

**HOUBLON-NORMAN FUND
(Incorporating the GEORGE FUND)**

**REPORT AND ACCOUNTS
YEAR ENDED 30 JUNE 2017**

CHARITY REGISTRATION NUMBER 213168

Houblon-Norman Fund (Incorporating the George Fund)

Table of Contents

Report of the Trustees	2-6
Reference and Administrative Details	2
Fund Background	3
Statement of Trustees' Responsibilities in Respect of the Trustees' Report and the Financial Statements	7
Independent auditor's report to the Trustees of the Houblon Norman Fund	11
Statement of Financial Activities – Year ended 30 June 2017	13
Balance Sheet – Year ended 30 June 2017	14
Notes to the Accounts	15-21
Investment Income	17
Fellowships Awarded.....	17
Other	18
Investments	19
Cash at bank & in hand	20
Debtors	20
Creditors: amounts falling due with one year.....	20
Reconciliation of Funds	21

Houblon-Norman Fund (Incorporating the George Fund)

Report of the Trustees Reference and Administrative Details

Charity registration number 213168

Address:	c/o The Secretary Houblon-Norman Fund Bank of England Threadneedle Street London EC2R 8AH
Trustees:	Dr Benjamin Broadbent – Chairman Mr Alexander Brazier Mr David Prentis
Advisory Committee:	Mr Andrew Haldane Professor Andrew Scott – Chairman Professor Silvana Tenreyro
Investment Committee:	Mr Stephen Collins - Chairman Mr Rommel Pereira Mrs Julie Crowther
Secretary/Treasurer:	Mrs Emma-Jayne Webb (until 20 th June 2017) Mrs Cathy Jones/ Mrs Kathryn Mealin (wef 20 th June 2017)
Bankers and Investment Managers:	Bank of England Threadneedle Street London EC2R 8AH
Auditors:	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL
Solicitors:	Freshfields Bruckhaus Deringer 65 Fleet Street London EC4Y 1HS

Houblon-Norman Fund (Incorporating the George Fund)

**Report of the Trustees
For the year ended 30 June 2017**

Structure, Governance and Management

The Houblon-Norman Fund, a registered charity, was established by the Bank of England ("the Bank") in 1944 to mark the 250th anniversary of the Bank's foundation; Sir John Houblon was the first Governor and Montagu Norman was the then outgoing Governor of the Bank.

In 2003, to mark the retirement of the then Governor, Sir Edward George, the Court of the Bank decided to expand the resources available by £500,000 by creating a new George Fund to finance George Fellowships. These Fellowships sit alongside the Houblon-Norman Fellowships. Although the George Fund is separate from the original Houblon-Norman Fund, its purposes and administration are exactly the same as for the original Houblon-Norman Fund.

Houblon-Norman and George Fellowships are awarded in accordance with the Trust Deed dated 27 July 1944 and the Supplemental Deed dated 16 March 2004. These awards are in place "to promote research into and disseminate knowledge and understanding of the working, inter-action and function of financial and business institutions in Great Britain and elsewhere and the economic conditions affecting them".

The Fund is administered by an independent body of Trustees. An Advisory Committee, which is appointed by the Trustees, consists of three people who have the requisite academic standing and knowledge to make recommendations on the award of Fellowships. In every alternate year, the longest-serving member of the Committee retires, but is eligible for re-appointment. The non-Bank members of the Advisory Committee are paid an annual amount determined by the Trustees.

The Houblon Norman Fund and George Fund each consist of both endowment and non-endowment funds and are managed separately. Any income earned is unrestricted and used for charitable purposes.

Conflict of Interest

Any conflict of interests should be declared, or any circumstances that might be viewed by others as a conflict of interest, as soon as it arises in connection with their role in The Houblon Norman Fund (incorporating the George Fund). These should be submitted to the judgement of the Trustees to act as required regarding the potential conflicts of interest. Any decisions made by the Trustees would be minuted for future reference.

Charitable Objects and Public Benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Houblon-Norman Fund (Incorporating the George Fund)

The objects of the Fund are:

- i. to promote research into and disseminate knowledge and understanding of the working, interaction and function of financial and business institutions in Great Britain and elsewhere and the economic conditions affecting them; and to this end
- ii. to facilitate any relevant studies or research by the award of fellowships, the making of grants in aid of expenses or otherwise and
- iii. to promote the dissemination of knowledge acquired by such studies or research by making grants towards the expenses of publishing their results or otherwise.

These are also the objectives for 2017.

The Trustees invite applicants to engage in full-time research on an economic or financial topic of their own choice, preferably one that could be studied with particular advantage at the Bank of England. Senior Fellowships will be awarded to distinguished research workers who have established a reputation in their field. Fellowships will also be available for younger post-doctoral or equivalent applicants.

During 2015/16 three fellowships were awarded by the Trustees to be undertaken during 2016/17:

- Professor Anil Kashyap (Senior Fellow) researching "Mortgage Choices in the UK"
- Dr Luitgard Veraart (George Fellow) researching "Systemic Risk Assessment for Partially Observed Financial Networks"
- Professor George Walker (Senior Fellow) researching "The Future of Digital Money and Finance – a Legal, Regulatory and Market Examination"

During 2016/17 three fellowships were awarded by the Trustees to be undertaken during 2017/18:

- Professor Stephen Cecchetti (George Fellow) researching "Regulating Banks: Understanding the joint impact of capital and liquidity regulation"
- Professor Barry Eichengreen (Senior Fellow) researching "Central Bank Balance sheets, Monetary Policy and International Liquidity: Contemporary and Historical perspectives."
- Professor Sebnem Kalemli-Ozcan (Senior Fellow) researching "Slow Recovery in Europe: The role of Uncertainty, EU Integration and Debt Overhang on Corporate Investment"

The Fellows are expected to involve themselves in some areas of research being carried out in the Bank.

Fellowship applications

26 applications were received for the 2016/17 academic year with three fellowships being awarded.

25 applications were received for the 2017/18 academic year with three fellowships being awarded.

Houblon-Norman Fund (Incorporating the George Fund)

Recruiting and Appointing New Trustees

The Trustees consist of three members. One of the members must be the Governor or a Deputy Governor of the Bank of England (who will hold this position until otherwise resolved by the Court of Directors of the Bank). The remaining two Trustees are appointed on the advice of an expert committee according to the statutory powers of appointing new Trustees.

Newly appointed Trustees receive background information on the fund as part of the induction and training programme.

Trustees will be provided with further training where a training need arises.

Financial Results and Future Activities

The two unrestricted funds are managed separately as the Houblon Norman Fund and the George Fund. (see note 10).

The combined Houblon Norman Fund and George Fund has built to £2,154,472 as at 30 June 2017. The permanent protected endowments reflect approximately half of this current total value.

There was an overall combined net deficit for the year ended 30 June 2017 of £72,968 (2016: surplus £78,357) in total for General Funds.

A reduction in investment income arising from the closure of investment funds in July 2016 has resulted in an overall combined net deficit of £14,005 for Endowment Funds for the year ended 30 June 2017 (2016: net deficit £68,778). The funds have since been held on deposit due to uncertainty in the markets at the time and a decision to establish an investment committee who will provide advice to Trustees on the investment strategy.

Houblon-Norman Fund

A senior fellowship for 2017/18 was awarded to **Professor Barry Eichengreen** researching "Central Bank Balance sheets, Monetary Policy and International Liquidity: Contemporary and Historical perspectives" for £30,800.

A senior fellowship for 2017/18 was awarded to **Professor Sebnem Kalemli-Ozcan** researching "Slow Recovery in Europe: The role of Uncertainty, EU Integration and Debt Overhang on Corporate Investment" for £30,000.

There was a deficit of income over expenditure in the year ended 30 June 2017 of £47,750 for the Houblon-Norman element of the General Fund.

In the forthcoming year the Houblon-Norman Fund aims to continue to award Senior Fellowships and Fellowships in accordance with the Trust Deed.

Houblon-Norman Fund (Incorporating the George Fund)

George Fund

A fellowship for 2017/18 was awarded to **Professor Stephen Cecchetti** researching "Regulating Banks: Understanding the joint impact of capital and liquidity regulation" for £30,000.

There was a deficit of income over expenditure in the year ended 30 June 2017 of £25,218 for the George element of the General Fund.

In the forthcoming year the George Fund aims to continue to award George Fellowships in accordance with the Supplemental Trust Deed.

These awards are for 2017/18 but were communicated to the recipients in January 2017. Therefore, in line with the requirements of SORP (FRS 102), the expenses are recognised in the financial year that they were committed (2016/17) even though the fellows will not actually be paid until the following financial year (2017/18).

Houblon-Norman Fund (Incorporating the George Fund)

Statement of Trustees' Responsibilities in Respect of the Trustees' Annual Report and the Financial Statements

Under the trust deed of the charity and charity law, the trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulations. The trustees have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the excess of expenditure over income for that period.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed subject to any material departures disclosed and explained in the financial statements; and
- assess the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

The trustees are required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the financial and other information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Restrictions on investments

The Trust Deed dated 27 July 1944 states that:

- i. The Trustees shall keep the Fund invested in their names or under their control in investments of a kind for the time being authorised by law for the investment of trust monies (with power to vary the investment thereof) or may at their discretion deposit the Fund or any part thereof with a bank.

- ii. The Trustees shall apply the income of the Fund in the discharge of the costs charges and expenses of or incidental to the execution of the trusts hereof and subject thereto shall apply the said income at their discretion in furtherance of the objects of the Fund by the award of Fellowships and the making of grants.
- iii. Trustees may place on deposit with a Bank or invest any income not used in any year and may apply the same as income in any subsequent year.

These investment policies were followed throughout the year ended 30 June 2017.

Houblon-Norman Fund (Incorporating the George Fund)

Statement on risk

The Trustees have reviewed the risks to which the charity is exposed and believe that adequate systems and procedures have been established to manage those risks. In the opinion of the Trustees, the principal risk to which the Fund is exposed is investment risk. An investment committee was set up in 2016 to provide guidance to the Trustees on future investments. They review the investment strategy of the Fund at least annually in order to balance the objective of achieving good investment returns against the related investment risk.

Reserves policy

The Fund holds £0.8m in the form of investments. Income generated from these investments is unrestricted and allocated to the Fund's general reserve; these fund the Fellowship payments in each period.

In view of the level of costs of administering the Fund, it is the Trustees' current policy to maintain a working capital reserve to cover ongoing governance and other administrative expenses. As at 30 June 2017 this reported a surplus of £716,312 (2016: surplus £789,280) and sufficient cash in order to meet awards as they fall due.

The fund has a target for free reserves of £9,519, being equivalent to one year of fixed costs for the Charity. At the year end, general, free, unrestricted funds had a net surplus of £716,312, due to funds being held on deposit whilst a decision is made on investment.

In the past the Houblon-Norman Fund has been 'topped up' on several occasions through injections of additional funds by the Bank. As the minutes of the 4th March 2010 Trustees meeting highlighted, although The Bank's Court of Directors has made no commitments, the Trustees are content that the Houblon-Norman Fund be operated on the presumptions that injections of capital might be made in the future.

Disclosure of information to auditor

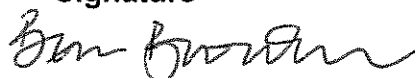
The trustees who held office at the date of approval of this trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the charity's auditor is unaware; and each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The Trustees' Report was approved and signed by the Trustees on 18 January 2018.

Name

Signature

Dr Benjamin Broadbent



Mr Alexander Brazier



Mr David Prentis



(In accordance with the Foundation Trust Deed sct. 3.(i) two trustees can exercise all of the powers for the fund)

Houblon-Norman Fund (Incorporating the George Fund)

We have audited the financial statements of the Houblon-Norman Fund ("the charity") for the year ended 30 June 2017 which comprise the Statement of Financial Activities, the Balance Sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 June 2017 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under section 145 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charity in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The trustees are responsible for the other information, which comprises the Report of the Trustees. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 7, the trustees are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

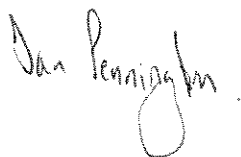
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charity's trustees as a body, in accordance with section 145 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Ian Pennington
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

Date: 18th January 2018

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Houblon-Norman Fund (Incorporating the George Fund)

Statement of Financial Activity Year ended 30 June 2017

	General Unrestricted Funds £	Endowment Funds £	Total Funds 2017 £	General Unrestricted Funds £	Endowment Funds £	Total Funds 2016 £
Income						
Investments (Note 3)	28,351	-	28,351	100,689	-	100,689
Expenditure						
Charitable Activities - Fellowship awards (Note 4)	90,800	-	90,800	82,306	-	82,306
Other (Note 5)	10,519	-	10,519	8,284	-	8,284
	101,319	-	101,319	90,590	-	90,590
Net Gains/(Losses) on investments (Note 6)	-	(14,005)	(14,005)	68,258	(68,778)	(520)
Net (deficit) / income	(72,968)	(14,005)	(86,973)	78,357	(68,778)	9,579
Reconciliation of Funds						
Total Funds brought forward	789,280	1,452,165	2,241,445	710,923	1,520,943	2,231,866
Total Funds carried forward (Note 10)	716,312	1,438,160	2,154,472	789,280	1,452,165	2,241,445

Houblon-Norman Fund (Incorporating the George Fund)

Balance Sheet Year ended 30 June 2017

	General Unrestricted Funds	Endowment Funds	Total Funds 2017	Total Funds 2016
	£	£	£	£
Fixed Assets				
Investments (Note 6)	-	786,927	786,927	2,253,097
Total Fixed Assets	<u>-</u>	<u>786,927</u>	<u>786,927</u>	<u>2,253,097</u>
Current Assets				
Cash at bank & in hand (Note 7)	798,702	651,233	1,449,935	73,810
Debtors - accrued income (Note 8)	6,319	-	6,319	42,978
Total Current Assets	<u>805,021</u>	<u>651,233</u>	<u>1,456,254</u>	<u>116,788</u>
Creditors: amounts falling due within one year (Note 9)	(88,709)	-	(88,709)	(128,440)
Net current liabilities	<u>716,312</u>	<u>651,233</u>	<u>1,367,545</u>	<u>(11,652)</u>
Net Assets	<u>716,312</u>	<u>1,438,160</u>	<u>2,154,472</u>	<u>2,241,445</u>
Endowment Funds	-	1,438,160	1,438,160	1,452,165
General Funds	716,312	-	716,312	789,280
Total Funds	<u>716,312</u>	<u>1,438,160</u>	<u>2,154,472</u>	<u>2,241,445</u>

These accounts were approved and signed by the Trustees on 18 January 2018

Name

Signature

Dr Benjamin Broadbent

Mr Alexander Brazier

Mr David Prentis

The notes on pages 13 to 19 form part of these financial statements

Houblon-Norman Fund (Incorporating the George Fund)

Notes to the Accounts

1 Accounting Policies

(a) Basis of preparation

These financial statements have been prepared under the historical cost convention except for investments that are stated at market value in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (Charities SORP (FRS 102)) and the Financial Reporting Standard 102 applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) issued on 16 July 2014 rather than the preceding Charities SORP (SORP 2005) which was effective from 1 April 2005 and has since been withdrawn.

(b) Going concern

These accounts have been prepared on the going concern basis.

(c) Unrestricted and Permanently Endowed Funds

The charity has various types of fund for which it is responsible, and which require separate disclosure. These are as follows:

Endowment funds

These funds comprise capital sums which are donated under the restrictions that they are invested and that only the income arising is available for expenditure for the general purposes of Houblon Norman Fund and the George Fund.

Unrestricted funds

These funds comprise accumulated surpluses and deficits on general funds that are expendable at the discretion of the Trustees in furtherance of the objects of the charity and that have not been designated for other purposes.

(d) Investments

Investments have been valued at market value at the balance sheet date. Government securities and other fixed income investments are shown at clean market prices: accrued income thereon is shown as a debtor. Any gain or loss on revaluation is taken to the Statement of Financial Activities (SOFA). Cumulative gains on revaluations are not available for the award of fellowships.

(e) Investment income

Income is accounted for on an accruals basis and is not subject to taxation. The income from the Endowment Fund is unrestricted and therefore income is allocated to the General Fund.

Houblon-Norman Fund (Incorporating the George Fund)

Notes to the Accounts

- (f) **Expenditure**
Operating Expenditure (which does not include Fellowship awards) is included on an accruals basis including irrecoverable VAT.
- (g) **Fellowship awards**
In accordance with Charities SORP (FRS 102) 2015, fellowship awards are charged against income in the period in which the funding decision is communicated to the recipient
- (h) **Administrative Costs**
The Fund benefits from the provision of resources and office facilities by the Bank of England at no charge. This has not been quantified for the purposes of these accounts as it is not practical due to the small size and nature.
- (i) **Cash flow statement**
In accordance with FRS102, there is no requirement to prepare a cash flow statement by virtue of the Fund's size.
- (j) **Governance Costs**
The Trustees agreed that from March 2004 all Governance costs would be apportioned to reflect the size of each fund. From this date this resulted in costs being apportioned 75% to the Houblon-Norman Fund and 25% to the George Fund.
- (k) **Related party transactions**
The Trustees confirm that there have been no related party transactions during the year which require disclosure under FRS 102.
- (l) **Tax Policy**
The Houblon-Norman Fund is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.
- (J) **Staff costs**
The Fund does not have any employees and is supported by staff employed by the Bank of England without charge.

Houblon-Norman Fund (Incorporating the George Fund)

Notes to the Accounts (continued)

3 Investment Income

	Houblon Norman Fund £	George Fund £	Total 2017 £	Total 2016 £
Charifund/Charibond Dividends	20,914	7,437	28,351	100,689
	20,914	7,437	28,351	100,689

4 Fellowships Awarded

	Houblon Norman Fund £	George Fund £	Total 2017 £	Total 2016 £
Professor Stephen Cecchetti		30,000	30,000	
Professor Barry Eichengreen	30,800		30,800	
Professor Sebnem Kalemli-Ozcan	30,000		30,000	
Professor Anil Kashyap			-	40,000
Dr Luitgard Veraart			-	36,306
Professor George Walker			-	6,000
	60,800	30,000	90,800	82,306

Houblon-Norman Fund (Incorporating the George Fund)

Notes to the Accounts (continued)

5 Other

	Houblon Norman Fund	George Fund	Total 2017	Total 2016
	£	£	£	£
Audit Fee	6,513	2,171	8,684	7,134
Honorarium	1,350	450	1,800	1,150
Bank charges	-	35	35	-
	<u>7,863</u>	<u>2,656</u>	<u>10,519</u>	<u>8,284</u>

Other resources expended for the year end 30 June 2017 consisted of:

- A honorarium of £650 was paid to Professor Andrew Scott (Chair of Advisory Committee) for services provided to the Fund during the year
- A honorarium of £500 was paid to Professor Silvana Tenreiro (Member of Advisory Committee) for services provided to the Fund during the year
- A honorarium of £650 was paid to Stephen Collins (Chair of Investment Committee) for services provided to the Fund during the year

Governance costs expenditure for the year ended 30 June 2017 consisted of:

- The amount charged to the Houblon-Norman Fund in 2017 for audit fees was £5,763 and £1,921 to the George Fund (2016: £5,351 and £1,784).
- No payments were made to Trustees during the year (2016: nil) for remuneration or expenses

Houblon-Norman Fund (Incorporating the George Fund)

Notes to the Accounts (continued)

6 Investments

Houblon-Norman Fund

	General Unrestricted Funds	Endowment Funds	Total 2017	Total 2016
	£	£	£	£
Market Value at 01/07/16	-	1,662,058	1,662,058	1,662,442
Purchase of investments	-	-	-	-
Selling of investments	-	(1,071,229)	(1,071,229)	-
Unrealised Gains/(losses)	-	(10,331)	(10,331)	(384)
			-	
Market Value at 30/06/17	-	580,498	580,498	1,662,058

George Fund

	General Unrestricted Funds	Endowment Funds	Total 2017	Total 2016
	£	£	£	£
Market Value at 01/07/16	-	591,039	591,039	591,175
Purchase of investments	-	-	-	-
Selling of investments	-	(380,936)	(380,936)	-
Unrealised Gains/(losses)	-	(3,674)	(3,674)	(136)
Market Value at 30/06/17	-	206,429	206,429	591,039
Total Market Value at 30/06/17	-	786,927	786,927	2,253,097

The value of the investments as at 30 June 2017 was as follows:

Houblon Norman Fund

- Allianz Chariguard UK Equity Fund £0 (fund sold 30 June 2016)
- CCLA Charities Fixed Interest Fund £580,498 (Units/Shares held 419,951.14)

George Fund

- Allianz Chariguard UK Equity Fund £0
- CCLA Charities Fixed Interest Fund £206,429 (Units/Shares held 149,337.26)

Part of the endowment is invested in a tracker fund that aims to match the total returns of very broad indices for UK Government bonds. In the year to 30 June 2017 the returns for the CCLA funds were broadly in line with the benchmark indices.

Houblon-Norman Fund (Incorporating the George Fund)

Notes to the Accounts (continued)

7 Cash at bank & in hand

	Houblon Norman Fund £	George Fund £	Total 2017 £	Total 2016 £
General Fund	620,306	178,396	798,702	73,810
Endowment Fund	480,400	170,833	651,233	-
	<u>1,100,706</u>	<u>349,229</u>	<u>1,449,935</u>	<u>73,810</u>

8 Debtors

	Houblon- Norman Fund £	George Fund £	Total 2017 £	Total 2016 £
Dividends Accrued	4,661	1,658	6,319	42,978
	<u>4,661</u>	<u>1,658</u>	<u>6,319</u>	<u>42,978</u>

9 Creditors amounts falling due within one year

	Houblon- Norman Fund £	George Fund £	Total 2017 £	Total 2016 £
Accruals	25,807	2,102	27,909	46,134
Fellowship Awards (note 4)	60,800	0	60,800	82,306
	<u>86,607</u>	<u>2,102</u>	<u>88,709</u>	<u>128,440</u>

Houblon-Norman Fund (Incorporating the George Fund)

Notes to the Accounts (continued)

10 Reconciliation of Funds

	Houblon- Norman Fund	George Fund	Total 2017	Total 2016
	£	£	£	£
General Funds				
Net movement in funds	(47,750)	(25,218)	(72,968)	78,357
Total Funds brought forward	586,111	203,169	789,280	710,923
Total Funds carried forward	538,361	177,951	716,312	789,280
Endowment Funds				
Net movement in funds (note 7)	(10,331)	(3,674)	(14,005)	(68,778)
Total Funds brought forward	1,071,229	380,936	1,452,165	1,520,943
Total Funds carried forward	1,060,898	377,262	1,438,160	1,452,165
	1,599,259	555,213	2,154,472	2,241,445

The Houblon Norman Fund and George Fund are endowment funds and are permanent and restricted. The funds are managed separately from each other. Any income earned is unrestricted and can be used for the general use of the fund.

Houblon-Norman and George Fellowships are awarded, in accordance with the Trust Deed dated 27 July 1944 and the Supplemental Deed dated 16 March 2004. These awards are in place, "to promote research into and disseminate knowledge and understanding of the working, inter-action and function of financial and business institutions in Great Britain and elsewhere and the economic conditions affecting them".