



HERTFORD BRITISH CHARITABLE FUND

(previously the Hertford British Hospital Corporation, Paris)

ANNUAL REPORT OF THE DIRECTORS

FOR THE YEAR ENDED

31st DECEMBER 2023

1 REFERENCE AND ADMINISTRATIVE DETAILS

Name	Hertford British Charitable Fund, Paris, previously called the Hertford British Hospital Corporation, Paris and, hereafter, indifferently, "HBCF", "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	13th Floor, One Angel Court, London EC2R 7HJ, 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 2023 were:

- Société Générale, 50 rue d'Anjou, 75008 Paris, France
- Rothschild Martin Maurel, 29 avenue de Messine, 75008 Paris, France

1.3 SOLICITORS AND OTHER LEGAL ADVISERS

The Corporation's legal advisers throughout 2023 and to date are:

- Farrer & Co, 66 Lincoln's Inn Fields London WC2A 3LH (from July 2021)
- TMF Corporate Secretarial Services Ltd., 13th Floor, One Angel Court, London EC2R 7HJ, United Kingdom
- Simmons & Simmons LLP, 21 rue de la Ville L'Évêque, 75008 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, 13 rue de Marivaux, 75002 Paris, France
- Maître Dominique Villemot, 13 rue de Marivaux, 75002 Paris, France

1.4 INDEPENDENT PROPERTY VALUERS

The Corporation's independent property valuers throughout 2023 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 three years as Trustee and 2 years as Chair at the 21st June 2023 Council of Management meeting*)

Dr Julia Bache

David Blanchard, Representative Member, (*renewed at the 21st June 2023 Annual General Meeting for a period ending when the new articles were approved, namely 22nd November 2023 at which time the role of Representative Member ceased to exist*)

Susan Cheyne, Deputy Chair

Stephen Cowen

Thierry Drilhon representing the FBCCI (*ex-officio Trustee until adoption of the new articles on 22nd November 2023 when the ex-officio role ceased to exist and was replaced by the concept of Honorary Trustee, a role with no executive powers*)

Sandra Esquiva-Hesse

Michel de Fabiani, OBE, Representative Member (*renewed at the 21st June 2023 Annual General Meeting for a period ending when the new articles were approved, namely 22nd November 2023 at which time the role of Representative Member ceased to exist*)

Christopher Gilmore (*whose term expired at the 21st June 2023 Council of Management meeting*)

Ian Gosling (*renewed for three years at the 21st June 2023 Council of Management meeting*)

Paul Johnson-Ferguson, Honorary Treasurer

Theo Rycroft, representing the British Embassy (*ex-officio Trustee until adoption of the new articles on 22nd November 2023 when the ex-officio role ceased to exist and was replaced by the concept of Honorary Trustee, a role with no executive powers*)

Ian McDonald

Richard Seguin

Alicia Suminski (*whose term expired at the 21st June 2023 Council of Management meeting*)

Bridget Terrell, Honorary Secretary (*whose term expired at the 21st June 2023 Council of Management meeting*)

Peter Terrell (*renewed for three years at the 21st June 2023 Council of Management meeting*)

Charles Wilson, OBE, Representative Member (*whose term expired at the 21st June 2023 Annual General Meeting*)

All the Trustees whose terms of office ended in 2023 were invited to become members of the Trustee Emeritus college (see below). It was with great sadness that the HBCF community learnt of the death of Charles Wilson on 11th January 2024.

2.1 TRUSTEE EMERITUS AND SUPPORTERS' COLLEGES

The Annual General Meeting held on 21st June 2023, created two colleges:

- The Trustee Emeritus college which comprises retiring Trustees, appointed to the college by the Council of Management in recognition of their contribution to HBCF. They may continue to serve on committees (which must comprise two Trustees including the chair of the committee) and may, if they so desire, resign after one year and apply to become trustees once again.
- The Supporters' college which comprises people who have expressed a genuine interest in HBCF and are seen as potential future trustees or subject matter experts that could usefully contribute to committee work. The creation of this college and the recruitment of members was a priority given the need to ensure that the next generation of trustees was identified and onboarded on a timely basis.

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 5.4 below) is a guest at all meetings.

2.1.1 PROPERTY OPERATIONS AND STRATEGY COMMITTEE

Stephen Cowen, Chair

Peter Terrell, Vice-Chair

Christopher Gilmore (Trustee Emeritus)

Paul Johnson-Ferguson

Richard Seguin

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

2.1.2 FINANCE, RISK, AUDIT & GOVERNANCE (“FRAG”) COMMITTEE

Paul Johnson-Ferguson, Chair

David Blanchard (Trustee Emeritus)

Stephen Cowen

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

Ian McDonald

2.1.3 NOMINATIONS COMMITTEE

Susan Cheyne, Chair

Dr Julia Bache

David Blanchard (Trustee Emeritus)

Peter Terrell

2.1.4 CHARITABLE GIVING COMMITTEE

Ian McDonald, Chair

Dr Julia Bache

Alicia Suminski (Trustee Emeritus)

Bridget Terrell (Trustee Emeritus)

Louisa Hobday (Supporter)

2.1.5 INVESTMENT COMMITTEE (a sub-committee of the FRAG)

Paul Johnson-Ferguson, Chair

Edward Archer (external SME and Supporter)

Steve Smith (external SME and Supporter)

HBCH was saddened by the premature death in 2023 of Simon Pennington, one of the initial members of the Investment Committee. Steve Smith was appointed to replace him and consideration is being given to appointing a second trustee to this sub-committee.

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. HBCH 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 %. HBCH’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 objectives of the Corporation remain, in all essential respects, aligned with those initially laid down by the founder but they have evolved over time. These objectives, initially focused on the medical treatment of patients of British nationality resident in France or of any other nationality, but with a preference for the former were first extended to the provision of other health services and retirement homes. Then, in 2006, the objects of the Original Charity were further expanded to include the protection of health by such means as the trustees consider appropriate.

At a meeting of Members held on 22nd November 2023, and after having obtained the approval of the Charity Commission, the Charity brought its objects up to date and they now state that the objects of HBCF are:

- to preserve, protect, improve and enhance the medical, social, psychological, physical, mental and emotional health and well-being of the *Preferred Beneficiaries* and other persons residing in the communities in which they live including but not limited to the provision of grants and the provision of community facilities and resources for *Voluntary Organisations*;
- the relief of those in need, hardship or distress in particular but without limitation for Preferred Beneficiaries, including but not limited to the provision of accommodation such as convalescent and retirement homes and the payment of costs towards study for a profession, trade or calling; and
- the advancement of health by fostering collaboration and cooperation between the United Kingdom and France in the medical and para-medical fields, in particular but not exclusively by making grants to support applied research into human health, hospital care (with a preference for supporting hospital care for Preferred Beneficiaries) or such other means as the Trustees consider appropriate, including but not limited to, medical research, medical education and the fostering of Anglo-French co-operation in the medical field;
- *Preferred Beneficiaries* shall mean persons resident in France who are British and their immediate close relatives and other persons resident in France with British connections or associations with the United Kingdom including (but without limitation) persons who have in the past been resident in the United Kingdom.
- *Voluntary Organisations* shall mean independent organisations, which are established for purposes that add value to the community as a whole, or a significant section of the community, and which are not permitted by their constitution to make a profit for private distribution. Voluntary Organisations do not include local government or other statutory authorities.

On 22nd November 2023, the Trustee of the Original Charity agreed that a request would be filed with the Charity Commission to modify the objects of the Original Charity so as to fully align them with those of HBCF. On 3rd March 2024, the Charity Commission issued Scheme 251438 which achieved this alignment.

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 HBCF's Patron since 2006.

5.2 APPOINTMENT OF TRUSTEES

The Charity was previously managed by Council of Management (hereafter "the Council") 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.

This was modified in the new articles approved on 22nd November 2023 and, at the end of a transition period, the Charity is governed by at least eight and not more than twelve Trustees.

The role of ex-officio members has been replaced by that of Honorary Trustee, it being specified that these Honorary Trustees shall be invited to all meetings of the Trustees and be provided with the papers prior to such meetings and shall be entitled to participate in the discussion at such meetings but they shall not be entitled to vote on matters on which the Trustees are entitled to vote.

Trustees are appointed for a term not exceeding three years (previously 5) and are eligible for re-election such that their total term of office shall not exceed nine years. 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...

Trustees become Members of the Corporation when appointed and cease to be Members when their mandate comes to an end. There are no other Members.

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 2024 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.

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 with the declarations made at the start of each meeting of the Trustees, ensures that the Trustees comply with the Conflict of Interest Policy (which is maintained by the committee and approved by the Trustees).

5.4 ORGANISATION

The Trustees administer the Charity and meet at least twice a year and, in practice, quarterly. At the meeting of Trustees held immediately after the Annual Trustees' Appointment Meeting (previously the Annual General Meeting), the Trustees elect a Chair, a Deputy Chair and Honorary Treasurer. 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 the Trustees 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 and updated on 17th January 2024 to take account of latest guidance on safeguarding.
- Investment policy: approved at the Council meeting held on 20th October 2021 and modified on 19th April 2023 to allow 20% of managed funds to be invested in no-euro denominated bonds and equities with no currency hedge.

The Property Strategy and Operations Committee's terms of reference were updated on 19th April 2023 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 meetings of the HBCF Trustees.

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 either 2023 or 2022.

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 both British charities operating in France and other locally incorporated charitable entities whose purposes are 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 2023.

As is further detailed in note 9 to the Financial Statement, the total amount of Charitable giving, to the BCF and other Charities in 2023 amounted to € 160 631 (£ 139 605). In 2022, the comparable amounts were €129 650 or £115 031.

The Corporation continues to assist the Fondation Cognacq-Jay with the “British” aspects of the hospital and had 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.). This collaboration continues in 2023 and 2024 but the communications role envisaged earlier has proven impossible to staff appropriately.

Throughout 2023, 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 with the Charity’s UK legal advisors to obtain relevant approvals, including that of the Charity Commission, to reduce the complexity of the HBCF structure (with the Corporation and Original Charity potentially merging) and then, in a second step, to focus on the wellbeing of beneficiaries in France with ties to Britain through two channels: as a grant making body for other voluntary organisations in France and as the source of funding for the BCF’s welfare activities. The intention is to merge HBCF and the BCF in the UK whilst retaining the BCF’s French entity which will continue under an updated agency agreement to perform its current role of caring for the individual beneficiaries.

As is more fully explained in paragraph 6.4 below, the Trustees and Director General, assisted by appropriate advisors, have embarked on a renovation plan that will, in due course, see all of the Charities investment assets redeveloped to bring them up to date in terms of insulation, heating, etc. so as to ensure that they remain at the high end of the market and yield sufficient revenues.

Work has also started on planning for the redevelopment of the hospital site which will occur once the building 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 until 2028.

6.3 INVESTMENT AND BORROWING ACTIVITIES

As reported last year, the 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 were 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 a 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 Trustees.

In late 2023, these investment funds were used as security for a Lombard loan that will be used to finance the renovation of the Château. At 31st December 2023, as further explained in note 17 to the Financial Statements, these funds have been marked to market with an increase in value which was confirmed in 2024 as markets performed well in the first quarter of 2024.

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 2023 amounted to £466 134 (£536 341).

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 Trustees 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 proposed 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 Wallace Gardens lease has been extended and will now run until 31st December 2030.

The work on renovating the Château commenced in the last weeks of 2023 and will take approximately one year. The necessary design work has been completed, a building permit obtained, and a fixed price contract signed with a contractor. In addition, a forward lease has been signed with a tenant who will operate the premises from January 2025.

Design work has also commenced on the hospital building so that the Charity can dispose of various redevelopment scenarios that will facilitate discussions with potential financial partners and operators.

7 FINANCIAL REVIEW

7.1 2023 FINANCIAL STATEMENTS –CHANGES IN PRESENTATION AND RESTATEMENT OF 2022

The 2023 Statement of Financial activities has been presented in a revised layout which the Directors believe improves the reader's understanding of the Charity's activities during the year. The changes reflect the evolution in the Charity's operations over the last few years, with a cessation of the healthcare activities in early 2021 and a focus on becoming a grant giving organisation that supports like-minded charities operating in France by applying the income from its investment properties. Accordingly, the Statement of Financial analysis has been changed to show the net income from investment properties, the gains or losses on investments (distinguishing between realised and unrealised), administrative costs and the grants made to charities.

For ease of reference, the 2022 comparatives shown in the Statement of Financial activities have been restated to align with the 2023 presentation and Note 2.1 to the Financial Statements provides details of the changes that have been made. There is no impact on the net movement in funds for the year to 31st December 2022 nor in the funds carried forward as at 31st December 2022.

7.2 2023 FINANCIAL STATEMENTS - REVIEW

The cash position of the Charity at 31 December 2023 was £1 986 163 (€2 285 310), and Loans outstanding represent £765 754 (€1 036 341) compared to a cash position of £2 023 235 (€2 281 243) and outstanding loans of £679 147 (€765 754) at 31st December 2022. The net cash position has been reduced by the initial spending on the Chateau renovation (which amounted to £897 517 / €1 032 697 at 31st December 2023) and the first draw down of £434 550 (€500,000) on the Lombard loan.

In 2023, the let property income amounted to £2 024 734 (€2 329 737). In 2022, let property income was impacted by the resolution of the dispute described in paragraph 7.3 below 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, in principle, secured rental income until the end of 2022. However, at 31st December 2023, the gross amount due by Zalthabar, amounted to £508 823 (€585 460) and this was fully provided against given that Zalthabar was placed into receivership on 17th May 2023. The premises were recovered from the receiver in June 2023, but the receiver indicated that no funds would be available for the creditors and the debt will be written off in 2024 once Zalthabar is formally wound up.

In 2023, the Charity made an operating profit of £181 556 (€208 902) before deducting tax and before taking into account unrealised gains on valuation of assets. There is a loss of €1 234 713/ £1 073 089 (in 2022, a profit of €11 463 280 / £10 166 783) in the French accounts due to a difference in the treatment of depreciation, the valuation of property and financial assets and, in 2022, the gain on sale of 12 rue Barbès. A reconciliation is provided at footnote 25 to the Financial Statements.

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 resulted 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 took into account the full costs of the renovation, expected at approximately £8.0 million (€9 million) and the independent valuers' report stated that, all things being equal, the valuation post redevelopment could be estimated at approximately £16.9 million (€19.1 million). Savills, the independent valuers, also issued a comfort letter which supported 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 cyclical basis (previously 3 years).

At 31st December 2023, given that work was in progress on the Chateau and that the Wallace Gardens property was last valued at 31st December 2021 (ie 2 years ago), the Directors determined that the investment assets would be shown at the same value as at the prior year-end.

As is further explained in note 16.2 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 Foreign Commonwealth and Development Affairs and managed and administered by the Directors of the Corporation who are also Trustees of the Original Charity (Hertford British Hospital).

7.3 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, the tenant made no payments at all and the amount owing at 31st December 2021 amounted to a €1.5 million. 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 which supervised an agreement that was signed on 8th March 2022. The impact of this settlement is more fully explained in note 3.2 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 proposed, allowing the occupation of the building until 31st March 2023. This addendum never signed and, on 17th May 2023, the tenant was placed into receivership, and, in June 2023, the receiver handed back the premises.

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 2023, the Corporation received no significant endowments, grants or donations but, having sold the building at 12 rue Barbès in 2022 and invested the proceeds, it did record an unrealised capital gain on the investment portfolio and a small amount of interest income which accrued on the Sinking fund. Stock market upturns and downturns have historically had no direct influence on the Charity's results but, commencing in 2023, the performance of the investment portfolio which is marked to market at year end may contribute more significantly to the Charity's financial performance.

7.4 PLAN FOR FUTURE PERIODS

The Finance, Risk, Audit & Governance Committee will continue to keep operating costs to a minimum. Legal costs, which are significant in 2021, 2022 and 2023 as work continues on structure, objects, etc. are expected to start to fall in 2024. Interest payments to banks which reduced in 2022 and 2023 (when only the government backed loan and the loan from Société Générale remained outstanding) will rise in 2024 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% and the interest charge for 2023 amounted to £1 704 (€1 961).

The forecast approved by the Trustees in the context of the Château renovation plan shows that the maximum draw down is expected to reach £6.72 Million (€7.73 Million) in 2024, reducing to £4.17 Million (€4.8 Million) in 2027 which was the point at which the Wallace Gardens lease was due to expire. The lease was amended in early 2024 and now expires at 31st December 2030 at which time the Lombard loan is expected to be fully paid down.

Discussions continued throughout 2023 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 2024 will see 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. Their term will therefore expire with the examination of the accounts for the year ended 31st December 2027.

*

* *

By order of the Directors

Christopher Wicker, Chairman

20th March 2024



Statutory auditor's Report on the financial statements

Year ended 31 December 2023

Hertford British Charitable Fund

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 Charitable Fund Year ended 31 December 2023

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 Charitable Fund** for the year ended 31 December 2023 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 2023 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, May 24th 2024

The Statutory auditor
Grant Thornton
French Member of Grant Thornton International

Adam Nicol
Partner



HERTFORD BRITISH CHARITABLE FUND
(previously the Hertford British Hospital Corporation, Paris)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2023

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

		Unrestricted funds			
		2023	2022 Restated	2023	2022 Restated
		€	€	£ (0,8691)	£ (0,8869)
Income from property investments	5	2 328 794	2 880 152	2 023 955	2 554 407
Cost of property investments	7	(1 422 013)	(185 448)	(1 235 871)	(164 475)
Net income from property investments		906 781	2 694 704	788 084	2 389 932
Income from financial asset		942	5 725	819	5 078
Cost of financial asset		24 733	(24 733)	21 495	(21 936)
Net income from financial asset		25 675	(19 008)	22 314	(16 858)
Depreciation charge on hospital	8	(103 073)	(107 609)	(89 581)	(95 438)
Charitable giving (grants paid)	9	(160 630)	(129 700)	(139 604)	(115 031)
Total expenditure on charitable activities		(263 703)	(237 309)	(229 185)	(210 469)
Governance costs	12	(459 850)	(671 366)	(399 657)	(595 434)
Net income before non-operating items		208 903	1 767 020	181 556	1 567 170
Net income before unrealised gains on investment properties		208 903	1 767 020	181 556	1 567 170
Valuations gains / (losses) :					
Investment properties	16	(77 044)	(1 949 552)	(66 959)	(1 729 058)
Financial assets	17	306 883	..	266 712	..
Net movement in funds before taxation		438 742	(182 532)	381 309	(161 888)
Taxation	13	(392)	..	(341)	..
Net movement in funds after taxation		438 350	(182 532)	380 968	(161 888)
Funds brought forward at 1 st January	24	58 507 252	58 689 784	51 890 082	49 317 025
Exchange difference		..	..	(1 041 428)	2 734 945
Funds carried forward at 31st December	24	58 945 602	58 507 252	51 229 622	51 890 082

The footnotes form an integral part of the financial reporting.

Balance sheet

As at 31st December

		2023 €	2022 €	2023 £	2022 £
Fixed assets					
Intangible fixed assets:	14	..	..	..	..
Tangible fixed assets	15	2 021 369	2 114 048	1 756 772	1 874 950
Investment properties	16	45 089 277	44 068 581	39 187 091	39 084 424
Financial assets	17	10 907 113	10 565 593	9 479 372	9 370 624
		58 017 759	56 748 222	50 423 235	50 329 998
Current assets					
Debtors	18	879 642	2 223 912	764 497	1 972 388
Short term investments			..		..
Cash at bank and in hand		2 254 388	2 251 286	1 959 289	1 996 666
Sinking fund	19	30 922	29 957	26 874	26 569
		3 164 952	4 505 155	2 750 660	3 995 623
Current liabilities					
Creditors	20	769 540	1 490 991	668 807	1 322 361
Loans (excluding accrued interest)	21	200 173	229 413	173 970	203 466
Taxation	13	392	..	341	..
		970 105	1 720 404	843 118	1 525 827
Net current (liabilities) / assets		2 194 847	2 784 751	1 907 542	2 469 796
Total assets less current liabilities		60 212 606	59 532 973	52 330 777	52 799 794
Long-term liabilities					
Loans	21	836 171	536 341	726 720	475 681
Provisions	22	..	..	..	..
Investment grant	23	430 830	489 380	374 434	434 031
Creditors	20	..	..	..	..
		1 267 001	1 025 721	1 101 154	909 712
Total net assets		58 945 602	58 507 252	51 229 623	51 890 082
Unrestricted funds					
Revaluation reserve	24	28 737 657	23 758 680	24 975 897	21 071 572
Special and other reserves	24	30 207 945	34 748 572	26 253 726	30 818 510
Total unrestricted funds		58 945 602	58 507 252	51 229 623	51 890 082

Signed on 20th March 2024

Christopher Wicker
Chairman

Iain Hutton
Director General




The footnotes form an integral part of the financial reporting.

Statement of cash flow

For the years ended 31st December

		2023	2022	2023	2022
		€	€	£	£
Cash flow from operating activities					
Net incoming resources for year		208 510	1 767 020	181 216	1 567 170
Depreciation		104 682	(664 601)	90 979	(589 435)
Decrease / (increase) in debtors		1 344 270	1 322 841	1 168 306	1 173 229
Increase / (decrease) in creditors		(721 059)	(302 799)	(626 672)	(268 552)
Increase / (decrease) in provisions	22	..	..	..	..
Increase / (decrease) in investment grant		(58 550)	(58 550)	(50 886)	(51 928)
Cash generated by operating activities		877 853	2 063 911	762 943	1 830 484
Taxation paid		..	..	..	..
Investing activities					
Net acquisition of fixed assets	15	(12 000)	195 594	(10 429)	173 472
Net acquisition of financial asset		(34 637)	(10 600 000)	(30 103)	(9 401 140)
Renovation of investment properties		(10 097 741)	(218 133)	(954 047)	(193 462)
Proceeds from disposal of fixed assets		0	12 100 000	0	10 731 490
Cash applied to investing activities		(1 144 378)	1 477 461	(994 579)	1 310 360
Net cash (outflow) / inflow before financing		(266 525)	3 541 372	(231 636)	3 140 844
Financing activities					
New long-term loans		500 000	..	434 550	..
Repayment of long-term loans		(229 408)	(1 793 013)	(199 379)	(1 590 223)
Cash applied to financing activities		270 592	(1 793 013)	235 171	(1 590 223)
Net cash applied		4 067	1 748 359	3 535	1 550 621
Net opening cash		2 281 243	532 884	1 982 628	472 615
Net closing cash		2 285 310	2 281 243	1 986 163	2 023 236
Net closing cash					
Cash at bank and in hand		2 254 388	2 251 286	1 959 289	1 996 666
Sinking fund	19	30 922	29 957	26 874	26 569
Short term investments		..	..	..	..
Current liabilities – short term bank loans		..	..	..	..
Net closing cash		2 285 310	2 281 243	1 986 163	2 023 235

The footnotes form an integral part of the financial reporting.



HERTFORD BRITISH CHARITABLE FUND

(previously the Hertford British Hospital Corporation, Paris)

Notes to the financial statements for the year ended 31st December 2023

1 Legal status, activities and financing

The Hertford British Hospital Corporation, Paris (hereafter indifferently “the Corporation” or “the Company”), 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 and to other charities and benevolent organisations operating in France to further the physical and mental well-being of primarily British citizens resident in France and whose purposes are aligned with the Corporation’s objects.

The Company also owns directly or indirectly (see note 16.2) a portfolio of investment properties and funds whose revenue is used to further the objects of the charity.

In November 2023, the objects and articles of the Corporation were modified and the name changed to the Hertford British Charitable Fund (hereafter “HBCF” or “the Company”).

2 Accounting policies

2.1 Basis of preparation

The financial statements incorporate the investment property management and commercial letting activities of the Company. They have been prepared under the historic cost convention, except for investments in property and financial investments 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.

As at 31st December 2023, the Directors determined that the Statement of Financial activities should be presented in a way that more closely reflects the activity of the Company, distinguishing between the net income from property, the performance of the investments, operating costs and the amount of charitable contributions paid in the year.

The 2022 comparative numbers have been restated to make them directly comparable to the 2023 data. This restatement does not alter the net movement in funds as previously reported and can be analysed as follows:

	2022	Restatement	2022	2022	Restatement	2022
			Restated			Restated
	€	€	€	£	£	£
Income from property investment	2 885 877	(5 725)	2 880 152	2 559 483	(5 078)	2 554 407
Cost of generating funds /property	(315 148)	129 700	(185 448)	(279 505)	115 031	(164 475)
Income from property investments	2 570 729	123 975	2 694 704	2 279 978	109 953	2 389 932
Income from financial assets	..	5 725	5 725	..	5 078.	5 078
Cost of financial assets	..	(24 733)	(24 733)	..	(21 936)	(21 936)
Net income of financial assets	..	(19 008)	(19 008)	..	(16 858)	(16 858)
Health services expenditure / Depreciation of hospital building	(107 609)	..	(107 609)	(95 438)	..	(95 438)
Charitable giving (grants paid)	..	(129 700)	(129 700)	..	(115 031)	(115 031)
Total expenditure on charitable activities	(107 509)	(129 700)	(237 309)	(95 438)	(115 031)	(210 469)
Governance costs	(696 099)	24 733	(671 366)	(617 370)	21 936	(595 434)
Net income before non operating items	1 767 020	..	1 767 020	1 567 170	..	1 567 170
Net income before unrealised gains on investments	1 767 020	..	1 767 020	1 567 170	..	1 567 170
Valuation gains / (losses)						
Investment properties	(1 949 552)	..	(1 949 552)	(1 729 058)	..	(1 729 058)
Financial assets	..	..	..	..	..	..
Net movement in funds before taxation	(182 532)	..	(182 532)	(161 888)	..	(161 888)
Taxation	..	..	..	..	..	..
Net movement in funds after taxation	(182 532)	..	(182 532)	(161 888)	..	(161 888)

2.2 Functional and reporting currencies

The functional and reporting currency of the Company 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 2023 and the year then ended: € 1 = £ 0. 0,8691
- At 31st December 2022 and the year then ended: € 1 = £ 0.8869

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 remaining 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 Company'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 Company and its assets and are primarily associated with corporate and statutory requirements.

2.6 Irrecoverable VAT

As a charity, the Company 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 directly for charitable 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 Company's employees would receive a lump sum retirement indemnity in accordance with the law and the collective agreement applicable to the Company. 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 2023 has already claimed his pension benefits and, accordingly, when that individual leaves the Company, no lump sum will be due.

3 Significant events in the current and prior year

3.1 Occupancy agreement with the Fondation Cognacq-Jay (prior year)

On 9th December 2020, HBCF entered into an occupancy agreement with the Fondation Cognacq-Jay, which is now the sole operator of the hospital, managed by the Fondation under the name “Hôpital Franco-Britannique Fondation Cognacq-Jay”.

The occupancy agreement provides that the Company 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.

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 and now provides that the borrower may, 6 months before the end of the initial term, request that HBCF extend that term to either 28th March 2027 or 28th September 2028. Such notice will have to be given no later than 28th March 2025 by registered letter with recorded delivery and this only in the event that the work under way to restructure the Hôpital Franco Britannique site such as to allow all the medical activities to be consolidated into that one site has not been completed.

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.

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

3.2 Litigation with Zalthabar (prior and current years)

Following Zalthabar’s repeated default on rental payments throughout 2020 and 2021, the parties had 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. 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. However, Zalthabar did not respect this new commitment, did not leave the premises as planned and remained on site for the first months of 2023 until the company was put into compulsory liquidation by a decision of the Commercial Court on 17th May 2023.

No rental or indemnity payments were made in 2023 and the sale of furniture by the court appointed receiver did not raise sufficient funds to pay creditors. At 31st December 2023, the amounts due were as follows:

- €34 625 (£30 093) for the indemnity for reinstatement of the asset
- €29 579 (£25 707) for tenant charges for 2021
- €521 257 (£453 024) for 2023.

Given that the Company has not yet received the necessary certificate of non-recoverability from the receiver, these amounts, totalling €585 460 (£508 823) are shown on the balance sheet under the “Debtors” caption and have been fully provided against for the net of tax amount of €476 396 (£414 036).

3.3 Sale of 12 rue Barbès and investment of proceeds (prior year)

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 matched the independent valuation of €12 100 000 (£10 731 490) obtained by the Company 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 €1 351 607.21 (£1 174 682) balance of the loan which had been provided by Dexia and this reimbursement gave rise to costs of €88 550 (£76 959).

The remainder of the proceeds, amounting to €10 600 000, was invested equally in two capitalization contracts with Credit Agricole Life Insurance which are managed by Rothschild Martin Maurel.

At 31st December 2023, the capitalization contracts are as follows:

	Investment	Market Value 31 st December 2023	Difference
Fonds interne dédié 53063600021			
CALI EUROPE A038344	5 300 000	5 576 140	276 140
Support euro 2			
Fonds general Cali QS0020012512	5 300 000	5 330 744	30 744
TOTAL	10 600 000	10 906 883	306 884

As 31st December 2022, due to decrease of market value, a depreciation of €34 637 (£30 103) had been applied (see note 17 below). At 31st December 2023, due to a favourable market condition, the inventory value surpassed the acquisition value. Consequently, the provision made in 2022 has been reversed.

3.4 Restructuring work on the Château building (the original hospital) and new lease (current year)

On 23rd October 2023, HBCF obtained a building permit for the complete restructuring of the original hospital building, known as the Château, and held as an investment asset. On 18th November 2023, a fixed price works contract amounting to €8.28 million (£ 7.20 million) was entered into with Fayat Bâtiment Ile de France. The work is expected to be completed on 2nd January 2025, date on which the premises will be operated by Comet Levallois under a forward lease agreement that was entered into on 30th August 2023. This lease provides for a total term of 10 years with a fixed term of 9 years.

At 31st December 2023, the work carried out to date, consisting essentially of the removal of all interior fittings and depollution is accounted for as “fixed assets in progress” and is not amortized.

3.5 Financing arrangement for the restructuring work on the Château (current year)

In order to finance the work on the Château, HBCF obtained financing from Rothschild Martin Morel. This financing takes the form of a Lombard loan secured by a lien over the capitalization funds opened in 2022 with the proceeds of the sale of the building at 12 rue Barbès. The loan was obtained in two tranches, one signed on 18th April 2023 for a total amount of €3 million (£2.6 million) and a second amount of €5 million (£4.35 million) signed in early 2024.

At 31st December 2023, a first amount of €500 000 (£ 434 550) has been drawn down and is shown under the “Loans” caption of the balance sheet. The principal terms of this financing are as follows:

- Maximum amount available: €8 million (£ 6.95 million)
- Length of the loan: undefined (in effect a credit facility rather than a loan)
- Reimbursement: in fine
- Interest rate: Euribor 1 month plus 70 basis points

4 Post balance sheet events

As of the date of approval of these financial statements by the Trustees, there were no events that had occurred after 31st December 2023, and which would either require an adjustment to those financial statements or disclosure therein.

5 Income from investments

	2023	2022	2023	2022
	€	€	£	£
Let property income				
Rental income and indemnities	1 656 712	1 906 313	1 439 848	1 690 709
Other charges invoiced to tenants	613 261	912 391	532 985	809 200
	2 269 971	2 818 704	1 973 833	2 499 909
Interest income				
Exchange gain / (loss) - net	272	2 898	236	2 570
Grant	58 550	58 550	50 886	51 928
Total income from investments	2 328 794	2 880 152	2 023 955	2 554 407

6 Income from health services

HBCF no longer provides health services. The last year in which such services were reported was 2021.

7 Expenditure on raising funds

	2023	2022	2023	2022
	€	€	£	£
Let property expense				
Expenses recoverable from tenants	238 501	488 624	207 281	433 361
Taxes recoverable from tenants	374 760	423 766	325 704	375 838
Property taxes	62 248	34 937	54 100	30 986
Other costs and expenses	316 771	(61 530)	275 306	(54 571)
Risk provisions (see below)	422 893	(808 469)	367 536	(717 031)
	1 415 173	77 328	1 229 927	68 583
Interest on borrowings				
<i>Investment properties:</i>				
Interest on loans	5 633	15 075	4 896	13 370
Bank interest	1 207	93 045	1 048	82 522
Total expenditure on raising funds	1 422 013	185 448	1 235 871	164 475

8 Health services and other expenditure

HBCF no longer provides health services. The last year in which such services were reported was 2021. Accordingly, other expenditure comprises only depreciation, as follows:

	2023	2022	2023	2022
	€	€	£	£
Depreciation				
<i>Hospital:</i>				
Buildings	103 073	107 609	89 581	95 438
Intangible assets	..	..	..	..
Total health services and other expenditure	103 073	107 609	89 581	95 438

9 Charitable activities

The direct provision of health services ceased in 2021 and, throughout 2023, the Company's charitable activity consisted mainly in:

- making freely available 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.
- making an annual grant to the BCF (which amounted to €105 250 / £91 473 in 2023 compared 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 Company. These grants amounted to €55 380 (£48 131) in 2023 compared to €15 150 (£13 437) in 2022).

10 Staff costs

	2023	2022	2023	2022
	€	€	£	£
Salary costs	128 433	120 550	111 621	106 916
Social security costs	45 365	60 466	39 427	53 627
	173 798	181 016	151 048	160 543
Health services	..	..	..	..
Administration	173 798	181 016	151 048	160 543
	173 798	181 016	151 048	160 543

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:

	2023			2022		
	Total	Health	Admin.	Total	Health	Admin.
Administrative staff	1	..	1	1	..	1
Total	1	..	1	1	..	1

Emoluments of employees:

	2023	2022
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 €124 576 (£108 269) for the year ended 31st December 2023 (€118 017 / £104 669 in 2022).

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

11 Indemnity insurance

Included in income from property investments 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.

	2023	2022	2023	2022
	€	€	£	£
Premiums	860	860	747	763

12 Governance costs

These costs can be analysed as follows:

	2023	2022	2023	2022
	€	€	£	£
Staff costs	173 798	181 016	151 048	160 543
Provision for retirement indemnities	..	..	..	..
Audit fee	18 870	24 959	16 400	22 136
Legal fees	259 131	171 359	225 211	151 978
Other fees and expenditures	41 080	62 179	35 703	55 146
Depreciation	1 609	1 622	1 398	1 439
Net book value of assets sold	..	195 594	..	173 472
Impairment of financial assets	(34 638)	34 637	(30 103)	30 720
	459 850	671 366	399 657	595 434

13 Taxation

The Company 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 to which it has full legal title (12 rue Barbès until its sale in 2022) at a rate of 24% and on certain financial income at a rate of 10%.

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

		2023	2022	2023	2022
		€	€	£	£
Investment Property Income	Taxable income from investment properties	..	41 099	..	36 451
	Management costs	..	(6 841)	..	(6 067)
	Insurance	..	..	..	..
	Real estate and related taxes	..	(9 083)	..	(8 056)
	Depreciation	..	(2 486)	..	(2 205)
	Adjustment to amounts recovered from tenants	..	..	..	..
	Improvements	..	(10 049)	..	(8 912)
	Interest income	..	..	..	..
Total rental income			12 640		11 210
Financial Investment Income	Income on capitalization contracts*	182 516	64 057	158 625	56 812
	Other financial income	942	4 957	819	4 396
Total financial income		183 459	69 014	159 444	61 209
Total Income before loss carried forward		183 459	81 654	159 444	72 419
Loss carried forward from prior year		(179 543)	(81 654)	156 041	(72 419)
Total taxable income		3 916	..	3403	..
Tax charge for the year		392	..	341	..
Loss carried forward :					
At 1st January 2023		(179 543)	(261 197)	(156 041)	(231 656)
Loss offset against income		179 543	81 654	156 041	72 419
At 31st December 2023		..	(179 543)	..	(159 237)

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 % (2022: 1.63% * 105 % = 1.71 %).

14 Intangible assets

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

	2023	2022	2023	2022
	€	€	£	£
Cost	9 290	9 290	8 074	8 239
Aggregate depreciation	(9 290)	(9 290)	(8 074)	(8 239)

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 2023	9 932 802	9 905 461	27 341	8 809 401	8 785 153	22 973
Additions	12 000	12 000	..	10 429	10 429	
Disposals	(18 035)	..	(18 035)	(15 674)	..	(15 674)
Exchange difference	..	..	..	(176 804)	(176 316)	789
At 31 st December 2023	9 926 767	9 917 461	9 306	8 627 352	8 619 266	8 088
Aggregate depreciation						
At 1 st January 2023	7 818 755	7 796 965	21 790	6 932 073	6 915 128	19 322
Charge for the year	104 682	103 073	1 609	90 980	89 581	1 399
Disposals	(18 039)	..	(18 035)	(15 678)	..	(15 674)
Exchange difference	..	..	..	(139 611)	(138 777)	(388)
At 31 st December 2023	7 905 398	7 900 038	5 360	6 870 591	6 865 932	4 659
Net book value						
At 1 st January 2023	2 114 048	2 108 496	5 552	1 874 950	1 870 025	4 927
At 31 st December 2023	2 021 369	2 017 423	3 946	1 756 772	1 753 334	3 429

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

Health service (in €)	Total	Buildings Hospital 1990	Buildings Hospital 1982	Buildings Hospital 1974	Renovation Hospital	Part of Buildings Barbès	Part of land Barbès
	€	€	€	€	€	€	€
Cost							
At 1 st January 2023	9 905 461	3 046 184	5 265 953	1 593 324	..	..	..
Additions	12 000	..	..	..	12 000	..	..
Disposals	..	..	..	..	..	..	..
At 31 st December 2023	9 917 461	3 046 184	5 265 953	1 593 324	12 000	..	..
Aggregate depreciation							
At 1 st January 2023	7 796 965	2 185 637	4 018 004	1 593 324	..	..	..
Charge for the year	103 073	25 237	77 836	..	..	..	..
Disposals	..	..	..	..	..	..	..
At 31 st December 2023	7 900 038	2 210 874	4 095 840	1 593 324	..	..	..
Net book value							
At 1 st January 2023	2 108 496	860 547	1 247 939	..	..	..	..
At 31 st December 2023	2 017 423	835 310	1 170 113	..	12 000	..	..
Health service (in £)	Total	Buildings Hospital 1990	Buildings Hospital 1982	Buildings Hospital 1974	Renovation Hospital	Part of Buildings Barbès	Part of land Barbès
	£	£	£	£	£	£	£
Cost							
At 1 st January 2023	8 785 154	2 701 661	4 670 374	1 413 119	..	..	..
Additions	10 429	..	..	..	10 429	..	..
Disposals	..	..	..	..	..	..	..
Exchange difference	(176 317)	(54 222)	(93 734)	(28 361)	..	..	..
At 31 st December 2023	8 619 266	2 647 439	4 576 640	1 384 758	10 429	..	..
Aggregate depreciation							
At 1 st January 2023	6 915 128	1 938 441	3 563 568	1 413 119	..	..	..
Charge for the year	89 580	21 933	67 647	..	..	..	..
Disposals	..	..	..	..	..	..	..
Exchange difference	(138 776)	(38 903)	(71 512)	(28 361)	..	..	..
At 31 st December 2023	6 865 932	1 921 471	3 559 703	1 384 758	..	..	..
Net book value							
At 1 st January 2023	1 870 025	763 220	1 106 806	..	..	..	..
At 31 st December 2023	1 753 334	725 968	1 016 937	..	10 429	..	..

Other fixed assets - Admin (in € and £)	Total	Furniture	Computer equipment	Total	Furniture	Computer equipment
	€	€	€	£	£	£
Cost						
At 1 st January 2023	27 341	20 407	6 934	22 973	17 147	5 826
Additions						
Disposals	(18 035)	(18 035)	..	(15 674)	(15 674)	..
Exchange differences	..	..	..	789	589	200
At 31 st December 2023	9 306	2 372	6 934	8 088	2 062	6 026
Aggregate depreciation						
At 1 st January 2023	21 786	20 204	1 582	19 322	17 919	1 403
Charge for the year	1 609	439	1 170	1 399	382	1 017
Disposals & reclassification	(18 035)	(19 570)	1 535	(15 674)	(17 008)	1 334
Exchange differences	..	..	..	(388)	(360)	(28)
At 31 st December 2023	5 360	1 073	4 287	4 659	933	3 726
Net book value						
At 1 st January 2023	5 552	203	5 352	4 927	180	4 747
At 31 st December 2023	3 946	1 299	2 647	3 429	1 129	2 300

16 Investment properties

	Total	Total
	€	£
Historical cost		
At 1 st January 2023	20 980 281	18 607 411
Additions	1 097 740	954 046
Disposals	(4 731 102)	(4 111 801)
Exchange difference	..	(373 449)
At 31 st December 2023	17 346 919	15 076 207
Market value		
At 1 st January 2023	44 068 581	39 084 424
Fixed assets – increase	1 097 740	954 046
Disposals	..	..
Revaluation of properties	(77 044)	(66 959)
Exchange difference	..	(784 420)
At 31 st December 2023	45 089 277	39 187 091

Investment properties are all located in Levallois-Perret in France and, at 31st December 2023, 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.

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.

At 31st December 2023, the Directors have determined that the assets should be stated at the same valuation as at the prior year end since there is building work in progress on the Chateau and the Wallace Gardens buildings were last valued in 2022 (less than three years ago).

16.2 Secretary of State for Foreign Commonwealth and Development Affairs

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 Foreign, Commonwealth and Development Affairs. 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 and that their management and administration is undertaken by the members of the Directors of the Company 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 2023	10 600 230	9 212 660
Additions	..	..
Retirements	..	..
Revaluation of financial asset	306 883	266 712
Exchange difference	..	..
At 31 st December 2023	10 907 113	9 479 372
Aggregate depreciation		
At 1 st January 2023	34 637	30 720
Charge for the year		
Retirements	(34 637)	(30 103)
Exchange difference		(617)
At 31 st December 2023	..	..
Net book value		
At 1 st January 2023	10 565 593	9 370 624
At 31 st December 2023	10 907 113	9 479 372
Market Value	10 907 113	9 479 372

18 Debtors

Debtors comprise the following at 31st December:

	2023	2022	2023	2022
	€	€	£	£
Income not yet invoiced (rental on Batigère lease)	546 840	994 127	475 259	881 691
Accounts receivable net of depreciation	165 803	759 711	144 099	673 788
Other debtors and prepayments	25 458	76 150	22 126	67 538
VAT	78 716	101 740	68 412	90 233
Receivable from IHFB (now HFB-FCJ)	62 825	215 950	54 601	191 526
Investment grant from ARS to be received from IHFB (now HFB-FCJ)	..	30 377	..	26 941
Investment grant on cost overrun of the smoke extraction system to be received from IHFB (now HFB-FCJ)	..	45 857	..	40 671
	879 642	2 223 912	764 497	1 972 388

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 €30 922/£26 874 (2022 € 29 957 / £26 569). The amount is invested in a passbook savings account and earned interest of €942 / £818 for the year ended 31st December 2023 (2022 € 4 957/ £4 396). 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.

20 Current liabilities

Current liabilities comprise the following at 31st December:

	2023	2022	2023	2022
	€	€	£	£
Social debt	36 638	34 770	31 842	30 838
Suppliers	117 728	232 510	102 317	206 213
Deposits received from tenants	450 483	426 216	391 515	378 011
VAT	162 651	340 010	141 360	301 555
Other taxes	..	126	..	112
IHFB contribution (see below)	..	..	..	..
Rent paid in advance – Orange	..	457 280	..	405 562
Due to IHFB (now HFB-FCJ)	79	79	69	70
Accrued interest on loans	1 961	..	1 704	..
Other creditors and accruals	..	..	..	..
	769 540	1 490 991	668 807	1 322 361

21 Loans

21.1 Summary

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

	2023	2022	2023	2022
	€	€	£	£
Short-term bank loans	..	..	..	..
Short-term portion of property loans	200 173	229 413	173 970	203 466
Total short-term loans	200 173	229 413	173 970	203 466
Long-term portion of property loans	836 171	536 341	726 720	475 681
Total loans	1 036 344	765 754	900 690	679 147

21.2 Property loans in detail

		Total	Long-term	Short-term	Total	Long-term	Short-term
	Note	€	€	€	£	£	£
At 1 st January 2023							
Société Générale		30 377	..	30 377	26 941	..	26 941
Crédit du Nord		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
At 31 st December 2023							
Rothschild Martin Maurel - Lombard loan	(a)	500 000	500 000	..	434 550	434 550	..
Société Générale (previously Crédit du Nord) « PGE » loan	(b)	536 344	336 171	200 173	466 140	292 170	173 970
Total		1 036 344	836 171	200 173	900 690	726 720	173 970

The details of the loans subscribed and the balances due are as follows:

		Amount subscribed	Amount drawn down at 31 st Dec. 23	Amount due at 31 st Dec. 23	Duration	Interest rate
		€	€	€		
Rothschild Martin Maurel – Lombard loan	(a)	3 000 000	500 000	500 000	Revolving	Euribor 1 month plus 70 basis points
Société Générale (previously Crédit du Nord) « PGE » loan	(b)	999 000	999 000	536 341	6 years from August 2020	0.25% initial rate

22 Provisions

There are no provisions at the year-end (and none at 31st December 2022).

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. 2022	Increases	Reductions	31 Dec. 2023
	€	€	€	€
Initial investment grant	355 229	..	42 500	312 729
Additional grant	134 151	..	16 050	118 101
Total in €	489 380	..	58 550	430 830
Total in £	412 052	..	50 886	361 166
Exchange difference	16 422	..	(3 154)	13 268
Total in £	428 474	..	54 040	374 434

In 2011, the Company 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 Company 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 Company 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

	2023	2022	2023	2022
	€	€	£	£
Revaluation reserve				
1967 revaluation of land at rue Barbès	198 185	198 185	172 242	175 769
1974 revaluation of other fixed assets	472 195	472 195	410 385	418 790
	670 380	670 380	582 627	594 559
Unrealised gain on investment properties				
Revaluation reserve	28 067 277	23 088 300	24 393 270	20 477 013
Total revaluation reserve	28 737 656	23 758 680	24 975 897	21 071 572
Special reserves				
Investment reserve	173 130	173 130	150 467	153 549
Treasury reserve	549 156	549 156	477 271	487 046
Total special reserves	722 286	722 286	627 738	640 595
Other reserves				
Reserve for refurbishment of assets	1 000 000	1 000 000	869 100	886 900
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	958 054	977 676
Various other funds	1 310 982	1 310 982	1 139 375	1 162 711
Total other reserves	3 413 334	3 413 334	2 966 529	3 027 287
General funds	26 072 325	30 612 952	22 659 458	27 150 628
Total other reserves	29 485 660	34 026 287	25 625 987	30 177 915
Total unrestricted funds	58 945 602	58 507 252	51 229 623	51 890 082

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

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 Company 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:

	2023	2022	
	€	€	
Net profit (loss) for the year per French accounts	(1 234 713)	11 463 280	
Reconciling items			Impacted items
Disposal of investment assets	919 606	(12 100 000)	Unrealized gain & loss
Investment asset	..	4 653 200	Unrealized gain & loss
Depreciation of investment assets	..	(2 820 093)	General funds
Revaluation of investment assets	229 839	(1 949 552)	Unrealized gain & loss
Difference in depreciation charge	523 616	570 630	General funds
Net movement in funds after taxation	438 348	(182 530)	

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

	2023	2022	
	€	€	
Net equity per French accounts	19 339 037	20 573 750	
Reconciling items			
Revaluation of assets	28 067 276	23 088 300	
Cumulative difference in depreciation charge	11 539 289	14 845 202	
Other	..	..
Total unrestricted funds	58 945 602	58 507 252	

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 Company should leave the French social security system, a pro-rata temporis reimbursement would have applied. As of 31st December 2022, the liability was fully extinguished.

26.2 Other commitments

As is explained at note 3.5, the Company has provided a lien (“nantissement”) over the capitalization funds held by Crédit Agricole Life Insurance and managed by Rothschild Martin Maurel in guarantee of the Lombard loan that has been obtained to finance the work on the Château.