

Marshall Aid Commemoration Commission
Account 2015-16

Marshall Aid Commemoration Commission Account 2015-16

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

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Performance Report for the year ended 31 March 2016

Overview

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

I was appointed as Chair and Accounting Officer for the Marshall Aid Commemoration Commission (MACC) with effect from 1 March 2016. I have consulted with my predecessor Dr John Hughes and I am pleased to report that 2015-16 has been a year of satisfactory progress and achievement for the Marshall Aid Commemoration Commission.

We have continued to meet the priorities we outlined in our 2015-16 Business Plan and have also worked with the FCO to respond to the 2014 HMG Scholarships Cluster Review. The Cluster Review required much work from all members of the Commission and our Secretariat. We now look forward to working with the other HMG scholarship programmes when appropriate, especially where there are fundraising opportunities.

We have continued to make good progress in our partnership schemes with UK Universities with the University of Manchester becoming our most recent partner. Under such agreements, the partner institution contributes to the award of one or more Scholars, normally involving the partner institution waiving its tuition fees. The availability of partnership places increased, and their take up increased to 33 in 2015-16 from 28 in 2014-15. This growing trend is important in sustaining a reasonable number of Scholarship places in recent years.

We are grateful to a Marshall alumnus, Adam Mortara (class of 1996), who studied at Magdalene College, Cambridge. Adam has pioneered the idea of alumni paying for their alma mater to enter into a partnership agreement with the MACC. Accordingly an agreement with Magdalene College, Cambridge was signed in the past year and the first such Scholar was appointed in September 2015. In this way Adam is making a direct contribution to the Marshall Scholarships and to his Cambridge College, while through the generosity of alumnus Reid Hoffman, matching funds are deposited in the Alumni Endowment Fund. The fund now stands at just over \$600,000.

I would like to thank our Assistant Secretary, Ms Mary Denyer, who has led the work on our new online application system, which is now up and running. She was greatly helped by the pro-bono work given by an alumna observer on the MACC, Dr Laura Lafave; in addition much pro-bono legal advice from DLAPiper was facilitated by Commissioner Ms Janet Legrand.

With the help of Commissioner Mr Michael Birshan, we have brought up to date our vision, aims, priorities, and measures of success. The Corporate Plan for 2016-19 reflects these changes and outlines our priorities going forward.

The financial results for 2015-16 illustrate the continuing challenge of operating on a flat cash annual grant-in-aid of £2 million. The value of university and other partnerships to the Commission grew to £688,000 (2014 15 £569,710) and have been critical to the Commission's overall financial performance, when all the costs it is facing are inevitably rising. I thank our partners for their support. We plan on this support continuing to grow, though there are some inherent risks to this dependency.

Finally four of the Commissioners, including the Chair, came to the end of their tenure during 2015-16 and an appointment process to replace them is well in hand. I thank them all for their service and contributions, particularly that of my predecessor in the Chair, Dr John Hughes.

Aims and Objectives

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

The MACC'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 express the gratitude of the British people for 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 MACC'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 (including its role in Europe); 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

The Marshall Scholarships were established by HM Government under the Marshall Aid Commemoration Act 1953¹ 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 for a degree course at any British university, for periods of one, two and sometimes three years.

The most dramatic change since the inception of the scheme has been the increase in the number of Marshall Scholarships. The number of new awards increased from 12 to 24 in 1960, to 30 in 1973, to 40 in 1991. From 2004 to 2007 the number awarded was up to 44, an increase accommodated by some scholarships costs starting to be borne by universities and colleges. In the last decade the number of scholarships awarded has ranged from 33 to 40. In the 2016 admissions round we plan on awarding 32 scholarships.

The Marshall Scholarship programme has established itself as one of the most prestigious scholarships for young Americans wishing to undertake graduate study for one, two or three years at universities throughout the United Kingdom. In the sixty years since the programme began, some 1800 American men and women have studied in universities throughout the United Kingdom under this Scholarship programme.

Competition for Marshall Scholarship awards has been intense from the start. In 2015 we received over 900 applications.

¹ 1 & 2 Eliz. 2, c.39

Marshall Scholarship alumni occupy senior and influential positions in all walks of American life. They have included a Supreme Court Justice, members of the Obama administration, 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” Marshall Aid Commemoration Act 1953. In addition two Alumni Observers attend Commission meetings. 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 2015-16:

Dr John Hughes (Chair)	<i>Ambassador to Venezuela, Argentina and Paraguay HM Diplomatic Service [retired] (until 29 February 2016)</i>
Mr Christopher Fisher (Chair)	<i>President of the Council, University of Reading (from 1 March 2016)</i>
Mr Michael Birshan	<i>Partner, McKinsey & Company (until 29 February 2016)</i>
Prof. Richard Dendy	<i>Joint Director, Warwick University's Centre for Fusion, Space and Astrophysics</i>
Ms Eliza Hermann	<i>Former Vice-President, Human Resources, BP</i>
Mr Timothy Hornsby CBE	<i>Chair of the Horniman Museum, and Chair of Harkness Fellows Association (until 29 February 2016)</i>
Dr Ruth Kosmin (Deputy Chair)	<i>Former Head of European Economics at HM Treasury</i>
Ms Janet Legrand	<i>Partner, DLA Piper</i>
Prof. Simon Newman	<i>Professor of American History, University of Glasgow</i>
Prof. Nigel Thrift	<i>Vice-Chancellor, University of Warwick</i>
Dr John Kirkland OBE, Deputy Secretary General of the Association of Commonwealth Universities is the Commission's Executive Secretary.	

In the United States the selection of Marshall Scholars is overseen by the British Embassy in Washington DC, and the Consulates-General in Atlanta, Boston, Chicago, Houston, Los Angeles, New York and San Francisco.

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

Performance and activities

The Commission received a grant-in-aid from the FCO for 2015-16 of £2million; this is unchanged for the third successive year even though University tuition and maintenance fees have increased.

The Commission will continue its efforts to increase the number of partnership scholarships with universities and colleges in the UK which enables it to offer more Scholarships than would be available otherwise. In total our partnership arrangements were worth £688K in 2015-16.

Key issues and risks facing the Commission

During the year the Commission reviewed its Reserves Policy, which provides a framework enabling Commissioners to make a realistic assessment of the value of reserves required to be held in response to identified needs and MACC's circumstances. The criteria for holding reserves include risk management, potential investment needs and operational cash flow requirements. The Commission considers that reserves should be in the range between £0.5million and £1.5million. At 31 March 2016, MACC's reserve (Taxpayer's Equity) was £618,031 (2015: £651,529) and third party scholarships reserves were £122,768 (2015: £92,395).

The Commission believes it is critical to be able to offer at least 30 new scholarships each year, which represents a significant funding challenge. The scope to continue to draw on reserves to meet current expenditure is becoming increasingly limited.

Going concern basis

The Commissioners consider that 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 Commission to continue as a going concern.

Performance summary

MACC received financial support from HM Government in the form of £2million Grant-in-Aid for the financial year 2015-16 (compared to £2million in 2014-15), as indicated in the annual allocation letters. MACC's expenditure against this grant stood at £2,042,822, thus drawing from its reserves in a planned way.

However, MACC actually received £2,002,987 in 2015-16. After allowing for identified commitments of £431,138, the non-committed reserve for MACC at the end of the financial year stood at £186,893.

In 2015-16 the Scheme has attracted third party funding: the Annenberg Foundation donated £19,352 from an endowment held by the Association of Commonwealth Universities and the US Environmental Protection Agency (EPA) donated £125,467. These donations fund additional Marshall Scholarships.

Performance analysis

Performance measurement is evident through the sustained success of the scholarship programme. The Commission does not employ formal performance measurement models.

In the academic year 2015-16, out of a total of 67 Marshall Scholars, 33 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 Commission's scholarship programme.

One Scholar, who was a member of the US Military, was fully funded but only received 50% of the stipend as agreed with the US Military academies.

One Scholar was fully funded by an external body, the Annenberg Foundation. This Scholar was also military and only received 50% of the stipend; this Scholar's tuition fee was waived under the partnership agreement with Queen's University Belfast.

29 Scholars were jointly funded on Partnership Scholarships:

- One scholar at each of the following institutions: Birmingham, Gonville & Caius College Cambridge, Corpus Christi College Oxford, Glasgow, King's College Cambridge, King's College London, London School of Economics, London School of Hygiene and Tropical Medicine, Magdalene College Cambridge, Nuffield College Oxford, Sheffield, Southampton, University College London and East Anglia;
- Two scholars at each of the following institutions: Edinburgh, New College Oxford and Somerville College Oxford (Janet Watson award);
- Three scholars at each of the following institutions: Bristol and King's College London;
- Four scholars at Imperial College London.

Two further Scholars were fully funded under the third year funding agreement with the University of Oxford. One Scholar was partially funded for a third year at Oxford as he received partial support for tuition from Georgetown University. One Scholar was funded at Imperial College London under the agreement with the EPA. One Scholar was part-funded outside the UK at University of California, Berkeley under the agreement with the EPA.

These partnership agreement contributions add up to the value of £688,000.

A total of 67 Marshall Scholars were funded either by the MACC or under funding agreements in the UK and two Scholars were funded under the EPA funding agreement one in the UK and one in the USA. A further two Scholars were funded for further study beyond the three years, one at Darwin College, Cambridge and one at King's College London under the agreement with the EPA. In addition one Marshall Sherfield Fellow was supported by private funds from the Marshall Sherfield Fellowship Foundation and grants from the Marshall Sherfield Endowment Fund, held by the Association of Commonwealth Universities.

Total expenditure fell to £2,157,000 by £71,000 from £2,228,000. This is mostly due to Scholarship costs paid by the Commission falling to £1,794,000 by £72,000 from £1,866,000. Tuition fee costs fell £39,000 to £779,000 from £818,000 due to increased partnership funding, stipends fell £10,000 to £754,000 from £764,000 due to there being one less scholar (67 compared to 68), and third party scholarships fell £16,000 to £114,000 from £130,000.

A full report of the Commission's activities, including details on Scholar distribution, selections and placements, can be found in its 63rd Annual Report which will be submitted to the Secretary of State in 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 June 2016

J Kirkland
Executive Secretary

Accountability Report for the year ended 31 March 2016

Corporate Governance Report

Organisational Structure

Dr John Hughes (Chair and Accounting Officer) [until 29 February 2016]

Mr Christopher Fisher (Chair and Accounting Officer) [from 1 March 2016]

Dr John Kirkland OBE (Executive Secretary)

Page 5 lists the membership of the Commission.

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 2015-16.

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 June 2016

J Kirkland
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, will be 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 the 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.

Christopher Fisher
Chair and Accounting Officer

21 June 2016

Governance Statement

Governance Framework

The MACC meets formally three times a year. Commissioner attendance averaged 73% in 2015-16. The Commission has two sub-committees, the Finance Committee, which meets three times a year, and the Education Committee, which meets once 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 Commissioner. The Chair is Mr Simon Morris (non-Commission). This Committee meets four times a year.

Commission Performance

The MACC has an annual self-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 Officers, my predecessor and I have responsibility for reviewing the effectiveness of the Commission, 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. My predecessor and 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 the 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, whilst recognising them; and
- 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 Commission and its executive and its risk management processes. The Commission and its Executive seek guidance where appropriate from the FCO on risk management issues. The Commission and its Executive conduct risk assessments of some of its activities, e.g. the annual visit by Scholars to Northern Ireland, Scotland or Wales.

The Commission's Risk Register is reviewed and agreed annually by its Audit and Risk Management (ARM) Committee. Risks are reported to the ARM Committee through the year, by e-mail 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.

The Commission's Audit and Risk Management Committee has a lead role in this area.

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 Marshall Aid Commemoration Commission'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 Commission works closely with the FCO's Public Diplomacy department which is represented at meetings of the Commission and its Committees. The Commission also works closely with the UK 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 2016 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.

Christopher Fisher
Chair and Accounting Officer

21 June 2016

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 2016 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 2016 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

27 June 2016

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

Statement of Comprehensive Net Expenditure for the year ended 31 March 2016

	Notes	2015-16 £	2014-15 £
Expenditure			
Scholarship costs	2	1,794,265	1,866,255
Selection process		62,970	65,857
Development of the Marshall Scholarship Scheme		24,178	23,148
Administration	3	256,403	255,704
UK Devolved Government itinerary		19,451	17,253
Total expenditure		<u>2,157,267</u>	<u>2,228,217</u>
Income			
Grants and Donations from third parties	6	144,819	99,481
Other income		5,950	5,879
Total income		<u>150,769</u>	<u>105,360</u>
Net expenditure before interest		<u>(2,006,498)</u>	<u>(2,122,857)</u>
Interest receivable		387	485
Net expenditure for the year		<u>(2,006,111)</u>	<u>(2,122,372)</u>

Continuing operations

All activities were continuing in the year.

Statement of Financial Position as at 31 March 2016

	Notes	31 March 2016 £	31 March 2015 £
Non-current assets			
Intangible assets	8	0	2,509
Total non-current assets		<u>0</u>	<u>2,509</u>
Current assets			
Trade and other receivables	9	425,646	419,974
Cash and cash equivalents	10	393,054	342,083
Total current assets		<u>818,700</u>	<u>762,057</u>
Total Assets		<u>818,700</u>	<u>764,566</u>
Current liabilities			
Trade and other payables	11	(77,901)	(20,642)
Assets less liabilities		<u>740,799</u>	<u>743,924</u>
Taxpayers' equity			
General reserves			
MACC – committed (summer term tuition fees)		234,684	280,317
MACC – committed (first quarter scholar stipends)		196,454	191,953
MACC		186,893	179,259
Third parties		122,768	92,395
Total reserves	12	<u>740,799</u>	<u>743,924</u>

The financial statements on pages 14 to 21 were approved by the Marshall Aid Commemoration on 21 June 2016 and signed on its behalf by:

Christopher Fisher
Chair

J Kirkland
Executive Secretary

Statement of Cash Flows for the year ended 31 March 2016

	Notes	2015-16 £	2014-15 £
Cash Flows from operating activities			
Net expenditure after interest		(2,006,111)	(2,122,372)
(Increase)/decrease in trade and other receivables	9	(5,672)	(17,229)
Non-cash item: amortisation	8	2,509	2,510
Increase/(decrease) in trade payables	11	57,258	(2,020)
Non cash grant-in-aid		53,070	43,782
Net cash outflow from operating activities		<u>(1,898,946)</u>	<u>(2,095,329)</u>
Cash Flows from investing activities			
Cash Flows from financing activities			
Grant-in Aid received from FCO		2,002,987	2,002,782
Less: non cash grant-in-aid from FCO		(53,070)	(43,782)
Net financing		<u>1,949,917</u>	<u>1,959,000</u>
Increase/(decrease) in net cash and cash equivalents in the period		<u>50,971</u>	<u>(136,329)</u>
Cash and cash equivalents at the beginning of the period	10	<u>342,083</u>	<u>478,412</u>
Cash and cash equivalents at the end of the period	10	<u>393,054</u>	<u>342,083</u>

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2016

	Notes	I & E Reserve £	Total Reserves £
Changes in Taxpayers' equity 2013-14			
Retained Surplus / Deficit		(2,081,186)	(2,081,186)
Total recognised income and expense for 2013-14		(2,081,186)	(2,081,186)
Grant from FCO		2,010,152	2,010,152
Balance at 31 March 2014		<u>740,145</u>	<u>740,145</u>
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>

The notes on pages 18 to 21 form part of these accounts

Notes to the Financial Statements for the year ended 31 March 2016

1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2015-16 Government Financial Reporting Manual (FReM) issued by HM Government. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM 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 accounted for on a receivable basis.

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 Intangible assets

Intangible assets comprise computer software. Straight line amortisation over three years is applied.

h New accounting pronouncements and future accounting developments

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

l 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.

2 Scholarship Costs

	2015-16	2014-15
	£	£
Marshall Aid Scholarships	1,682,957	1,735,800
Annenberg Marshall Scholarships	16,130	32,073
US Environmental Protection Agency	95,178	86,382
Scottish Government	0	12,000
	<u>1,794,265</u>	<u>1,866,255</u>

3 Administration

	2015-16	2014-15
	£	£
Secretariat	230,428	225,957
Commission costs	16,849	16,528
Miscellaneous	14,337	16,202
Currency (gain) / loss	(5,211)	(2,983)
	<u>256,403</u>	<u>255,704</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

	2015-16	2014-15
	£	£
The net expenditure for the year is stated after charging:		
Auditors' remuneration	<u>4,500</u>	<u>4,000</u>

6 Grants and Donations from third parties

	2015-16	2014-15
	£	£
Annenberg Endowment (via Association of Commonwealth Universities)	19,352	18,654
US Environmental Protection Agency	<u>125,467</u>	<u>80,827</u>
	<u>144,819</u>	<u>99,481</u>

7 Financial Instruments

As the cash requirements of the MACC are met through Grant-in-Aid provided by the FCO and thirs 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 Intangible assets

Intangible assets comprise computer software.

	2015-16
Cost or valuation	£
At 1 April 2015	7,529
Additions	–
At 31 March 2016	<u>7,529</u>
	2015-16
Amortisation	£
At 1 April 2015	5,019
Charged in year	2,510
At 31 March 2016	<u>7,529</u>
Net book value at 31 March 2016	<u>0</u>

9 Trade receivables and other current assets

	2015-16	2014-15
Amounts falling due within one year:	£	£
Accommodation deposits	33,273	29,198
Trade receivables	7,279	3,810
Prepayments and accrued income	385,094	386,966
	<u>425,646</u>	<u>419,974</u>

10 Cash and cash equivalents

	2015-16	2014-15
	£	£
Balance at 1 April	342,083	478,412
Net change in cash and cash equivalent balances	50,971	(136,329)
Balance at 31 March	<u>393,054</u>	<u>342,083</u>

11 Trade payables and other current liabilities

	2015-16	2014-15
	£	£
Amounts falling due within one year:		
Trade payables	6,230	7,208
Deferred income	0	4,120
Accruals	49,408	9,314
Sundry creditors	22,263	0
	<u>77,901</u>	<u>20,642</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 will be transferred in 2016-17, resulting in £22,263 sundry creditor at 31 March 2016.

12 Movement on reserves

	Opening balance £	Grant- in-Aid £	Donations & Income £	Bank interest £	Expenditure £	Closing balance £
General reserve – Marshall scholarships*	<u>651,529</u>	<u>2,002,987</u>	<u>5,950</u>	<u>387</u>	<u>(2,042,822)</u>	<u>618,031</u>
Third party reserves						
Annenberg Foundation	7,271	–	19,352	–	(16,130)	10,493
US Environmental Protection Agency	25,503	–	125,467	–	(95,178)	55,792
Dept. of Trade & Industry	1,984	–	–	–	–	1,984
Cable & Wireless	50,738	–	–	–	(3,138)	47,600
Scottish Government	6,899	–	–	–	–	6,899
Third party scholarships	<u>92,395</u>	<u>–</u>	<u>144,819</u>	<u>–</u>	<u>(114,446)</u>	<u>122,768</u>
Total reserves	<u>743,924</u>	<u>2,002,987</u>	<u>150,769</u>	<u>387</u>	<u>(2,157,268)</u>	<u>740,799</u>

* The opening and closing balances of the Marshall Scholarships general reserves include £280,317 and £234,684 respectively for the following Summer Term's tuition fees and £191,953 and £196,454 respectively for the first quarter scholar stipends. The non-committed opening and closing reserves for Marshall Scholarships are £179,259 and £186,893 respectively.

13 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.

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.

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