

Marshall Aid Commemoration Commission
Accounts 2016-17

Marshall Aid Commemoration Commission Accounts 2016-17

Presented to Parliament pursuant to Section 2(7) of the Marshall Aid Commemoration Act 1953

Ordered by the House of Commons to be printed on 18 December 2017

The National Audit Office scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Sir Amyas Morse KCB, is an Officer of the House of Commons and leads the NAO. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund have used their resources efficiently, effectively, and with economy. Our studies evaluate the value for money of public spending, nationally and locally. Our recommendations and reports on good practice help government improve public services, and our work led to audited savings of £734 million in 2016.



© Crown copyright 2017

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated.

To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at <https://www.gov.uk/government/publications>

ISBN: 978-1-910305-83-6

Printed on paper containing 75% recycled fibre content minimum

Contents

Performance Report	2
Accountability Report	9
Statement of Commission's and Chairman's responsibilities with respect to the Financial Statements	10
Governance Statement	11
The Certificate and Report of the Comptroller and Auditor General	13
Statement of Comprehensive Net Expenditure	15
Statement of Financial Position	16
Statement of Cash Flows	17
Statement of Changes in Taxpayers' Equity	18
Notes to the Financial Statements	19

Performance Report for the year ended 31 March 2017

Overview

Introduction from the Chair and the Accounting Officer of the Marshall Aid Commemoration Commission.

I am pleased to report that 2016-17 has been a year of progress and achievement for the Commission and the Marshall Scholarship Programme.

I believe our results for 2016-17 will represent a turning point in our financial affairs. For a number of years we have been operating within a flat cash grant environment which has put a downward pressure on the number of scholarship awards we could make. Partly to ameliorate this, for the last three years we have consciously allowed our expenditure to exceed our income with the corresponding deficits reducing our core reserves. This has enabled more scholarships to be awarded than would otherwise be the case. In this year, however, we were starting to feel that we had reached the point where it would no longer be prudent further to reduce such reserves in this way.

In recent years we have benefited from material financial support from third parties, particularly through fee-waiver partnerships with leading British universities and colleges, and this has effectively funded a significant number of our awards. In 2016-17 the growth of such support was sufficiently strong to eliminate our underlying deficit, to absorb some of the inevitable increases in our costs and to provide a modest surplus to carry forward which will be available to support future awards. I thank all our partners for this critical and most valuable support.

While our grant for 2016-17 remained at £2 million, during the course of the year the Foreign and Commonwealth Office decided that our future grant would be increased so as to fund eight additional scholarship awards, and this enabled us to make 40 awards to the incoming Class of 2017 rather than 32 which would otherwise have been the case. Over three years this will involve our grant increasing by one third.

By deepening its commitment to the Marshall Scholarship Programme in this way, HMG is sending a powerful signal as to the enduring value of the Programme and the merit of being associated with it, and this is much appreciated. On the back of this we will be renewing our efforts to attract additional third party financial support for the Programme. Looking forward, we will no longer plan on there being any further reduction in our core reserves and will aim to be in a position to award at least 40 scholarships each year.

Against this background, morale in the wider Marshall community has received a tremendous positive boost. The Association of Marshall Scholars – the alumni organisation – has never been in better heart. The Commission applauds its ambition in organising a major commemorative event at Harvard in June 2017 to mark the 70th Anniversary of George Marshall's Commencement Address which was effectively to launch the Marshall Plan.

I would like to thank my fellow Commissioners for their time, thoughtfulness and commitment. A number of Commissioners concluded their terms of service last year. As a result six new Commissioners were appointed in the summer of 2016. They bring a wide range of talents and experience which is of considerable value to the Commission. The two continuing Commissioners – Janet Legrand and Simon Newman – kindly accepted appointment to the respective positions of Deputy Chair of the Commission and Chair of its Education Committee. The Commission would also like to thank the staff at the Association of Commonwealth Universities who support the Scholarship Programme so effectively. During the course of the year, following a competitive tender, our support contract with the ACU was renewed for another five years with effect from April 2017.

The essence of the Marshall Scholarship Programme is to support the promise of the future while recognising the generosity of the past. With the stabilisation of our financial affairs and a much more positive financial outlook, I am delighted that we can look forward to welcoming 40 Marshall Scholars in the incoming Class of September 2017: I am confident that these Scholars, like their predecessors, will demonstrate their particular value to us during their period of studies in the UK and, as significantly, in their lives thereafter.

Christopher Fisher
26 May 2017

Aims and Objectives

The aims and objectives of the Marshall Aid Commemoration Commission ('MACC') are set out below:

The Commission's aims are to strengthen US-UK relations and to promote British influence in the United States by providing Marshall Scholarships to US Citizens of high academic achievement, who have the ability to be leaders, opinion formers and decision makers in the United States and, by doing so, to recognise the generosity of the Marshall Plan.

As future leaders of America, with a lasting understanding and appreciation of contemporary British society, Marshall Scholars will add to the enduring ties between the British and American peoples, their governments and their institutions.

The Commission's objectives are to strengthen the cultural, economic, trade, personal and historic ties between the US and the UK by using the Scholarships to:

- Motivate Scholars to act as ambassadors from America to the UK and vice versa throughout their lives thus strengthening British American understanding;
- Raise the profile of the UK in the US, particularly among its young people;
- Enable intellectually distinguished young Americans, their country's future leaders, to study in the UK;
- Help Scholars gain an understanding and appreciation of contemporary Britain; and
- Contribute to the advancement of knowledge in science, technology, the humanities, social sciences and the creative arts at Britain's centres of academic excellence.

The principal objective of the Commission's work is, therefore, to make the best arrangements possible to enable Marshall Scholars to carry out their studies and to put their awards to their fullest use.

Statutory Background and Historical Information

Marshall Scholarships were established by HM Government under the Marshall Aid Commemoration Act 1953 as an expression of gratitude for the benefits received by the United Kingdom under the European Recovery Programme (known as Marshall Aid) after World War II. The Act, as subsequently amended, allows for up to 40 Scholarships per year to be awarded to American college graduates, for tenure on a degree course at any British university, for periods of one, two and sometimes three years.

Since the inception of the scheme the number of Marshall Scholarships has evolved. The number of new awards increased from 12 to 24 in 1960, to 30 in 1973, and to 40 in 1991. From 2004 to 2007 the number awarded was up to 44, an increase accommodated by some scholarships costs being borne by universities and colleges. In the last decade the number of new Scholarships awarded declined to as low as 31 but in the latest admissions round 40 new Scholarships were awarded.

The Marshall Scholarship Programme has established itself as one of the most prestigious scholarships for young Americans wishing to undertake graduate study at universities throughout the United Kingdom, most commonly for two years. Indeed the President of the United States recently stated that the Marshall Scholarships are "one of the top academic honors anywhere in the world". In the sixty or so years since the programme began some 1900 American men and women have become Marshall Scholars. Competition for Marshall Scholarship awards is intense: last year there were over 24 endorsed applicants for each award.

Marshall Scholarship alumni occupy senior and influential positions in all walks of American life. They have included two Supreme Court Justices, members of Presidential administrations, members of Congress, a Nobel Prize winner, Pulitzer Prize winners, leaders in journalism, academia, business, entertainment, sports, the military, science, engineering and law.

Accounting Background

Under Section 2(7) of the 1953 Act the Commission is required each financial year to prepare accounts of expenditure in such form as the Secretary of State for Foreign and Commonwealth Affairs may, with the approval of the Treasury, direct.

Organisational Structure

The Commission was set up under the 1953 Act to:

- Administer the Grant-in-Aid;
- Select the persons to receive the Marshall Scholarships;
- Place the holders of Marshall Scholarships in Universities in the UK; and
- Oversee the welfare of the Marshall Scholars throughout their tenure in the UK.

The Commission consists of not less than seven nor more than ten members appointed by the Secretary of State, of whom not less than two shall be chosen as persons of eminence in academic matters and such one of the members as the Secretary of State may designate shall be Chairman of the Commission. In addition two Alumni Observers sit on the Commission. Commissioners are appointed initially for three years with the possibility of renewal for a further three years. Commissioners are volunteers and receive no remuneration.

Membership of the Commission during 2016-17:

Mr Christopher Fisher (Chair)	<i>Non-executive director of SEGRO PLC</i>
Mr Alan Bookbinder	<i>Director of the Sainsbury Family Charitable Trusts (from August 2016)</i>
Prof. Brian Cantor	<i>Vice-Chancellor, University of Bradford (from July 2016)</i>
Prof. Richard Dendy	<i>Head of Theoretical Physics at UKAEA Culham (until July 2016)</i>
Ms Eliza Hermann	<i>Former Vice President Human Resources at BP (until August 2016)</i>
Dr Ruth Kosmin (Deputy Chair)	<i>Head of European Economics, HM Treasury (Retired)(until July 2016)</i>
Ms Janet Legrand (Deputy Chair)	<i>Partner, DLA Piper</i>
Mrs Suzanne McCarthy	<i>Chairman of Depaul UK (from August 2016)</i>
Prof. Simon Newman	<i>Sir Denis Brogan Professor of American History, University of Glasgow</i>
Ms Barbara Ridpath	<i>Director, St Paul's Institute (from July 2016)</i>
Ms Xenia Wickett	<i>Head of the US and the Americas Programme, Chatham House (from July 2016)</i>
Lord Wood of Anfield	<i>Member of the House of Lords (from July 2016)</i>

Dr John Kirkland OBE, Deputy Secretary General of the Association of Commonwealth Universities, was the Commission's Executive Secretary during 2016-17. He retired on 30 September 2017 and was succeeded by Dr Joanna Newman.

In the United States the selection of Marshall Scholars is undertaken by Regional Selection Committee, supported by the British Embassy in Washington DC, and the Consulates-General in Atlanta, Boston, Chicago, Houston, Los Angeles, New York and San Francisco, and overseen by the Commission's Education Committee.

The MACC's Secretariat is provided by the Association of Commonwealth Universities, whose offices at Woburn House, 20-24 Tavistock Square, London, WC1H 9HF serve as the Commission's headquarters.

Performance and activities

The Commission again received a Grant-in-Aid from the FCO for 2016-17 of £2 million, but in November 2016 the FCO decided to increase its future funding to enable 8 extra scholarship awards to be made. As a result 40 awards were made to the incoming Class of September 2017 compared with the 32 otherwise planned.

The MACC is continuing to increase the number of partnership Scholarships with universities and colleges in the UK which enables it to offer more Scholarships than would otherwise be available. In total these partnership arrangements grew to £680,000 in 2016-17 compared with £580,000 the previous year, and this has become a critical ingredient in the overall scale and success of the programme.

Going concern basis

The Commissioners consider the use of the going concern basis is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt over the ability of the MACC to continue as a going concern.

Performance summary

These accounts show the costs of the Programme net of the benefit of third party support. The gross direct costs of our Scholarship awards is some £2.5 million. The Commission believes this more accurately illuminates the scale and nature of the Commission's financial affairs. It allows the success of third party funding to be properly appreciated, while at the same time underlining the growing dependence of the Scholarship Programme on this source of support.

With grant-in-aid remaining at £2 million, the growth in our third party benefits outweighed the growth in our underlying costs, reversing the deficit outcome in 2015-16 to a small surplus carried forward to support future awards. Core reserves remained constant at £618,000.

The growth in gross scholarship costs was limited to 3 per cent. Our reported administrative costs fell but, stripping out currency gains, were broadly flat. The costs of scholar selection, much of which arises in the US, rose by 17 percent in £ terms, reflecting the fall in the value of the £ relative to the \$ in the year. We enjoyed a currency gain on our \$ cash balances, but this is a one-off effect while the increase in our selection costs will remain, subject to future FX movements.

Our cash balances fell as our pre-payments increased at the year end and as we consumed various accrual and creditor balances. This movement was within the normal working capital parameters. Of our year end cash balance of £212,000, £207,000 was held in \$ (2016: £393,000 and £89,000 respectively).

The movement in third party balances within deferred income include a new source of partnership support from BSUF / AMS and a rundown of our funding support from the EPA. We are now no longer expecting new scholarship awards to be supported by the EPA, which is disappointing. The outstanding exposure at year end for existing awards totals some £135,000 spread over three years, which should be largely funded by the EPA.

Key issues and risks facing the Commission

The underlying financial position and outlook has improved compared with a year ago. HMG has decided to increase its future grant-in-aid and third party funding support has grown.

In 2016-17 there was no further depletion in core reserves, which were a little over £600,000 at the start and end of the year. The Commission believes it would be prudent to maintain this element of reserves to provide an appropriate cushion for our working capital needs and a margin to help absorb any unexpected increase in costs or shortfall in third party funding.

Scholarship analysis

In the academic year 2016-17 67 Marshall Scholars were studying in the UK of which 31 Marshall Scholars were fully funded by the MACC with the balance supported to varying degrees under partnership arrangements as set out below. This support is vital to the MACC's Scholarship programme.

Two Scholars, who are members of the US Military only received 50% of the stipend as agreed with the US Military academies.

Two Scholars were fully funded by external bodies, the Annenberg Foundation; and the Association of Marshall Scholars together with the British Schools and Universities Foundation (BSUF).

30 Scholars were jointly funded on Academic Partnership Scholarships:

- Three Scholars at each of the following institutions: Imperial College London and Somerville College, Oxford (Janet Watson)
- Two Scholars at each of the following institutions: Universities of Edinburgh and Glasgow; and Nuffield College, Oxford

- One Scholar at each of the following institutions: Universities of Bristol; Durham; Manchester; Reading and East Anglia. Also at Gonville and Caius College, Cambridge; Corpus Christi College, Oxford; King's College, Cambridge; King's College London; London School of Economics and Political Science; London School of Hygiene and Tropical Medicine; Magdalene College, Cambridge; New College, Oxford; Oriel College, Oxford; Queen Mary, University of London; St John's College, Cambridge; Trinity College, Oxford and University College London.

Two of these Partnership Scholars (Glasgow and New College, Oxford) were also in the military and so received 50% stipend.

Four Scholars were either fully or part funded under the third year funding agreement with the University of Oxford.

These partnership agreements contributions add up to the value of £660K (compared to in £587K in 2015-16).

In addition the Marshall Sherfield Fellow was supported by private funds from the Marshall Sherfield Fellowship Foundation and the Marshall Sherfield Endowment fund held by the Association of Commonwealth Universities.

Three Scholars were funded for further study beyond the three years, one at Imperial College London, one at King's College London and one at Harvard University under the agreement with the EPA.

A full report of the Commission's activities, including details on Scholar distribution, selections and placements, can be found in its 63rd Annual Report for the year to 30 September 2016. The Commission is required by the Foreign and Commonwealth Office to submit an Annual Report on its activities from 1 October until 30 September of each year. Copies of the Commission's annual reports are available in hard copy, and also electronically on <http://www.marshallscholarship.org/about/annualreports>.

Sustainability

The Commission has considered HM Treasury's Guidance on Sustainability Reporting. As the Commission is a small Non Departmental Public Body with no staff or physical assets and does not occupy any office accommodation, the Commissioners consider that there is nothing material to report.

On behalf of the Commission

Christopher Fisher
Chair
21 November 2017

Joanna Newman
Executive Secretary

Accountability Report for the year ended 31 March 2017

Corporate Governance Report

Directors' Report

Organisational Structure

Mr Christopher Fisher (Chair and Accounting Officer)

Dr John Kirkland OBE (Executive Secretary)

Page 6 lists the membership of the MACC.

Register of Interests

Marshall Commissioners are required to complete a declaration of any interests. A copy of the Register of Interests is kept by the Secretariat.

Management and employment

The Commission continued the arrangement under which its Secretariat is provided by the Association of Commonwealth Universities (ACU). The Commission itself does not have any employees.

Diversity and Inclusion

In appointing Marshall Commissioners the FCO seeks to be open and inclusive and seeks to recruit and develop a diverse and talented Commission that is representative of society today.

Personal Data Incidents

There were no personal data incidents in 2016-17.

Auditors

The MACC's accounts are audited by the Comptroller and Auditor General. So far as the Accounting Officer is aware, there is no relevant audit information of which the Commission's auditors are unaware.

The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Commission's auditors are aware of that information.

Issue date

The annual financial statements will be approved for issue by the Accounting Officer on the date shown on the audit certificate.

On behalf of the Commission

Christopher Fisher
Chair
21 November 2017

Joanna Newman
Executive Secretary

Statement of Commission's and Chairman's responsibilities with respect to the Financial Statements

Under the Marshall Aid Commemoration Act 1953, the Secretary of State for Foreign and Commonwealth Affairs, has directed the Marshall Aid Commemoration Commission to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the MACC's state of affairs at the year end, its net expenditure, cash flow and statement of changes in taxpayers' equity for the financial year. The accounts should be read in conjunction with the Annual Report of the Commission, covering the year to 30 September 2016, was published by the Stationery Office in early 2017.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and, in particular, to:

- Observe any Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgments and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- Prepare the accounts on a going concern basis.

The Accounting Officer of the Foreign and Commonwealth Office has designated the Chair as the Accounting Officer of the MACC. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for the keeping proper records and for safeguarding the MACC's assets, are set out in Managing Public Money published by HM Treasury.

The Accounting Officer is required to confirm that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

Christopher Fisher
Chair and Accounting Officer

21 November 2017

Governance Statement

Governance Framework

The Commission meets at least three times a year. Commissioner attendance was 76% in 2016-17. The MACC has two sub-committees, the Finance Committee, which meets three times a year, and the Education Committee, which meets twice a year. These Committees are accountable to the MACC for financial and educational issues.

There is also an Audit and Risk Management Committee (ARM) consisting of four non-Commission members and one Commission member. The Chair is Simon Morris (non-Commissioner). This Committee meets four times a year.

Commission Performance

The MACC has an appraisal process in place. The Chair of the Commission oversees this process. In addition the departing Scholars are surveyed each year on the effectiveness of the Scholarship and the Administration. These results are reviewed by the Commission annually.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the MACC, particularly its system of internal control. This review of the effectiveness of the system of internal control is informed by the work of the ACU, which has responsibility for the development and maintenance of the internal control framework and which is separately audited, advice from the FCO, and comments made by the MACC external auditors in their management letter and other reports. I have been advised on the implications of the result of this review of the effectiveness of the system of internal control by the ARM Committee so that the system can remain fit for purpose.

Corporate Governance

The Commission has considered HM Treasury's Corporate Governance Code. The Code's requirements are most directly applicable to Central Government. MACC is a small Non Departmental Public Body, so many of the detailed requirements are not relevant. However where the Code is materially relevant, the Commission considers that it does conform.

Risk Assessment

The following key principles outline the MACC's approach to risk management and internal control:

The Commission's risk policy is that it:

- Has responsibility for overseeing risk management within the organisation as a whole;
- Has an open and receptive approach to solving risk problems;
- Makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks;
- Identifies key risk indicators and closely monitor them on a regular basis.

The Commission's Risk Register incorporates this approach to risk management, and the roles and responsibilities of the MACC and its Secretariat and its risk management processes. The MACC and its Secretariat seek guidance where appropriate from the FCO on risk management issues. The MACC and its Secretariat conduct risk assessments of some of its activities, e.g. the annual Easter visit by Scholars to a centre outside of London.

The MACC's Risk Register is reviewed annually by its Audit and Risk Management Committee (ARM) and determined by the Commission. Risks are reported to the ARM Committee throughout the year, by email if their comments are required before the next scheduled meeting. MACC's key business processes (financial and non-financial) are documented. During the year no new risks were identified. No significant internal control failures occurred and there were no lapses of security

Scope of responsibility

As Accounting Officer since 1 March 2016, I have responsibility for maintaining a sound system of internal control that supports the achievement of the MACC's policies, aims and objectives whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

The MACC works closely with the FCO's Public Diplomacy department which is represented at meetings of the Commission and its Committees. The MACC also works closely with the British Ambassador to the US and relevant Embassy and Consulate staff.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of MACC policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2017 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

The Chair of the Finance Committee regularly reports to the Commission on expenditure to date, forecast outturn and projections for future years. These projections enable the Commission to assess the potential impact of increased tuition and maintenance fees. The Commission has again considered, together with the FCO representative, the impact of any changes in visa requirements for US students. Relevant administrative staff have obtained accreditation (Level 1) with the Office of the Immigration Services Commissioner (OISC).

Data Quality

All information presented to the Commission is derived from existing and management information systems. No concerns have been raised about the quality of data.

Christopher Fisher
Chair and Accounting Officer

21 November 2017

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Marshall Aid Commemoration Commission for the year ended 31 March 2017 under the Marshall Aid Commemoration Act 1953. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Commission, Chair and Auditor

As explained more fully in the Statement of Commission's and Chairman's Responsibilities with respect to the Financial Statements, the Commission and the Chair are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Marshall Aid Commemoration Act 1953. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 Marshall Aid Commemoration Commission's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Marshall Aid Commemoration Commission; and the overall presentation of the financial statements. In addition I 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 me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Marshall Aid Commemoration Commission's affairs as at 31 March 2017 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Marshall Aid Commemoration Act 1953 and Secretary of State directions issued thereunder

Opinion on other matters

In my opinion:

- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse KCB
Comptroller and Auditor General

4 December 2017

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Statement of Comprehensive Net Expenditure for the year ended 31 March 2017

	Notes	2016-17 £	2015-16 Restated £
Expenditure			
Scholarship costs	2	1,775,297	1,794,265
Selection process		68,922	62,970
Development of the Marshall Scholarship Scheme		22,611	24,178
Administration	3	243,219	256,403
UK Devolved Government itinerary		11,207	19,451
Total expenditure		<u>2,121,256</u>	<u>2,157,267</u>
Income			
Grants and Donations from third parties	6	154,058	114,446
Other income		1,050	5,950
Total income		<u>155,108</u>	<u>120,396</u>
Net expenditure before interest		<u>(1,966,148)</u>	<u>(2,036,871)</u>
Interest receivable		502	387
Net expenditure for the year		<u>(1,965,646)</u>	<u>(2,036,484)</u>

Continuing operations

All activities were continuing in the year.

Statement of Financial Position for the year ended 31 March 2017

	Notes	31 March 2017	31 March 2016
		£	£
Current assets			
Trade and other receivables	8	532,236	425,646
Cash and cash equivalents	9	211,813	393,054
Total current assets		<u>744,049</u>	<u>818,700</u>
Total Assets		<u>744,049</u>	<u>818,700</u>
Current liabilities			
Trade and other payables	10	(91,715)	(200,669)
Assets less liabilities		<u>652,334</u>	<u>618,031</u>
Taxpayers' equity			
General reserves			
MACC – committed (summer term tuition fees)		231,090	234,684
MACC – committed (first quarter scholar stipends)		212,720	196,454
MACC		174,221	186,893
Subtotal		<u>618,031</u>	<u>618,031</u>
Discretionary reserves			
Surplus arising from value of partnership benefits		34,303	0
Subtotal		<u>34,303</u>	<u>0</u>
Total reserves	11	<u>652,334</u>	<u>618,031</u>

The financial statements on pages 15 to 22 were approved by the Marshall Aid Commemoration Commission on 21 November 2017 and signed on its behalf by:

Christopher Fisher
Chair

Joanna Newman
Executive Secretary

Statement of Cash Flows for the year ended 31 March 2017

	Notes	2016-17 £	Restated 2015-16 £
Cash Flows from operating activities			
Net expenditure after interest		(1,965,646)	(2,036,484)
(Increase)/decrease in trade and other receivables	8	(106,590)	(5,672)
Non-cash item: amortisation		0	2,509
Increase/(decrease) in trade payables	10	(108,954)	87,631
Non cash grant-in-aid		46,949	53,070
Net cash outflow from operating activities		<u>(2,134,241)</u>	<u>(1,898,946)</u>
Cash Flows from financing activities			
Grant-in Aid received from FCO		1,999,949	2,002,987
Less: non cash grant-in-aid from FCO		(46,949)	(53,070)
Net financing		<u>1,953,000</u>	<u>1,949,917</u>
Increase/(decrease) in net cash and cash equivalents in the period		<u>(181,241)</u>	<u>50,971</u>
Cash and cash equivalents at the beginning of the period	9	<u>393,054</u>	<u>342,083</u>
Cash and cash equivalents at the end of the period	9	<u>211,813</u>	<u>393,054</u>

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2017

	Notes	I & E Reserve £	Total Reserves £
Changes in Taxpayers' equity 2014-15			
Retained Surplus / Deficit		(2,091,398)	(2,091,398)
Total recognised income and expense for 2014-15		(2,091,398)	(2,091,398)
Grant from FCO		2,002,782	2,002,782
Balance at 31 March 2015		<u>651,529</u>	<u>651,529</u>
Changes in Taxpayers' equity 2015-16			
Retained Surplus / Deficit		(2,036,485)	(2,036,485)
Total recognised income and expense for 2015-16		(2,036,485)	(2,036,485)
Grant from FCO		2,002,987	2,002,987
Balance at 31 March 2016		<u>618,031</u>	<u>618,031</u>
Changes in Taxpayers' equity 2016-17			
Retained Surplus / Deficit		(1,999,949)	(1,999,949)
Total recognised income and expense for 2016-17		(1,999,949)	(1,999,949)
Grant from FCO		1,999,949	1,999,949
Surplus arising from value of partnership benefits		£34,303	£34,303
Balance at 31 March 2017		<u>652,334</u>	<u>652,334</u>

The notes on pages 19 to 22 form part of these accounts.

Notes to the Financial Statements for the year ended 31 March 2017

1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2016-17 Government Financial Reporting Manual (FRoM) issued by HM Government. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Marshall Aid Commemoration Commission for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Marshall Aid Commemoration Commission are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

a Basis of preparation

The financial statements have been prepared in accordance with the Marshall Aid Commemoration Act 1953 and directions made thereunder by the Secretary of State and with applicable United Kingdom accounting standards. They have been prepared under the historical cost convention.

b Government grants

Grant-in-Aid is received from the FCO in support of the Scholarship scheme. The grants are voted and received in respect of the financial year ending 31 March; however, they cover the university tuition fees for the academic year ending 31 July. Under resource accounting, the advance payment of the summer term fees is shown as a prepayment.

Grant-in-Aid is used to finance activities and expenditure which support the statutory and other objectives of the Commission and are treated as financing, credited to the General Reserve, because they are regarded as contributions from a controlling party, which gives rise to a financial interest in the residual interest of NDPBs. Grant-in-Aid is credited to General Reserve on a cash received basis.

c Other income

The Scholarship scheme also attracts additional funding from other parties which is shown separately as 'Grants and donations from Third Parties' and is now accounted for on an accruals basis (whereas in 2015-16 it was accounted for on a receivable basis). This matches other income to related expenditure in the year, allowing a clearer presentation of FCO funding and expenditure. This policy restates 2015-16 income from £144,819 to £114,446.

d Expenditure

Expenditure is accounted for on an accruals basis.

e VAT

As the supplies are outside the scope of VAT the scheme is not registered for VAT. Any VAT incurred on inputs is therefore irrecoverable and charged to expenditure in the year in which it is incurred.

f Taxation

As an Executive Non Departmental Public Body the Commission does not pay tax on its results for the year.

g New accounting pronouncements and future accounting developments

There are no future accounting developments that will have a significant impact on the MACC's accounts.

h Cash and cash equivalents

Cash and cash equivalents comprise bank balances held by the Commission all translated to GBP, where applicable, at year-end using the prevailing exchange rate. All cash balances are held with commercial banks.

l Reserves

Third party income is treated as deferred income and released to match related expenditure, as over time all third party income will match expenditure. Previous treatment as reserves has been restated in the figures in Notes 10 and 11.

2 Scholarship Costs

	2016-17	2015-16 Restated
	£	£
Marshall Aid Scholarships	1,631,176	1,682,957
Annenberg Marshall Scholarships	20,932	16,130
US Environmental Protection Agency	103,460	95,178
British Schools & Universities Foundation / Association of Marshall Scholars	19,729	0
	<u>1,775,297</u>	<u>1,794,265</u>

3 Administration

	2016-17	2015-16 Restated
	£	£
Secretariat	235,401	230,428
Commission and other central costs	31,758	31,186
Currency (gain) / loss	(23,940)	(5,211)
	<u>243,219</u>	<u>256,403</u>

4 Staff Costs

The MACC does not employ any staff. The administration of the Scheme is undertaken by staff of the Association of Commonwealth Universities under a service contract with the Commission.

5 Net expenditure

	2016-17	2015-16 Restated
	£	£
The net expenditure for the year is stated after charging:		
Auditors' remuneration	<u>8,000</u>	<u>4,500</u>

6 Grants and Donations from third parties

	2016-17	2015-16 Restated
	£	£
Annenberg Endowment (via Association of Commonwealth Universities)	20,932	16,130
British Schools & Universities Foundation / Association of Marshall Scholars	19,729	0
US Environmental Protection Agency	103,460	95,178
Other	9,937	3,138
	<u>154,058</u>	<u>114,446</u>

7 Financial Instruments

As the cash requirements of the MACC are met through Grant-in-Aid provided by the FCO and third party grants and donations, financial instruments play a more limited role in creating and managing risk than would apply in a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the MACC's expected purchase and usage requirements and the MACC is therefore exposed to little credit, liquidity or market risk.

8 Trade receivables and other current assets

	2016-17	2015-16
	£	£
Amounts falling due within one year:		
Accommodation deposits	30,101	33,273
Trade receivables	7,788	7,279
Prepayments and accrued income	494,347	385,094
	<u>532,236</u>	<u>425,646</u>

9 Cash and cash equivalents

	2016-17	2015-16
	£	£
Balance at 1 April	393,054	342,083
Net change in cash and cash equivalent balances	(181,241)	50,971
Balance at 31 March	<u>211,813</u>	<u>393,054</u>

10 Trade payables and other current liabilities

	2016-17	2015-16
	£	£
Amounts falling due within one year:		
Trade payables	4,705	6,230
Accruals	14,550	49,408
Sundry creditors *	0	22,263
Deferred income	72,460	122,768
	<u>91,715</u>	<u>200,669</u>

2015-16 figures are restated to reflect the reclassification to deferred income of third party income.

	Opening balance	Donations & Income		Closing balance
		Receivable	Released	
	£	£	£	£
Movements on Deferred income				
Annenberg Foundation	10,493	17,972	(20,932)	7,533
Marshall Scholars	-	38,110	(19,729)	18,381
US Environmental Protection Agency	55,792	47,668	(103,460)	0
Other	56,483	0	(9,937)	46,546
	<u>122,768</u>	<u>103,750</u>	<u>(154,058)</u>	<u>72,460</u>

* \$50,000 was received in 2015-16 from Mr Adam Mortara to fund a new partnership agreement at Magdalene College, Cambridge. The first half (£22,263) was transferred in 2015/16 and the second half was transferred in 2016-17, resulting in a zero sundry creditor at 31 March 2017.

11 Movements on reserves

	Opening balance	Grant- in-Aid	Income	Bank interest	Expenditure	Closing balance
	£	£	£	£	£	£
General reserve –						
Core reserves	618,031	1,999,949	1,050	502	(2,001,501)	618,031
Discretionary reserves	–	–	–	–	34,303	34,303
Total reserves	618,031	1,999,949	1,050	502	(1,967,198)	652,334

Opening balances have been restated to reflect the reclassification of third party income from reserves to deferred income.

The opening and closing balances of the reserves include £234,684 and £231,090 respectively for the following Summer Term's tuition fees and £196,454 and £212,720 respectively for the first quarter scholar stipends. The non-committed opening and closing core reserves are £186,893 and £174,221 respectively.

12 Related party transactions

The MACC is an Executive Non Departmental Public Body of the FCO. The FCO is regarded as a Related Party with which the Commission's only material transaction during the year was Grant-in-Aid. None of the Commissioners or key members of the Secretariat, or other related parties has undertaken any other material transactions with the MACC during the year.

13 Commitments

In the autumn of each year the MACC offers scholarships for the following academic year, and the academic year following that. The MACC does not account for the future cost of these offers as there is some uncertainty over the university at which the scholar will study, the cost of the study and whether the tuition fee will be covered by a fee waiver. There can also be uncertainty over whether the scholar will accept and take up the offered scholarship.

14 Events after the reporting date

No non-adjusting events after the reporting date have been identified. The Accounting Officer authorised these financial statements for issue on the same date the Comptroller and Auditor General signed his certificate.

For further information about the National Audit Office please contact:

National Audit Office
Press Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
Tel: 020 7798 7400
Email: enquiries@nao.gsi.gov.uk

DG Ref: 11659

ISBN 978-1-910305-83-6



9 781910 305836