 December 1991	27,031	2,013	6,140	(20,810)
Group				
1 April 1991 as previously stated	7,693	1,762	5,438	1,916
Prior year adjustments (see below)	-	-	(2,321)	(1,661)
1 April 1991 as restated	7,693	1,762	3,117	255
Rights issue (note 18a)	20,736	-	-	-
Costs of rights issue	(1,398)	-	-	-
Loss for the period	-	-	-	(22,827)
Surplus on revaluation of assets	-	2,013	-	-
Elimination on revaluation of assets	-	(1,762)	-	1,762
31 December 1991	27,031	2,013	3,117	(20,810)

Cumulative goodwill of £4,400,000 resulting from acquisitions by the Group has been written off against the merger reserve.

# NOTES TO THE FINANCIAL STATEMENTS

for the 9 months ended 31 December 1991

## 19. RESERVES (continued)

### Prior Year Adjustments

Included in prior year adjustments are the effects of changes in accounting policies for commissioning expenses, certain expenditure incurred during the course of construction projects and interest on hire purchase and finance lease contracts. Details of the nature of these changes are set out in note 1 to the financial statements. The amounts for previous periods have been restated in accordance with the new policies, resulting in a decrease in the merger reserve and profit and loss account balances at 1 April 1991 and a decrease in the profit after tax for the 15 months ended 31 March 1991 as follows:

	Merger reserve balance at 31 March 1991	Profit and loss account balance at 31 March 1991	Profit after tax for 15 months ended 31 March 1991
	£'000	£'000	£'000
Commissioning expenses	-	455	455
Certain expenditure incurred during the course of construction projects	2,145	989	989
Interest on hire purchase and finance lease contracts	176	217	217
	<u>2,321</u>	<u>1,661</u>	<u>1,661</u>

	Share premium account	Revaluation reserve	Merger reserve	Profit and loss account
	£'000	£'000	£'000	£'000
Company				
1 April 1991	7,693	1,488	9,838	152
Realisation of revaluation reserve on sale of subsidiary	-	(733)	-	733
Premiums arising on May 1991 rights issue	20,736	-	-	-
Costs associated with May 1991 rights issue	(1,398)	-	-	-
Transfer on adjustment to carrying value of subsidiaries	-	-	(9,838)	9,838
Loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,585)</u>
31 December 1991	<u>27,031</u>	<u>755</u>	<u>-</u>	<u>(16,862)</u>

HOSPITAL CORPORATION INTERNATIONAL GROUP PLC  
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20. CONTINGENT LIABILITIES:

	Group		Company	
	31 December 1991	31 March 1991	31 December 1991	31 March 1991
	£'000	£'000	£'000	£'000
(a) Performance bonds	352	-	-	-
(b) Cross guarantees have been entered into by the Company and its subsidiary undertakings in support of bank overdrafts, loans and hire purchase and finance lease facilities.				
(c) The group has given a contract warranty in respect of the disposal of a former subsidiary, Noble and Lund Engineering Limited, for the completion of an engineering contract in the Middle East. The group has been advised by its legal advisers in the jurisdiction under which the contract was written that, due to delays on the part of the customer, it is unlikely that any liability will arise under this warranty.				

HOSPITAL CORPORATION INTERNATIONAL GROUP PLC  
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for the 9 months ended 31 December 1991

21. OTHER FINANCIAL COMMITMENTS

At 31 December 1991 there were annual commitments under non-cancellable operating leases as set out below:

	Group	
	Land and buildings	Other
	£'000	£'000
Operating leases which expire:		
Within one year	-	90
In the second to fifth years inclusive	-	102
In over five years	794	-
	<u>794</u>	<u>192</u>

At 31 December 1991 the group had estimated annual commitments to Health Authorities of £1,704,000 in respect of partnership agreements. Certain of these agreements provide for additional variable commitments dependent on results.

22. CAPITAL COMMITMENTS

	Group	
	31 December 1991	31 March 1991
	£'000	£'000
Expenditure contracted for but not provided in these financial statements	<u>507</u>	<u>12,553</u>
Expenditure authorised by the Directors but not contracted for	<u>1,950</u>	<u>3,950</u>



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23. DIRECTORS' EMOLUMENTS

	9 months ended 31 December 1991	15 months ended 31 March 1991
	£'000	£'000
Fees	13	30
Other emoluments (including pension contributions and benefits-in-kind)	304	342
Compensation for loss of office	533	60
	<u>850</u>	<u>432</u>

During the period £67,304 (31 March 1991: £43,500) was paid in respect of consultancy services to Corniche Securities Limited, a company controlled by P. J. Williams.

Fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:

The Chairman, until his retirement on 11 September 1991	<u>60</u>	<u>82</u>
The highest paid Director, including £52,000 as Chairman from 11 September 1991	<u>122</u>	<u>-</u>

Directors' emoluments (including those above) were in the following ranges:

	Number	Number
£ 10,001 - £ 15,000	1	1
£ 20,001 - £ 25,000	1	1
£ 25,001 - £ 30,000	1	-
£ 30,001 - £ 35,000	-	1
£ 50,001 - £ 55,000	1	-
£ 55,001 - £ 60,000	-	1
£ 65,001 - £ 70,000	2	-
£ 70,001 - £ 75,000	-	2
£ 80,001 - £ 85,000	-	1
£120,001 - £125,000	<u>1</u>	<u>-</u>

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for the 9 months ended 31 December 1991

24. EMPLOYEES

	9 months ended 31 December 1991 Number	15 months ended 31 March 1991 Number
(a) Number of employees		
The average weekly number of persons (including Directors) employed by the group during the period was:		
Healthcare	457	209
Administration	124	128
Office furniture	-	67
	<u>581</u>	<u>404</u>
	£'000	£'000
(b) Employment costs		
Wages and salaries	3,896	5,484
Social security costs	319	439
Other pension costs	186	152
	<u>4,401</u>	<u>6,075</u>

25. PENSION COSTS

Pension contributions in the United Kingdom are determined by a qualified actuary on the basis of triennial valuations using the attained age method. The most recent valuation of the UK Pension scheme was at 1 April 1989. The assumptions which had the most significant effect on the results of the valuation were those relating to the rate of return on investments and the rate of increase in salaries and pensions. It was assumed that the investment return would be 9% per annum, that salary increases would average 7% per annum and that present and future pensions would increase at the rate of 3% per annum. The pension charge for the period was £190,301 and there is a creditor of £ nil at the end of the period. The most recent actuarial valuation showed the market value of the scheme's assets as £58,330.

The contributions of the group and employees are at 6% and 10% of earnings respectively.

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## NOTES TO THE FINANCIAL STATEMENTS

for the 9 months ended 31 December 1991

### 26. POST BALANCE SHEET EVENTS

On 16 January 1992 the Company acquired the whole of the issued share capital of Hospital Corporation International Limited. The initial consideration for the acquisition was satisfied by the issue to the vendors of 35,953,900 Ordinary shares representing 45 per cent of the enlarged issued ordinary share capital of the Company. Deferred consideration may become payable, over a period of five years, depending on the financial performance of the enlarged group and the future Ordinary share price performance of the Company. Such consideration will be satisfied by the issue to the vendors of up to 17,755,012 Ordinary shares.

On 16 January 1992 the Company changed its name to Hospital Corporation International Group PLC.

In May 1992, the group disposed of its Westley Court graduated care facility for a total partially deferred consideration of £2,820,000. At the same time the Group was granted a 99-year lease on the nursing care centre on the same site and has subsequently reached agreement with the purchaser for the acceleration of the deferred element of the consideration.

### 27. SUBSIDIARY UNDERTAKINGS

Name of company and nature of business	Description of shares held	Proportion of nominal value of shares held
Bioplan Group PLC – ownership and management of private hospitals	Ordinary £1 shares	100%
Bioplan Limited – medical management and consultancy	Ordinary £1 shares	100%
Bioplan Developments Limited – the construction of medical facilities	Ordinary £1 shares	100%
Bioplan Estates Limited – property holding company	Ordinary £1 shares	100%
Bioplan Healthcare Management Limited – ownership and management of private hospitals	Ordinary £1 shares	100%
Cedar Grange Nursing Home Limited – ownership and management of a private hospital	Ordinary £1 shares	100%
West Peaks Healthcare Limited – management of private hospitals	Ordinary £1 shares	100%
West Peaks Properties Limited – the construction and ownership of private hospitals	Ordinary £1 shares	100%
Westley Court Management Limited – property management	Ordinary £1 shares	100%
Westley Court Properties Limited – property ownership	Ordinary £1 shares	100%
James Cook Industries Limited – dormant	Ordinary £1 shares	100%
Halesowen Private Nursing Homes Limited – dormant	Ordinary £1 shares	100%

All the above companies are registered in England and Wales.

## Company Directory and Advisors

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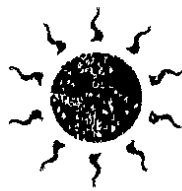
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