

HERTFORD BRITISH HOSPITAL CORPORATION, Paris

ANNUAL REPORT OF THE DIRECTORS

FOR THE YEAR ENDED

31st DECEMBER 2022

1 REFERENCE AND ADMINISTRATIVE DETAILS

Name	Hertford British Hospital Corporation, Paris (hereafter, indifferently, “HBHC”, “the Corporation” or “the Charity”)
Charity number	248 198
Company number	00 878 934
Principal office	3 rue Barbès, 92300 Levallois Perret, France
Registered office UK	8th Floor, 20 Farringdon St, London EC4A 4AB, United Kingdom

1.1 AUDITORS

The Corporation’s auditors are:

- Grant Thornton, 27, rue James Watt, 37206 Tours, France

1.2 BANKERS AND FUND MANAGERS

The Corporation’s bankers in 2022 were:

- Crédit du Nord, 50 rue d’Anjou, 75008 Paris, France
- Dexia, 1 passerelle des Reflets, Tour Dexia, La Défense 2, 92919 La Défense, France*
- Société Générale, Centre d’Affaires Hauts de Seine Nord, 3 place de Saverne, 92400 Courbevoie, France
- Barclays Bank, Leicester LE87 2BB, United Kingdom *
- CCLA, Senator House, 85 Queen Victoria Street, London EC4V 4ET, United-Kingdom *
- Rothschild Martin Maurel, 29 avenue de Messine, 75008 Paris, France

The accounts marked * were closed in 2022 and, at the date of this report, the Corporation no longer has any activity with these banks.

1.3 SOLICITORS AND OTHER LEGAL ADVISERS

The Corporation’s legal advisers throughout 2022 and to date are:

- Farrer & Co, 66 Lincoln's Inn Fields London WC2A 3LH (from July 2021)
- TMF Corporate Secretarial Services Ltd., 8th Floor, 20 Farringdon St, London EC4A 4AB
- Simmons & Simmons LLP, 5 boulevard de la Madeleine, 75001 Paris, France
- Maître Séverine Lamey, 26 avenue de l’Opéra, 75001 Paris, France
- Maître Anne Garzon de Clavière, 140 rue de Courcelles, 75017 Paris, France
- Maître Patrice Mouchon, Davies & Mouchon, 16 av Pierre 1er de Serbie 75116 Paris, France
- Maître Jean-Philippe Dom, 12 rue Lincoln, 75008 Paris, France

1.4 INDEPENDENT PROPERTY VALUERS

The Corporation’s independent property valuers throughout 2022 and to date are:

- Savills Valuation SAS, 21 boulevard Haussman, 75008 Paris, France

2 DIRECTORS, TRUSTEES AND COUNCIL OF MANAGEMENT

The Directors of the Corporation, the Trustees of the Charity and the members of the Council of Management serving during the year and since the year end (collectively hereafter “the Directors” or, indifferently, “the Trustees”) were as follows:

Christopher Wicker, Chair (*renewed for one year expiring at the June 2023 Council of Management meeting*)

Dr Julia Bache

David Blanchard (*renewed for one year expiring at the June 2023 Council of Management meeting*)

Susan Cheyne, Deputy Chair

Stephen Cowen

Thierry Drilhon representing the FBCCI (ex-officio Trustee)

Sandra Esquiva-Hesse

Michel de Fabiani, OBE, Representative Member

Christopher Gilmore (*renewed for one year expiring at the June 2023 Council of Management meeting*)

Ian Gosling (*renewed for one year expiring at the June 2023 Council of Management meeting*)

Paul Johnson-Ferguson, Honorary Treasurer

Theo Rycroft, representing the British Embassy (ex-officio Trustee)

Ian McDonald

Richard Seguin

Alicia Suminski (*renewed for one year expiring at the June 2023 Council of Management meeting*)

Bridget Terrell, Honorary Secretary

Peter Terrell (*renewed for one year expiring at the June 2023 Council of Management meeting*)

Charles Wilson, OBE, Representative Member

2.1 COMMITTEES AND WORKING GROUPS

The Directors are allocated to the various working groups and committees as shown below. The Chair and Vice-Chair are considered ex-officio members of all the Committees and the Director General (see 3.4 below) is a guest at all meetings.

2.1.1 PROPERTY OPERATIONS AND STRATEGY COMMITTEE

Stephen Cowen, Chair

Peter Terrell, Vice-Chair

Christopher Gilmore

Paul Johnson-Ferguson

Richard Seguin

Sandra Esquiva-Hesse (ex-officio as a legal subject matter expert)

2.1.2 FINANCE, RISK, AUDIT & GOVERNANCE COMMITTEE

Paul Johnson-Ferguson, Chair

David Blanchard

Stephen Cowen

Ian Gosling (ex-officio as a legal subject matter expert)

Ian McDonald

The terms of reference of this committee were revised in 2022 to include governance, a subject previously covered by the Governance & Nominations Committee.

2.1.3 NOMINATIONS COMMITTEE

Susan Cheyne, Chair

Dr Julia Bache

David Blanchard

Peter Terrell

The terms of reference of this committee were revised in 2022 to exclude governance, a subject now covered by the Finance, Risk, Audit & Governance Committee. However, the assessment of the performance of individual Trustees remains with the Chair of the Corporation and the Nominations Committee.

2.1.4 STRATEGY COMMITTEE

This committee was merged into the Property Operations and Strategy Committee at the Council of Management meeting held on 22nd June 2022.

2.1.5 CHARITABLE GIVING COMMITTEE

Ian McDonald, Chair

Dr Julia Bache

Alicia Suminski

Bridget Terrell

2.1.6 INVESTMENT COMMITTEE (constituted in April 2022)

Paul Johnson-Ferguson, Chair

Alicia Suminski

Edward Archer (external SME)

Simon Pennington (external SME)

3 GOVERNING DOCUMENTS AND OVERVIEW OF THE HISTORY OF THE CHARITY

The Hertford British Hospital (HBH) was founded in 1871 by the late Sir Richard Wallace (referred to as “the Original Charity”). The Corporation is a registered charity, incorporated in the United Kingdom in 1966 and registered in France in 1970 as a non-profit organisation which manages the assets of the Original Charity and those assets received subsequently as gifts and donations. The Original Charity’s hospital activity was transferred to the French charity l’Oeuvre du Perpetuel Secours (hereafter “OPS”) with effect from 1st January 2008 and combined with the latter’s own hospital activity to form a joint hospital under the name Institut Hospitalier Franco-Britannique (hereafter “IHFB”).

With effect on 1st March 2019, the activity of IHFB was transferred to a joint venture in the form of a Groupement de Coopération Sanitaire (the “Groupement”) created by the Fondation Cognacq-Jay (the “Fondation”) and OPS after receiving the approval of the French Health Authorities. HBHC sought and obtained the approval of the Charity Commission to the transaction.

In 2019, the Fondation increased its percentage ownership in the capital of the Groupement to 99.67 % and reduced OPS’ share to 0.33 %. HBHC’s obligation to contribute to the funding of the continuing deficits of the IHFB came to an end on 31st December 2019.

In September 2020, the Fondation injected fresh funds into the Groupement and, as part of its restructuring, the OPS withdrew from participation in the hospital, whose activities are henceforth managed solely by the Fondation. A new agreement was entered into between the Corporation and the Fondation making the hospital building available rent free until September 2025, with a potential extension until 2026. However, given that the Fondation’s building project on the rue Kleber site is running late, and that it is now anticipated that the maternity, geriatric and other activities housed in the Corporation’s building will not move to rue Kleber until 2027 at best and potentially 2028, the agreement with the Fondation was extended on 13th December 2022 and now runs until 2028.

As part of the reorganisation of the hospital activity, on 1st January 2021, the Corporation sold its remaining medical activity (the “Centre International de Dermatologie” or “CID”) to the Fondation for a symbolic sum and entered into an agreement similar to that signed for the hospital building so that the CID could continue to use its existing premises at 12 rue Barbès rent free (as is explained further below, these premises were sold in February 2022 but, as required by law, the obligations of the Corporation were fully assumed by the purchaser and the CID continues to be housed under the same terms). All the employees attached to the CID were transferred to the Fondation.

4 OBJECTIVES

The objects for which the Original Charity was established were to operate a hospital in or near Paris for the treatment and relief of persons suffering from illness, injury, disease or other infirmity or otherwise requiring medical attention, being primarily British residents, as well as serving the local population.

The present-day objectives of the Corporation are, in all essential respects, identical to those initially laid down by the founder. These objectives, as expressed in its Memorandum of Association, are dedicated to the medical treatment of patients of British nationality resident in France or of any other nationality, but with a preference for the former. These objectives have been extended to the provision of other health services and retirement homes.

In 2006, the objects of the Original Charity were expanded (with the Charity Commission’s consent) to include the protection of health by such means as the trustees consider appropriate.

5 STRUCTURE, GOVERNANCE AND MANAGEMENT

5.1 PATRONAGE

The ninth Marquess of Hertford, a member of the family of the Charity’s founder, has been HBHC’s Patron since 2006.

5.2 APPOINTMENT OF TRUSTEES

The Council of Management (hereafter “the Council”) is composed of not less than thirteen and not more than twenty-four Trustees, comprising two ex-officio members, two representative members and not more than twenty co-opted members. There are at present two ex-officio members, two representative and sixteen co-opted members.

The ex-officio members are:

- A senior representative of Her Britannic Majesty’s Embassy in Paris and
- The President of the Franco-British Chamber of Commerce and Industry in Paris.

The representative members are appointed at the Annual General Meeting and retire from office at the close of the next Annual General Meeting following that of their appointment.

Co-opted members are appointed for a term not exceeding five years and are eligible for re-election.

Trustees are chosen with regard to their availability to spend time on the charity and their specialist skills and experience in management, finance, law, property, healthcare...

As part of the strategic planning for the future, and under the responsibility of the Nominations Committee, the Corporation intends to ensure that significant attention is given in 2023 and subsequent years to creating a pool of potential “next generation” trustees whilst also ensuring that the wisdom and knowledge of long-standing trustees is retained. It is intended that this will be achieved in part through the creating of a “Supporters’ College” and a “Trustee Emeritus” role.

5.3 TRUSTEE INDUCTION AND TRAINING

New trustees are briefed on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the work of the committees, the decision-making processes, the objectives and the recent financial performance of the charity.

In addition, under the stewardship of the Finance, Risk Audit and Governance Committee, there is an annual conflict of interest confirmation process which, together the declarations made at the start of each Council meeting, ensures that the Trustees comply with the Conflict of Interest Policy (which is maintained by the committee and approved by Council).

5.4 ORGANISATION

The Council administers the charity and meets quarterly. At the Council meeting held immediately after the Annual General Meeting, the Trustees elect a Chair, a Deputy Chair, an Honorary Treasurer and a Secretary. The Trustees also elect the Chairs and members of the various committees listed above and, as appropriate, approve their terms of reference.

These committees make recommendations to Council on the long-term strategy, oversee the finances of the Charity (including its reserves and investment policies), the charitable activities (including the grant giving policy), the succession planning for Trustees and the operations of its commercial property portfolio. They meet as often as required.

In the light of the significant changes in the activities of the Corporation as explained above, the operating policies were last updated and approved as follows:

- Reserves policy (approved at the Council meeting held on 16th June 2021)
- Charitable giving policy (approved at the Council meeting held on 20th October 2021)
- Investment policy (approved at the Council meeting held on 20th October 2021)

No changes to policies were made in 2022 but it is expected that the investment policy will be reviewed in 2023 in the light of the experience gained over 2022 and early 2023.

The terms of reference of the Finance, Audit, Risk and Governance Committee were revised and approved in December 2022 to take account of the addition of Governance to their responsibilities, and the Nominations Committee terms of reference were updated at the same time to remove that element. The Property Strategy and Operations Committee will also update its terms of reference to take account of its wider remit.

Since 1st January 2021, a Director General manages the Corporation's affairs on a day-to-day basis, represents the Corporation vis à vis third parties and assists the Directors in preparing the Corporation for the changes required once the hospital building ceases to be used by the Foundation in 2028. The Director General, Iain Hutton, took office in January 2021, and has served since then. The Director General is the sole employee of the Corporation, and he reports on a weekly basis to the Chair, Vice-Chair and Treasurer who assess his performance annually and set his remuneration.

5.5 THE BRITISH CHARITABLE FUND AND OTHER RELATED PARTIES

The Charity has a long-standing relationship with the British Charitable Fund, Paris ("BCF"). The BCF, a UK registered charity with a related French entity, provides help to British residents in France who have fallen on hard times. The founder of the Original Charity, Sir Richard Wallace, was a most generous benefactor of the BCF in the past and, until early 2022 when the property was sold (with an obligation for the purchaser to maintain the BCF in its premises), the Corporation provided rent-free accommodation to the BCF at 12 rue Barbès. The Corporation also makes a financial contribution each year to the BCF.

In order to facilitate the relationship between the two charities, each has appointed a trustee who is a guest at the meetings of the governance body of the other: Ian McDonald represents the Corporation at meetings of the BCF's governing body and Jonathan Goatly represents the BCF at HBHC Council of Management meetings.

As is further explained in paragraph 6.2 below, the BCF and the Corporation are engaged in a process aimed at ensuring that the two charities can work ever more closely together going forward.

Apart from the BCF, there are no other related parties with whom the Corporation entered into any material transactions in 2022 or 2021.

6 ACHIEVEMENTS AND PERFORMANCE

6.1 CHARITABLE ACTIVITIES

The Objectives of the Charities are met:

- By making the hospital premises available to the Fondation Cognacq-Jay on a rent-free basis;
- By contributing in kind (rent free office space until 18th February 2022) and financially to the British Charitable Fund (“BCF”) so that it can provide for British citizens in need of care and
- Through other discretionary giving to British charities operating in France whose purpose is aligned with the objects of the Corporation and who satisfy the Charitable Giving Committee’s due diligence process.

It is worth noting that, had the hospital been rented to the Fondation Cognacq-Jay at a market rent, as estimated by Savills in a report dated March 2021, that rent would have approximated €1.22 million; the Trustees are not aware of any matter that would require this amount to be reassessed for 2022.

The total amount of Charitable giving, to the BCF and other Charities in 2022 amounted to 129 650 € (£115 031).

The Corporation continues to assist the Fondation Cognacq-Jay with the “British” aspects of the hospital and has agreed to part fund a specific communications role dedicated to the British aspects the hospital’s operations (care for anglophone patients, partnerships with UK healthcare institutions, etc.).

Throughout 2022, the Trustees complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

6.2 STRATEGIC PLAN

Trustees are working on a strategic plan, for submission to the Charity Commission in 2023, that will, once approved, see the Corporation focus on the wellbeing of beneficiaries in France with ties to Britain through various means, including, in due course, first a significantly closer collaboration with the BCF in the UK and France (as documented in a memorandum of understanding signed by both charities) and, secondly, the redevelopment of the hospital site once it is vacated by the Fondation Cognacq-Jay. As reported above, the Fondation Cognacq-Jay have given indications that their redevelopment project is running to a timetable that would require them to remain in the hospital site beyond the initial end date of the agreement and an addendum to that agreement was signed in 2022 to ensure that the provision of care can continue as appropriate.

6.3 INVESTMENT AND BORROWING ACTIVITIES

As reported last year and more fully explained in note 25.2 to the financial statements, the mixed office and residential building at 12 rue Barbès in Levallois-Perret was sold on 18th February 2022 for €12.1 million and the proceeds used to reimburse the outstanding amounts due to Dexia Crédit Local. The net proceeds of €10.6 million have been invested under the management of Rothschild Martin Maurel who are supervised by the Investment Committee. The investments are made in accordance with the Corporation’s investment policy and comprise two equal funds, one invested in “Fonds Euro” lower risk bonds and money market funds and the other being invested over time to create an managed equity and bond portfolio with a view to securing medium term capital growth whilst respecting the Corporation’s risk profile, as defined by the Investment Committee, and approved by the Council.

In 2023, these investment funds will be used as security for a Lombard loan that will be used to finance the renovation of the Château. At 31st December 2022, as further explained in note 17 to the Financial Statements, these funds have been marked to market with a small loss in value which was recovered in 2023 as markets performed well in the first quarter of 2023.

Following the COVID crisis, a government backed loan of £898 101 (€999,000) was taken out in August 2020. The repayment schedule for the loan was agreed with the bank in 2021, and it is being repaid over the full permitted term of 6 years from August 2020. The balance owing at 31st December 2022 amounted to £652 206 (€735 377).

6.4 CHATEAU PROJECT & CHARITY PROPERTIES

As reported last year, a multi-year property redevelopment plan was prepared in 2022, with advice from an external property consultant and an architect selected after an initial tender process supervised by the Property Operations and Strategy Committee. This plan was presented to the Council of Management at its June 2022 meeting and covered all the remaining properties under the Corporation's management: the hospital which is made available to the Fondation Cognacq-Jay until 2028, the Wallace Gardens building which is let to Batigère (a leading social housing company) and the Château. The plan proposes that the properties be redeveloped as they become available over time, starting with the Château which is not only the first to become available but also one that requires significant renovation in order to remain lettable and meet environmental and other requirements such as disabled access.

The work on renovating the Château is expected to commence in mid to late 2023 and take approximately one year. The necessary design work has been completed and a building permit requested. At the date of this report, discussions are in progress with a potential tenant.

7 FINANCIAL REVIEW

7.1 2022 FINANCIAL STATEMENTS

The cash position of the Charity at 31 December 2022 was £2 023 235 (€2 281 243), and Loans outstanding represent £679 147 (€765 754)

The Covid-19 sanitary crisis continued into early 2022. Whilst the disposal of the dermatology activity in 2021 (see above) meant that the operational impact on the Charity was minimal, the crisis did have a financial impact on the Charity through the decrease in rental income during the period of confinement and subsequent constraints over certain types of activity (eg restrictions on number of people allowed). This is more fully explained in note 3.1 to the Financial Statements.

In 2022, the let property income amounted to £ 2 559 484 (€2 885 876) and was impacted by the resolution of the dispute described in §7.2 with the tenant of the Chateau, a settlement which required further concessions in terms of adjustments to the rent (including a further rent-free period) but which allowed the recovery of a large part of the backlog and secured rental income until the end of the year. At 31st December 2022, the amount due by Zalthabar, amounted to £56 942 (€64 203).

In 2022, the Charity made an operating profit of £1 567 170 (€1 767 020) before deducting tax and before taking into account the loss on revaluation of its investment properties and the gain of €7 464 834 / £6 620 561 on disposal of 12 rue Barbès. There is a profit of €11 463 280 / £ 10 166 783 (in 2021, a loss of €45,398 / £ 38 147) in the French accounts due to a difference in the treatment of depreciation and to the gain on sale of 12 rue Barbès.

A professional valuation of the Château property at 31st December 2022 resulted in a decrease in the estimated market value of £1 535 593 (€1 731 49) bringing the total value of the property portfolio to £39.1 million (€44.1 million). This loss in value results in part from the trend in market rates but is also the direct consequence of the redevelopment budget which represents significantly higher investment than that anticipated by the valuers in earlier valuations. The valuation at 31st December 2022 takes into account the full costs of the renovation, expected at approximately £8.0 million (€9 million) and the independent valuers' report states that, all things being equal, the valuation post redevelopment is estimated at approximately £16.9 million (€19.1 million). Savills, the independent valuers, have also issued a comfort letter which supports the Trustees' decision not to revalue Wallace Gardens at 31st December 2022 and to continue to adhere to the policy which requires revaluation of investment properties on a 2 year cycle (previously 3 years, now reduced to 2 since the third asset has been sold).

As is further explained in note 16.3 to the Financial Statements, the land on which are situated the current hospital and the Villiers investment properties is vested in the Secretary of State for the Environment and managed and administered by the Council of Management of the Corporation who are also Trustees of the Original Charity (Hertford British Hospital).

7.2 PRINCIPAL RISKS AND UNCERTAINTIES FACING THE CHARITY

The Trustees make every effort to identify and address all major risks to which the Corporation is exposed.

Members of the Property Operations and Strategy Committee ensure that the Charity's portfolio of commercial buildings is properly maintained and that its properties are rented out to suitable tenants at market levels of rent.

The tenants of the Château building (which is the original 1898 hospital building and is a listed historical monument, now used as offices / meeting rooms) were in dispute with the Charity over the payment of business tax for several years and, over the years, held back rent and charges in excess of the business tax in dispute. In 2020 and throughout most of 2021 (with the exception of the fourth quarter of 2021), the tenant made no payments at all and the amount owing at 31st December 2021 amounted to a €1.5 million (see note 3.4 to the financial statements). The Corporation pursued legal action on both the business tax issue and the non-payment of rent throughout 2021 and into 2022 when proceedings were filed before the Commercial Court requesting that the tenant be placed into receivership. After discussion, the parties reached an agreement that was signed on 8th March 2022. The impact of this settlement is more fully explained in note 4.2 to the Financial Statements but its essential non-financial impact was initially to secure the return of the asset on 30th September 2022. However, given that the tenants had met their obligations under the agreement, and because their new premises were not yet ready for use, the Corporation entered into an addendum to the agreement, allowing the tenants to remain on site until 30th December 2022. As 2022 came to an end, the tenants indicated that their new premises were still not ready and a further addendum was entered into, allowing the occupation of the building until 31st March 2023. This addendum was not signed. At the date of this report the Charity has received no rent in 2023, and has requested a judgement from the interim relief judge to allow the removal of the company which continues to occupy the premises despite the termination of its tenancy.

Members of the Finance, Risk, Audit & Governance Committee ensure that all financial risks are identified and that expenses are strictly limited. The Committee oversees all systems, controls and processes that may have an impact on the Charity's ability to meet its objectives and ensures that effective audit functions and adequate risk management processes are in place.

In 2022, the Corporation has no significant financial investment income, endowments, grants or donations but it did sell one of its investment assets, the building at 12 rue Barbès (see para 7.1). Stock market upturns and downturns have historically had no direct influence on the Charity's results and this remains true for 2022. However, given the sale of the 12 rue Barbès property in early 2022, and the investment of the proceeds, as described above, the Charity created an investment policy and the related Investment Committee that was convened in April 2022 and comprises two Trustees and two recognized subject matter experts. The Investment Committee's remit is to supervise the application of the investment policy, monitor the performance of the fund manager / custodian, and generally to manage the Corporation's investments.

7.3 PLAN FOR FUTURE PERIODS

The Finance, Risk, Audit & Governance Committee will continue to keep operating costs to a minimum. Legal costs, which were significant in both 2021 and 2022 as work was done on structure, objects, etc. are expected to start to fall slightly in 2023. Interest payments to banks which reduced in 2022 (when only the government backed loan and the loan from Société Générale remained outstanding) will start to rise in 2023 as the Corporation draws down on the Lombard loan to finance the renovation of the Château. This loan bears interest at EONIA 1 month plus 0.7%.

The forecast approved by the Council of Management in the context of the Château renovation plan shows that the maximum draw down is expected to reach £5.8 Million (€6.5 Million) in 2024, reducing to £2.1 Million (€2.4 Million) in 2027 when the current lease on Wallace Gardens expires.

Discussions continue with the Charity's advisors in the UK and France as to the reorganization of the way in which the Original Charity's assets are held and managed and it is expected that 2023 will see not only a revision of the Corporation's objects clause and articles but also a simplification of the legal structure in the UK and, as already explained above, ever closer ties with the BCF.

8 TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

English company law requires the Trustees to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year. In doing so the trustees are required to:

- Select suitable accounting policies and then apply them consistently,
- Make sound judgements and estimates that are reasonable and prudent, and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for maintaining proper accounting records, which disclose with reasonable accuracy at all times the financial position of the charity and enables them to ensure that the financial statements comply with the Companies Act 2006 and the Statement of Recommended Practice—Charities (FRS 102). The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The present document and attached financial statements have been prepared in compliance with the Companies Act of 2006 and the Statement of Recommended Practice - Charities (FRS 102).

In accordance with English company law, as the Corporation's directors, we certify that:

- So far as we are aware, there is no relevant audit information of which the Corporation's auditors are unaware; and
- As the directors of the Corporation, we have taken all the steps that should have been taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

9 DATA PROTECTION

The Charity is compliant with the General Data Protection Regulation (GDPR) which came into force in May 2018. This law was of particular relevance to the operations of the Dermatology Centre (CID) and, whilst the Corporation continues to have a Data Protection Officer (outsourced) to manage its compliance, the volume of personally identifiable data is now considerably reduced.

10 AUDITORS

The reappointment of Grant Thornton for a six-year period commencing with the examination of the 2022 financial statements was proposed to the Annual General Meeting held on 22nd June 2022 and was approved.

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By order of the Directors

Christopher Wicker, Chairman

19th April 2023



Statutory auditor's Report on the financial statements

Year ended 31 December 2022

Hertford British Hospital Corporation, Paris

3, rue Barbès
92300 Levallois Perret

Grant Thornton

SAS d'Expertise Comptable et
de Commissariat aux Comptes
au capital de 2 297 184 €
inscrite au tableau de l'Ordre de la région
Paris Ile France et membre
de la Compagnie régionale de Versailles
RCS Nanterre B 632 013 843
27 rue James Watt
37200 Tours

Statutory auditor's Report on the financial statements

Hertford British Hospital Corporation, Paris Year ended 31 December 2022

To the Trustees,

In our capacity as French statutory auditor and in accordance with your request for the purpose of the Charity Commission Requirements, we hereby report to you on the audit of the accompanying financial statements of **Hertford British Hospital Corporation, Paris** for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flow and the related notes 1 to 25.2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 10, the Trustees (who are also the directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees

either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and French Standards on Auditing. Those standards require that we comply with local ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Principles; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, the information given in the 'Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 'Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

This report is governed by French law. The courts of France shall have exclusive jurisdiction over any claim, dispute or difference resulting from the engagement letter or the present report or any related matters. Each party irrevocably waives its right to oppose any action brought before the French courts, to claim that the action is being brought before an illegitimate court or that the courts have no jurisdiction.

Tours, 30th May 2023

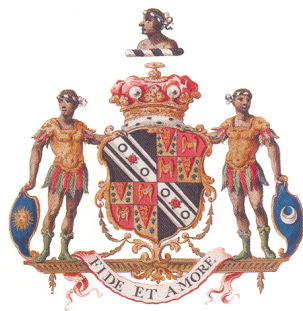
The Statutory auditor

Grant Thornton

French Member of Grant Thornton International

Adam Nicol

Partner



HERTFORD BRITISH HOSPITAL CORPORATION, Paris

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2022

Statement of Financial activities
(including income and expenditure account)
For the year ended 31st December 2022

		Unrestricted funds			
		2022	2021	2022	2021
		€	€	£ (0,8869)	£ (0,8403)
Income and endowments					
<i>Income from trading activities:</i>					
Income from property investments	5	2 885 876	2 647 843	2 559 483	2 224 982
<i>Income from charitable activities:</i>					
Health service income	6		63 566		53 415
Total income and endowments		2 885 876	2 711 409	2 559 483	2 278 397
<i>Expenditure on raising funds</i>					
Cost of generating funds		315 148	1 589 560	279 505	1 335 707
Total expenditure on raising funds	7	315 148	1 589 560	279 505	1 335 707
<i>Expenditure on charitable activities:</i>					
Health services expenditures	8 & 9	107 609	(44 384)	95 438	(37 296)
Governance costs	12	696 099	540 117	617 370	453 860
Total expenditure		1 118 856	2 085 293	992 313	1 752 271
Net income before non-operating items		1 767 020	626 116	1 567 170	526 126
Provision for retirement indemnities					
Net income before unrealised gains on investment properties		1 767 020	626 116	1 567 170	526 126
Gains / (losses) on revaluation of investment properties	16	(1 949 552)	3 252 263	(1 729 058)	2 732 877
Net movement in funds before taxation		(182 532)	3 878 379	(161 888)	3 259 003
Taxation	13				
Net movement in funds after taxation		(182 532)	3 878 379	(161 888)	3 259 003
Funds brought forward at 1 st January	23	58 689 784	54 811 405	49 317 025	49 275 453
Exchange difference		..	..	2 734 945	(3 217 431)
Funds carried forward at 31st December	23	58 507 252	58 689 784	51 890 082	49 317 025

The footnotes form an integral part of the financial reporting.

Balance sheet

As at 31st December 2022

		2022	2021	2022	2021
		€	€	£	£
Fixed assets					
Intangible fixed assets:	14	..	..	..	..
Tangible fixed assets	15	2 114 048	2 418 873	1 874 950	2 032 578
Investment properties	16	44 068 581	57 900 001	39 084 424	48 653 371
Financial assets		10 565 593	230	9 370 624	193
		56 748 222	60 319 104	50 329 998	50 686 142
Current assets					
Debtors	17	2 223 912	2 738 284	1 972 388	2 300 981
Short term investments		..	29 359	..	24 670
Cash at bank and in hand		2 251 286	1 828 391	1 996 666	1 536 397
Sinking fund	18	29 957	100 042	26 569	84 065
		4 505 155	4 696 076	3 995 623	3 946 113
Current liabilities					
Creditors	19	1 490 991	1 793 791	1 322 361	1 507 320
Loans (excluding accrued interest)	20	229 413	3 217 921	203 466	2 704 019
Taxation	13	..	..	..	..
		1 720 404	5 011 712	1 525 827	4 211 339
Net current (liabilities) / assets		2 784 751	(315 636)	2 469 796	(265 226)
Total assets less current liabilities		59 532 973	60 003 468	52 799 794	50 420 916
Long-term liabilities					
Loans	20	536 341	765 754	475 681	643 463
Provisions	21	..	..	..	..
Investment grant	22	489 380	547 930	434 031	460 426
Creditors	19	..	..	..	..
		1 025 721	1 313 684	909 712	1 103 889
Total net assets		58 507 252	58 689 784	51 890 082	49 317 027
Unrestricted funds					
Revaluation reserve	23	23 758 679	33 173 066	21 071 572	27 875 327
Special and other reserves	23	34 748 573	25 516 718	30 818 510	21 441 698
Total unrestricted funds		58 507 252	58 689 784	51 890 082	49 317 025

Signed on 19th April 2023

Christopher Wicker
Chairman

Iain Hutton
Director General



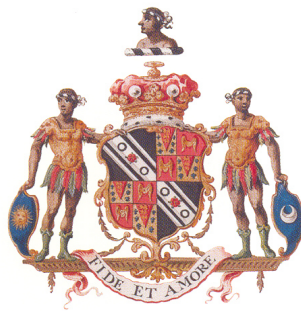

The footnotes form an integral part of the financial reporting.

Statement of cash flow

For the year ended 31st December 2022

		2022	2021	2022	2021
		€	€	£	£
Cash flow from operating activities					
Net incoming resources for year		1 767 020	626 116	1 567 170	526 126
Depreciation		(664 601)	124 040	(589 435)	104 231
Decrease / (increase) in debtors		1 322 841	(353 290)	1 173 229	(296 869)
Increase / (decrease) in creditors		(302 799)	41 709	(268 552)	35 048
Increase / (decrease) in provisions	21		(133 490)		(112 172)
Increase / (decrease) in investment grant		(58 550)	(58 550)	(51 928)	(49 200)
Cash generated by operating activities		2 063 911	246 535	1 830 484	207 164
Taxation paid					
Investing activities					
Net acquisition of fixed assets	15	195 594	(7 148)	173 472	(6 006)
Net acquisition of financial asset		(10 600 000)	(230)	(9 401 140)	(193)
Renovation of investment properties		(218 133)	(247 737)	(193 462)	(208 173)
Proceeds from disposal of fixed assets		12 100 000	30 962	10 731 490	26 017
Cash applied to investing activities		1 477 461	(224 153)	1 310 360	(188 355)
Net cash (outflow) / inflow before financing		3 541 372	22 382	3 140 844	18 809
Financing activities					
New long-term loans			..		..
Repayment of long-term loans		(1 793 013)	(904 775)	(1 590 223)	(760 282)
Cash applied to financing activities		(1 793 013)	(904 775)	(1 590 223)	(760 282)
Net cash applied		1 748 359	(882 393)	1 550 621	(741 473)
Net opening cash		532 884	1 415 277	472 615	1 189 257
Net closing cash		2 281 243	532 884	2 023 236	447 784
Net closing cash					
Cash at bank and in hand		2 251 286	1 828 391	1 996 666	1 536 397
Sinking fund	18	29 957	100 042	26 569	84 065
Short term investments			29 359		24 670
Current liabilities – short term bank loans			(1 424 908)		(1 197 350)
Net closing cash		2 281 243	532 884	2 023 235	447 782

The footnotes form an integral part of the financial reporting.



HERTFORD BRITISH HOSPITAL CORPORATION, Paris

Notes to the financial statements for the year ended 31st December 2022

1 Legal status, activities and financing

Hertford British Hospital Corporation, Paris (hereafter “the Corporation”), was incorporated in the United Kingdom on 10th May 1966 as a company limited by guarantee and not having a share capital. The Corporation was established for purposes which are exclusively charitable, and in this context, provides premises to the Fondation Cognacq-Jay for the operation of the Hôpital Franco-Britannique. It also provides limited financial support to the British Charitable Fund, a related but independent charity.

The Corporation also owns a portfolio of investment properties whose revenue is used to further the objects of the charity.

2 Accounting policies

2.1 Basis of preparation

The financial statements incorporate the investment property management and commercial letting activities of the Corporation. They have been prepared under the historic cost convention, except for investments in property which are included at market value.

The financial statements have been prepared in accordance with the Statement of Recommended Practice—Charities (FRS 102) as per October 2019 and effective at 1st January 2019, applicable UK Accounting Standards and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below.

2.2 Functional and reporting currencies

The functional and reporting currency of the Corporation is the Euro. Financial information is also presented in these financial statements in pounds sterling, using year-end rates of exchange in translating all assets, liabilities, funds, income, expenditure and cash flows as follows:

- At 31st December 2022 and the year then ended: € 1 = £ 0.8869
- At 31st December 2021 and the year then ended: € 1 = £ 0.8403

2.3 Income and endowments

Investment income is recognised on an accruals basis.

Where leases on investment properties provide for a rent-free period and where sums are significant, the rental income is spread over the period of the lease to provide a constant return over that period.

For significant amounts, the rent-free period is spread over the term of the lease by accounting for “Income not yet invoiced” and a corresponding amount receivable. This amount is released progressively over the term of the lease and the amount to be spread is revised annually in accordance with the relevant index.

Health services income is recognised as earned as and when the related medical services are provided. Financing from the French government included in this category is recognised where there is entitlement,

certainty of receipt and the amount can be measured with sufficient reliability.

- Health services income includes investment and other grants received. Investment grants relating to specific items of capital expenditure are credited to income based on the depreciation plan of the related equipment. Other grants are credited to income on expectation of receipt.
- Expenditure is recognised when a liability is incurred.

2.4 Costs of generating funds

These costs include let property expenses and interest on loans relating to the renovation of the Corporation's investment properties.

2.5 Charitable activities

These activities include health services expenditure and comprise both the direct costs and support costs related to this activity. Governance costs include those incurred in the governance of the Corporation and its assets and are primarily associated with corporate and statutory requirements

2.6 Irrecoverable VAT

As a charity, the Corporation does not fall under the VAT regime for all its healthcare related activities; VAT is only applicable to the management and real estate activities.

All amounts expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

2.7 Intangible fixed assets

Intangible fixed assets comprised establishment costs, computer licences and software and are amortised over a five-year period

2.8 Tangible fixed assets

Tangible fixed assets are stated at cost. Only those assets in use for medical purposes are classified as tangible fixed assets, investment properties being classified separately.

Individual fixed assets are capitalised at cost.

The cost of an asset is its purchase price, including customs duties and non-recoverable taxes, after deduction of rebates, trade rebates and cash discounts of all directly attributable costs incurred to bring the asset into use, in place and in working order for the intended use. Transfer rights, fees or commissions and legal costs related to the acquisition are attached to this acquisition cost.

All costs which are not part of the acquisition price of the asset and which cannot be directly attached to the costs made necessary to put the asset in place and in a state of operation in accordance with its intended use, are recognized as expenditure.

2.9 Valuation of investment properties

The Trustees determine the market value of investment properties on the basis of valuations undertaken by professional surveyors and estate agents on a rotational basis over three years.

2.10 Depreciation

No depreciation is provided on assets under construction. Depreciation of other tangible fixed assets is calculated on the straight-line method at annual rates designed to write off the cost or

valuation over their estimated useful lives.

Depreciation rates are as follows:

• Land	not depreciated
• Structure	60 to 80 years
• Facades, roofing, external fixtures	30 to 40 years
• Fixtures & fittings	5 to 12,5 years
• Furniture and other equipment	5 to 10 years
• Medical and computer equipment	5 years

The Directors determine at the year-end, considering both internal and external information available to them, whether there are any indications that would suggest that the value of the assets may have been significantly impaired.

2.11 Investment grants received

Investment grants received to finance the acquisition of fixed assets are recorded on the balance sheet and taken to income based on the depreciation plan of the related equipment. Other grants received are credited to income on receipt.

2.12 Short-term investments

Short-term investments are stated at their market value at the balance sheet date.

2.13 Donations received

Any donations received during the year are recorded in unrestricted funds.

2.14 Current assets

Current assets are valued at their nominal value. A provision for depreciation is recorded when the realizable value is estimated to be lower than the book value.

2.15 Provisions

Any present obligation resulting from a past event with regard to a third party, which can be estimated with sufficient reliability, and covering identified risks, is recognized as a provision.

2.16 Retirement indemnities

Upon retirement, the Corporation's employees would receive a lump sum retirement indemnity in accordance with the law and the collective agreement applicable to the Corporation. There is no specific agreement and no on-going pension liability for retired employees once this one-off indemnity has been paid.

The sole employee in 2022 has already claimed his pension benefits and, accordingly, when that individual leaves the Corporation, no lump sum will be due.

In prior years and in accordance with FRS 102, a provision for rights acquired by staff was established based on an actuarial calculation, reduced if applicable by the realizable value of the insurance contract taken out to meet the future cost of the retirement indemnities. This provision was reversed in 2021 when the last employee entitled to a lump sum benefit left the Corporation.

3 Significant events in the current and prior year

3.1 COVID 19 sanitary crisis

In 2021 and 2022, the Corporation did not use the aid mechanisms implemented by the government.

Although the health crisis did not have a direct impact on the Corporation's activity during the 2021 financial year, the fact remains that it suffered the consequences indirectly due to repeated breaches by its tenant, Zalathabar, of its payment obligation. As a consequence of the measures taken by the government to fight against the spread of the COVID 19 virus, the activity of Zalathabar, tenant of the "Château", was seriously disrupted, and this company has refrained from paying their rent due under the conditions of the lease. The situation with Zalathabar is presented in detail in notes 3.4 and 4.1.

3.2 Disposal of the CID and transfer of staff (prior year)

As of 1st January 2021, the Corporation, under an appropriate contract, ceded to the Fondation Cognacq-Jay the trading activity of the CID comprising:

- The trade name, the patient base attached to it;
- Equipment and other assets used for its operations;
- Stocks of consumables and medication.

The sale was made at net book value for fixed assets (€30 964 / £35 929) and inventories (€12 410 / £11 157); for an amount of € 1 for the trade name and patient base.

Except for protected employees who were transferred on 19th February 2021, all CID staff were transferred to the Fondation Cognacq-Jay on 1st January 2021.

3.3 Agreements to end the direct provision of healthcare (prior year) and extension of occupancy agreement.

In September 2020, the Fondation Cognacq-Jay injected fresh funds into the Groupement de Coopération Sanitaire ("Groupement") the joint venture vehicle which had been set up by it and l'Oeuvre du Perpetuel Secours ("OPS") to own and manage the Institut Hospitalier Franco-Britannique hospital. As part of the restructuring, OPS withdrew from participation in the Groupement and from the management of the hospital which was renamed "Hopital Franco-Britannique Fondation Cognacq-Jay".

As a consequence, the Corporation and OPS agreed on 28th September 2020 to end their own relationship, including the agreement under which the Corporation had agreed to the Maternity Department of the hospital occupying its hospital building until 2031.

In this context, the Corporation has recognized that it does not have a right to recover the hospital activities transferred in 2008 and that in any event, it waives any such right should it exist.

The old occupancy agreement with OPS which allowed the hospital to occupy the building was replaced by a new agreement signed with the Fondation on 9th December 2020. As such, the Corporation consents, free of charge, and temporarily, in application of articles 1875 to 1891 of the French Civil Code, to the Fondation Cognacq-Jay, beneficiary-borrower, who accepts it, a rent-free lease relating to the hospital site at 3 rue Barbès, 92300 Levallois-Perret for a period of five full and consecutive years from 28th September 2020 at 00 hour, expiring on 28th September 2025 at midnight.

The lender accepts that the borrower may, 6 months before the end of the term, request a postponement of the initially planned term to 28th March 2026 or 28th September 2026. This request must be made no later than 28th March 2025.

At the end of the said agreement, the borrower undertakes to return the premises loaned, as well as the equipment present and mentioned in the inventory, in normal and usual condition.

In 2022, because of the delays encountered in the renovation of the Fondation Cognacq-Jay's nearby hospital buildings, the occupancy agreement was extended under the same terms until 2028.

All of the agreements between the Corporation, OPS and the Fondation Cognacq-Jay do not call into question the reimbursement by the Hôpital Franco Britannique of the subsidies described in note 23.

3.4 Litigation with Zalthabar

The Zalthabar company, tenant of the Château, disputed its rent and charges due for 2020 and 2021 without making the slightest difference between the periods when it was closed or open.

This resulted in a backlog at 31st December 2021 of unpaid rents and charges including VAT amounting to € 1 506 858 (£ 1 266 213) and this despite the reduction in rent granted by Corporation and amounting to € 199,192 including VAT as described in note 4.2. This backlog, net of VAT, was fully provided against at 31st December 2021.

In 2022, the parties reached an agreement that was documented in a protocol signed on 8th March 2022. In accordance with this protocol, the lease would be terminated early, on 30th September 2022 and Zalthabar committed to reimbursing the outstanding debt net of an exceptional discount of € 337 122 inclusive of VAT (£ 283 283) granted by the Corporation. In addition, the Corporation agreed to a 15% reduction in the rent due for the period from 1st January 2022 to 30th September 2022; this rent being payable monthly.

Throughout the period to 30th September 2022, Zalthabar complied with its obligations and paid the amounts due in full. In these circumstances and because Zalthabar's new premises in La Défense were not ready, the lease term was extended to 30th December 2022 under the same terms and amounts due under the addendum to the protocol were all paid in full. However, Zalthabar did not respect this new commitment and did not leave the premises as planned.

Zalthabar is still present in the premises on 31 December 2022. Rent and service charge arrears of €53 502 before VAT (£44 958) at the balance sheet date are fully provisioned.

3.5 Sale of 12 rue Barbès

On 18th February 2022, the premises at 12 rue Barbès were sold for a total consideration of €12 100 000 (£10 731 490). This price match the independent valuation of €12 100 000 (£10 731 490) obtained by the Corporation for the purposes of compliance with S119 of the Charities Act 2011 and published in a report issued by Savills in conformity with the Charities (Qualified Surveyors' Reports) Regulations 1992.

The proceeds were used to fully reimburse the loan which had been provided by Dexia (see note 26.2) and the remainder invested in two funds as is further explained. It is the intention of the Directors that these funds be used to secure funding for the renovation of the Château and, subsequently, for the renovation of other investment assets such as to ensure that the said assets remain in good order and are marketable, thus ensuring continued income for the Corporation which, in turn, will allow it to pursue its charitable purposes.

Pending the proceeds from the sale of the building at 12 rue Barbès to fund the renovation of the building at 48 rue de Villiers (le Château), the cash has been invested for an amount of €10,600,000 on two capitalization contracts (€5,300,000 per contract) with Crédit Agricole bank.

Financial assets are invested as follows:

	Investment	Market Value 31 st December 2022	Difference
Fonds interne dédié 53063600021	5 300 000	5 265 363	34 637
CALI EUROPE A038344			
Support euro 2	5 300 000	5 300 000	..
Fonds genral cali QS0020012512			
TOTAL	10 600 000	10 565 363	34 637

As 31st December 2022, due to decrease of market value, a depreciation has been applied €34 637 (see note 17 below).

4 Post balance sheet events

4.1 Ongoing litigation with Zalthabar

On 30th December 2022, when Zalthabar were expected to leave the premises, the Corporation was asked to approve a further three month extension to the lease term, taking it to 31st March 2023 it being understood that there would be a waiver of rent for the month of February 2023 when the Corporation required access to the building to carry out structural tests.

Unfortunately, The Zalthabar company has remained in the premises and has not made any payment since January 1, 2023. On April 6, 2023, HBHC requested from the interim relief judge the payment of a daily provisional indemnity equal to twice the last daily rent in force, in accordance with Article 13 of the lease, in addition to VAT, charges, taxes and accessories, it being specified that the decision is usually pronounce based on the contractual rent, which today amounts to the annual sum exclusive of taxes and charges of €747,637.92.

The Zalthabar company remains indebted at 1st April for the occupation indemnity calculated on the basis of the contractual rent, including VAT, charges, taxes and accessories, for a total amount of €249,576.53, broken down as follows:

- 1st quarter 2023 deadline: €246,528.45;
- Parking tax: €3,048.08.

Further rent will be due from April 1st until the date of vacation of the premises.

5 Income from investments

	2022	2021	2022	2021
	€	€	£	£
Let property income				
Rental income and indemnities	1 912 037	1 856 283	1 695 786	1 559 835
Other charges invoiced to tenants	912 391	727 664	809 200	611 456
	2 824 428	2 583 947	2 504 986	2 171 291
Interest income				
Exchange gain / (loss) - net	2 898	5 346	2 570	4 492
Grant	58 550	58 550	51 928	49 200
Total income from investments	2 885 876	2 647 843	2 559 484	2 224 983

6 Income from health services

	2022	2021	2022	2021
	€	€	£	£
Health services income				
Patients' fees CID	
Grant	
Right of lease on hospital building	
Other		63 566		53 415
Total income from health services		63 566		53 415

7 Expenditure on raising funds

	2022	2021	2022	2021
	€	€	£	£
Let property expense				
Expenses recoverable from tenants	488 624	263 582	433 361	221 488
Taxes recoverable from tenants	423 766	464 082	375 838	389 968
Property taxes	34 937	70 772	30 986	59 470
Other costs and expenses	68 170	422 021	60 460	354 624
Risk provisions (see below)	(808 469)	266 901	(717 031)	224 277
	207 028	1 487 358	183 614	1 249 827
Interest on borrowings				
<i>Investment properties:</i>				
Interest on loans	15 075	101 577	13 370	85 355
Bank interest	93 045	617	82 522	518
Total expenditure on raising funds	315 148	1 589 552	279 506	1 335 700

8 Health services and other expenditure

	2022	2021	2022	2021
	€	€	£	£
Provision of health services				
Staff costs		(1 231)		(1 034)
Materials and consumables		12 410		10 428
Laundry		..		..
Other external costs		..		..
Taxes, other than income		..		..
Provisions		(178 848)		(150 286)
Other costs and expenses		..		58
		(167 669)		(140 892)
Depreciation				
<i>Hospital:</i>				
Buildings	107 609	123 285	95 438	103 596
Intangible assets		..		..
Total health services and other expenditure	107 609	(44 384)	95 438	(37 296)

9 Charitable activities

The direct provision of health services ceased when the CID was disposed of in January 2021 and, throughout 2022, the Corporation charitable activity consisted in making premises available freely to:

- The British Charitable Fund ("BCF"): a 50m² office whose market rent would be in excess of €15 000 per annum. This activity was discontinued on 18th February 2022 when the premises were sold. The new owner is bound by the agreement between the Corporation and the BCF and the premises continue to be made available at no charge.
- The hospital building whose market rent has been independently evaluated by Savills in a report issued in March 2022 to fall in a range of €1 million to €1.2 million per annum.
- The CID premises whose market rent has been evaluated by the Corporation at €100,000 per annum. This activity was discontinued on 18th February 2022 when the premises were sold. The new owner is bound by the agreement between the Corporation and the BCF and the premises continue to be made available at no charge.

The Corporation also makes an annual grant to the BCF (which amounted to €114 550 (£101 594) in 2022) and to other charities based in France but with UK ties and whose charitable objects are aligned with those of the Corporation (these grants amounted to €15 150 (£13 437) in 2022).

10 Staff costs

	2022	2021	2022	2021
	€	€	£	£
Salary costs	120 550	124 525	106 916	104 638
Social security costs	60 466	89 441	53 627	75 157
	181 016	213 966	160 543	179 795
Health services		(1 231)		(1 034)
Administration	181 016	215 197	160 543	180 830
	181 016	213 966	160 543	179 796

The trustees are not remunerated for their services, but some direct expenses incurred in the performance of their duties are reimbursed.

The average number of employees for the year was as follows:

	2022			2021		
	Total	Health	Admin.	Total	Health	Admin.
Administrative staff	1	..	1	1	..	1
Total	1	..	1	1	..	1

Emoluments of employees:

	2022	2021
Above £70 000 (€80 000)	1	1
Between £62 000 and £72 000 (€70 000 and €80 000)	..	..
Below £62 000 (€70 000)	..	..
Total	1	1

The total gross remuneration of the three highest paid employees was €118 017 (£104 669) for the year ended 31st December 2022 (€186 490 / £156 707 in 2021).

Employee salaries are set in accordance with the collective bargaining agreement for the sector: the "Convention Collective National" dated 31 October 1951.

11 Indemnity insurance

Included in the costs for the provision of health services are the following premiums paid on an insurance policy which provides cover for losses arising from the neglect or default of the Directors, employees or agents and indemnification of the Directors against the consequences of any neglect or default on their part.

	2022	2021	2022	2021
	€	€	£	£
Premiums	860	3 122	763	2 623

12 Governance costs

These costs can be analysed as follows:

	2022	2021	2022	2021
	€	€	£	£
Staff costs	181 016	215 197	160 543	180 830
Provision for retirement indemnities	..	..	..	..
Audit fee	24 959	16 932	22 136	14 228
Legal fees	33	4 753	29	3 994
Other fees and expenditures	258 238	302 480	229 031	254 174
Depreciation	1 622	755	1 439	634
Net book value of assets sold	195 594		173 472	
Impairment of financial assets	34 637		30 720	
	696 099	540 117	617 370	453 860

13 Taxation

The Corporation is registered as a non-profit association in France under the law of 1st July 1901 and, as such, is only subject to income tax on the net profit arising from investment properties at a rate of 24% and on certain financial income at a rate of 10%.

The tax computation on rental income is as follows for the years to 31st December:

		31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
		€	€	£	£
Investment Property Income	Taxable income from investment properties	41 099	369 537	36 451	312 412
	Management costs	-6 841	-30 952	-6 067	-26 167
	Insurance	..	..	..	..
	Real estate and related taxes	-9 083	-60 961	-8 056	-51 537
	Depreciation	-2 486	-18 674	-2 205	-15 787
	Adjustment to amounts recovered from tenants	..	..	..	..
	Improvements	-10 049	-7 841	-8 912	-6 629
	Interest income	..	..	..	..
	Total rental income	12 640	251 109	11 210	212 291
Financial Investment Income	Income on capitalization contracts*	64 057	..	56 812	..
	Other financial income	4 957	42	4 396	35
	Total financial income	69 014	42	61 209	35
	Total Income before loss carried forward	81 654	251 151	72 419	212 327
	Loss carried forward from prior year	-81 654	-251 151	-72 419	-212 327
	Total taxable income	..	..	..	..
	Tax charge for the year	..	..	..	..
	Loss carried forward :				
	At 1st January 2022	-261 197	-512 348	-231 656	-433 147
	Loss carried forward	81 654	251 151	72 419	212 327
	At 31st December 2022	-179 543	-261 197	-159 237	-220 820

*The actuarial interest rate equal to 105 % of the monthly rate for long-term government loans known on the contract subscription date, i.e. : 1.63% * 105 % = 1.71 %.

14 Intangible assets

Intangible assets comprise establishment costs and computer software licenses as and are as follows:

	2022	2021	2022	2021
	€	€	£	£
Cost	9 290	9 290	8 239	7 806
Aggregate depreciation	(9 290)	(9 290)	(8 239)	(7 806)

15 Tangible assets

Tangible assets are as follows:

Summary (in € and £)	Total	Buildings health services (see B below)	Other tangible fixed assets - Admin. (see C below)	Total	Buildings health services (see B below)	Other tangible fixed assets – Admin. (see C below)
	€	€	€	£	£	£
Cost or valuation						
At 1 st January 2021	10 853 001	10 825 659	27 342	9 119 773	9 096 799	22 974
Additions		..			..
Retirements	(920 198)	(920 198)	()	(816 123)	(816 123)	()
Exchange difference	..	..	..	(505 751)	(504 477)	(1 274)
At 31 st December 2021	9 932 803	9 905 461	27 342	8 809 401	8 758 153	24 248
Aggregate depreciation						
At 1 st January 2022	8 434 128	8 413 960	20 168	7 087 195	7 070 250	16 945
Charge for the year	109 231	107 609	1 622	96 878	95 439	1 439
Retirements	(724 604)	(724 604)	()	(642 651)	(642 651)	()
Exchange difference	..	..	..	(393 029)	(392 090)	(929)
At 31 st December 2022	7 818 755	7 796 965	21 790	6 934 451	6 915 128	19 323
Net book value						
At 1 st January 2022	2 418 873	2 411 699	7 174	2 032 578	2 026 549	6 029
At 31 st December 2022	2 114 048	2 108 496	5 552	1 874 950	1 870 025	4 925

The detailed analysis of the tangible fixed assets is as follows:

Health service (in €)	Total	Buildings Hospital 1990	Buildings Hospital 1982	Buildings Hospital 1974	Part of Buildings Barbès	Part of land Barbès
	€	€	€	€	€	€
Cost						
At 1 st January 2022	10 825 659	3 046 184	5 265 953	1 593 324	846 435	73 763
Disposals	(920 198)				(846 435)	(73 763)
At 31 st December 2022	9 905 461	3 046 184	5 265 953	1 593 324		
Aggregate depreciation						
At 1 st January 2022	8 413 960	2 160 400	3 936 624	1 593 324	723 612	..
Charge for the year	107 609	25 237	81 380		992	..
Disposals	(724 604)				724 604	
At 31 st December 2022	7 796 965	2 185 637	4 018 004	1 593 324		..
Net book value						
At 1 st January 2022	2 411 699	885 784	1 329 329	..	122 823	73 763
At 31 st December 2022	2 108 496	860 547	1 247 949	..		
Health service (in £)	Total	Buildings Hospital 1990	Buildings Hospital 1982	Buildings Hospital 1974	Part of Buildings Barbès	Part of land Barbès
	£	£	£	£	£	£
Cost						
At 1 st January 2022	9 096 799	2 559 708	4 424 980	1 338 870	711 259	61 983
Disposals	(816 123)				(750 703)	(65 420)
Exchange difference	504 477	141 953	245 394	74 249	39 444	3 437
At 31 st December 2022	8 785 153	2 701 661	4 670 374	1 413 119		
Aggregate depreciation						
At 1 st January 2022	7 070 250	1 815 384	3 307 945	1 338 870	608 051	..
Charge for the year	95 439	22 383	72 176		880	..
Disposals	(642 651)				(642 651)	
Exchange difference	392 090	100 674	183 447	74 249	33 720	..
At 31 st December 2022	6 915 128	1 938 441	3 563 568	1 413 119		..
Net book value						
At 1 st January 2022	2 026 549	744 324	1 117 035	..	103 208	61 983
At 31 st December 2022	1 870 025	763 220	1 106 806	..		

Other fixed assets - Admin (in € and £)	Total	Furniture	Computer equipment	Total	Furniture	Computer equipment
	€	€	€	£	£	£
Cost						
At 1 st January 2022	27 341	20 407	6 934	22 974	17 147	5 826
Additions						
Retirements	()	()	()	()	()	()
Exchange differences	..	..	..	()	()	()
At 31 st December 2022	27 341	20 407	6 934			
Aggregate depreciation						
At 1 st January 2022	20 168	18 762	1 406	16 945	15 766	1 179
Charge for the year	1 622	1 442	180	1 439	1 279	160
Retirements				()	()	()
Exchange differences	..	..	..	939	874	65
At 31 st December 2022	21 786	20 204	1 582	19 322	17 919	1 403
Net book value						
At 1 st January 2022	7 175	1 645	5 530	6 029	1 382	4 647
At 31 st December 2022	5 555	203	5 352	4 927	180	4 747

16 Investment properties

	Total €	Total £
Historical cost		
At 1 st January 2022	25 397 314	21 341 363
Additions	218 133	193 462
Disposal of 12 rue Barbès (see note 3.5)	(4 635 166)	(4 110 929)
Exchange difference		1 183 515
At 31 st December 2022	20 980 281	18 607 411
Market value		
At 1 st January 2022	57 900 000	48 653 371
Fixed assets – increase	218 133	193 462
Disposal of 12 rue Barbès	(12 100 000)	(10 731 490)
Revaluation of properties	(1 949 552)	(1 729 058)
Exchange difference	..	2 698 139)
At 31 st December 2022	44 068 581	39 084 424

Investment properties are all located in Levallois-Perret in France and, at 31st December 2021, included:

- Land and buildings of the Villiers site which comprise 3 buildings, the original hospital building (now offices) at 48 rue de Villiers and two more recent office buildings at 1 rue Barbès and 2 rue Voltaire;
- Part of the land and building located at 12 rue Barbès.

On 18th February 2022, the land and buildings located at 12 rue Barbès were sold for a total consideration of €12 100 000 (£10 731 490). This amount has been allocated pro-rata between the land and buildings shown as investment property and those shown as tangible fixed assets (see note 16.2 below).

16.1 Valuation of investment properties

The independent valuation of the original hospital (the “Chateau”) was carried out in early 2023 by Savills. The Wallace Gardens offices were last valued (also by Savills) at 31st December 2021.

16.2 Land and buildings at 12 rue Barbès

Although the Barbès building was principally held for investment purposes, approximately one third of the floor area of the building was occupied by the British Charitable Fund, apartments and the CID and these parts are recorded as tangible fixed assets. The remaining two-thirds of the building were held for open-market letting purposes and were recorded as an investment property. Land was also considered to be held in similar proportions.

16.3 Secretary of State for the Environment

The land on which are situated the current hospital buildings and the Villiers investment properties (which include the original hospital building now converted to offices) was, together with the buildings then existing, the subject of a gift on 30 July 1898 in favour of the predecessor of the United Kingdom Secretary of State for the Environment. He was deemed, under English law, to have accepted the gift of the land in his capacity of trustee for the original hospital charity. Following a scheme of arrangement dated 2nd November 1977, the Charity Commissioners for England and Wales confirmed that the land and buildings continue to be vested in the Secretary of State for the Environment and that their management and administration is undertaken by the members of the Council of Management of the Corporation who are also Trustees of the charity.

17 Financial asset

Financial assets are as follows:

Summary (in € and £)	Total €	Total £
Cost or valuation		
At 1 st January 2022	230	193
Additions	10 600 000	9 401 140
Retirements	..	..
Exchange difference	..	11
At 31 st December 2022	10 600 230	9 401 344
Aggregate depreciation		
At 1 st January 2022	..	..
Charge for the year	34 637	30 720
Retirements	..	..
Exchange difference	..	..
At 31 st December 2022	34 637	30 720
Net book value		
At 1 st January 2021	230	193
At 31 st December 2021	10 565 593	9 370 624

18 Debtors

Debtors comprise the following at 31st December:

	2022 €	2021 €	2022 £	2021 £
Income not yet invoiced (rental on Batigère lease)	994 127	1 372 461	881 691	1 153 279
Accounts receivable net of depreciation	759 711	717 074	673 788	602 557
Other debtors and prepayments	76 150	100 953	67 538	84 832
VAT	101 740	125 581	90 233	105 526
Receivable from IHFB (now HFB-FCJ)	215 950	234 315	191 526	196 895
Investment grant from ARS to be received from IHFB (now HFB-FCJ)	30 377	123 700	26 941	103 945
Investment grant on cost overrun of the smoke extraction system to be received from IHFB (now HFB-FCJ)	45 857	64 200	40 671	53 947
	2 223 912	2 738 284	1 672 388	2 300 981

19 Sinking fund

A sinking fund has been set up to meet unforeseen expenses. As of 31st December 2023, this fund has a balance of €29 957 / £26 569 (2021 € 100 042 / £84 065). The amount is invested in a passbook savings account and earned interest of € 4 957 / £ 4 396 for the year ended 31st December 2022 (2021 € 42 / £35). This fund is included in current assets and in rental income and indemnities as non-material income.

This "sinking fund" was planned to face future cost of refurbishment but there is in fact no constraint on its use and, in 2020, given the difficulties described in note 3, part of it was used to finance current operations.

20 Current liabilities

Current liabilities comprise the following at 31st December:

	2022	2021	2022	2021
	€	€	£	£
Social debt	34 770	38 904	30 838	32 691
Suppliers	232 510	306 021	206 213	257 149
Due to tenant Batigère		441 326		370 846
Deposits received from tenants	426 216	650 697	378 011	546 781
VAT	340 010	278 150	301 555	233 729
Other taxes	126	1 751	112	1 471
IHFB contribution (see below)		..		..
Rent paid in advance – Orange	457 280	9 154	405 562	7 692
Due to IHFB (now HFB-FCJ)	79	16 015	70	13 457
Accrued interest on loans		21 876		18 382
Other creditors and accruals		29 897		25 122
	1 490 991	1 793 791	1 322 361	1 507 320

21 Loans

21.1 Summary

Details of outstanding loans are as follows at 31st December:

	2022	2021	2022	2021
	€	€	£	£
Short-term bank loans		1 424 908		1 197 350
Short-term portion of property loans	229 413	1 793 013	203 466	1 506 669
Total short-term loans	229 413	3 217 921	203 466	2 704 019
Long-term portion of property loans	536 341	765 754	475 681	643 463
Total loans	765 754	3 983 675	679 147	3 347 482

21.2 Property loans in detail

		Total	Long-term	Short-term	Total	Long-term	Short-term
	Note	€	€	€	£	£	£
At 1 st January 2022							
Dexia Credit Local		1 501 786	..	1 501 786	1 261 951	..	1 261 951
Société Générale		123 699	30 377	93 322	103 944	25 526	78 418
Crédit du Nord		933 282	735 377	197 905	784 237	617 937	166 300
Total		2 558 767	765 754	1 793 013	2 150 132	643 463	1 506 669
At 31 st December 2022							
Dexia Credit Local	(a)						
Société Générale	(b)	30 377		30 377	26 941		26 941
Crédit du Nord	(c)	735 377	536 341	199 036	652 206	475 681	176 525
Total		765 754	536 341	229 413	679 147	475 681	203 466

The details of the loans subscribed and the balances due at

		Amount subscribed	Amount drawn down at 31 st Dec. 22	Amount due at 31 st Dec. 22	Duration	Interest rate
		€	€	€		
Dexia Credit Local	(a)	8 700 000	8 700 000		15 years from December 2008	5.70% fixed rate
Société Générale	(b)	850 000	850 000	30 377	12 years from September 2009	5.70% fixed rate
Crédit du Nord	(c)	999 000	999 000	735 377	6 years from August 2020	0.25% initial rate

- (a) Following the sale of 12 rue Barbès property, the loan taken out with Dexia Credit Local, which was secured on that asset, was fully repaid on 18th February 2022.

22 Provisions

The provisions at the year end and the movements in the year can be analysed as follows:

	2022	2021	2022	2021
	€	€	£	£
At 1st January				
Retirement indemnities – see (a) below		133 490		120 008
		133 490		120 008
Additions in the year				
Retirement indemnities
Reversed in the year				
Retirement indemnities		(133 490)		(112 172)
Exchange difference		(7 836)
At 31st December				
Retirement indemnities	..	133 490	..	..
Total	..	133 490	..	..

23 Investment grants

The investment grants received for the fitting of a smoke extraction system in the hospital building and movements thereon are as follows:

	31 Dec. 2021	Increases	Reductions	31 Dec. 2022
	€	€	€	€
Initial investment grant	397 729	..	42 500	355 229
Additional grant	150 201	..	16 050	134 151
Total in €	547 930	..	58 550	489 380
Total in £	463 980	..	51 928	412 052
Exchange difference	19 134	..	..	16 422
Total in £	483 114	..		428 474

In 2011, the Corporation recorded the commitment received from the Oeuvre du Perpétuel Secours ("OPS") to retrocede to it the payments received from the Regional Health Agency of Ile de France for its investment support aimed at financing the upgrading of hospital buildings, such as those appearing in the treaty for the partial contribution of assets from the Corporation to OPS dated 2008. This support amounted at the time to €850 000 and this sum was expected to cover all of the work.

In this context, the Corporation recognized in its accounts the hospital smoke extraction work which was completed in 2011 for a total cost of € 1,171,000 and accounted for two investment grants: one for the financial debt that it contracted to finance the works (i.e. € 850,000) and a second for the investment which exceeded the initial budget covered by the financing described above, i.e. € 321,000 that OPS has committed to repay in full over 10 years (see note 3.3)

Investment grants are amortized over the depreciation period for the work, ie 20 years.

24 Unrestricted funds

	2022	2021	2022	2021
	€	€	£	£
Revaluation reserve				
1967 revaluation of land at rue Barbès	198 184	198 184	175 769	166 534
1974 revaluation of other fixed assets	472 195	472 195	418 790	396 785
	670 379	670 379	594 559	563 319
Unrealised gain on investment properties				
Revaluation reserve	23 088 300	32 502 687	20 477 013	27 312 008
Total revaluation reserve	23 758 679	33 173 066	21 071 572	27 875 327
Special reserves				
Investment reserve	173 130	173 130	153 549	145 481
Treasury reserve	549 156	549 156	487 046	461 456
Total special reserves	722 286	722 286	640 595	606 937
Other reserves				
Reserve for refurbishment of assets	1 000 000	1 000 000	886 900	840 300
1982 grant received from the "Service de la coordination de l'Action Economique du département des Hauts de Seine »	1 102 352	1 102 352	977 676	926 306
Various other funds	1 310 983	1 310 983	1 162 711	1 101 619
Total other reserves	3 413 335	3 413 335	3 027 287	2 868 225
General funds	30 612 952	21 381 097	27 150 628	17 966 536
Total other reserves	34 026 287	24 794 432	30 177 915	20 834 761
Total unrestricted funds	58 507 252	58 689 784	51 890 082	49 317 025

As described in note 16.1, the Chateau property was independently valued at 31st December 2022 and this ended to a € -1 949 552 (£ 1 729 058) decrease in the revaluation reserve.

The other funds shown above include various donations received over the years. The Directors have qualified these funds as non-designated or general funds on the basis of available data and because, to the best of the knowledge of those involved in preparing the financial information, there is no contradictory information that would lead to this qualification being questioned. This is consistent with the way in which such funds were previously reported.

25 Reconciliation to French financial reporting

Given its status in France and French law, the books and records of the Corporation are maintained under French accounting standards using the French chart of accounts and restated for the purposes of this financial reporting. The net result reported for the year ended 31st December and its reconciliation to the net movement in funds after taxation as reported herein can be reconciled as follows:

	2022	2021	
	€	€	
Net profit for the year per French accounts	11 463 280	(45 398)	
Reconciling items			Impacted items
Disposal of investment assets : 12 Barbès	(12 100 000)		Unrealized gain & loss
Investment asset : 12 Barbès	4 653 200		Unrealized gain & loss
Depreciation of investment assets : 12 Barbès	(2 820 093)		General funds
Revaluation of investment assets	(1 949 552)	3 252 263	Unrealized gain & loss
Difference in depreciation charge	570 630	671 525	General funds
Net movement in funds after taxation	(182 530)	3 878 389	

The reconciliation of net equity per the French accounts and the total unrestricted funds is as follows:

	2022	2021	
	€	€	
Net equity per French accounts	20 573 750	9 110 472	
Reconciling items			
Revaluation of assets	23 088 300	17 212 128	
Cumulative difference in depreciation charge	14 845 202	17 076 634	
Other		(9)	
Total unrestricted funds	58 507 252	58 689 784	

26 Off balance sheet commitments

26.1 Other reserves

The grant of €1 102 352 received in 1982 from the Service for the Coordination of Economic Action of the Department of Hauts-de-Seine is definitively acquired over a period of 40 years. In the event that the Corporation should leave the French social security system, a pro-rata temporis reimbursement will apply. As of 31st December 2022, the liability is extinguished.

26.2 Other commitments

The Corporation granted Dexia Crédit Local a first rank mortgage on the building located at 12 rue Barbès in Levallois-Perret as a guarantee for the repayment of any amount due in principal for the loan granted by Dexia Crédit Local on 23rd August 2007 for the financing of the renovations and rehabilitation of buildings located in Levallois-Perret at 48 rue de Villiers (the Château), at 2 rue Voltaire and 1 rue Barbès (together, Wallace Gardens). The initial loan amount was €8 700 000.

The Corporation also granted to Dexia Crédit Local a charge over the rental stream rents received for the Wallace Gardens buildings as security for this same loan.

Both these commitments ceased to apply on 18th February 2022 when the loan was repaid in full.