

Marshall Aid Commemoration Commission  
Account 2013-14

# Marshall Aid Commemoration Commission Account 2013-14

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 19 June 2014

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ISBN: 9781910305041

Printed on paper containing recycled fibre content minimum

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# Strategic report

## Scope of these accounts

### 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 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 for a degree course at any British university, for periods of one, two and sometimes three years.

The basic structure of the Marshall Scholarships scheme, as described in the Act, remains intact. There are now eight regional committees based on the Consulate districts in Atlanta, Boston, Chicago, Houston, Los Angeles, New York, San Francisco and Washington DC. Under the Administrative regulations these committees shall 'meet twice annually. In early November they should reduce the applications for their region to a shortlist of not fewer than 15 and not more than 20 candidates. Later in November they should meet again to interview those on the shortlist and select therefrom their allocated number of candidates and three reserves, whose names will be forwarded to her Majesty's Ambassador in Washington for consideration by his Advisory Council. Her Majesty's Consuls-General at seven Regional centres and the Ambassador's representative, Washington, for the eighth, may, if necessary, call additional meetings of the Regional Committees; such secretarial assistance as the Regional Committees might need shall be provided by the Embassy or Consulate-General concerned.'

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1 1&2 Eliz.2, c.39

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 being borne by universities and colleges. In recent years the number of scholarships awarded has varied; 37 in 2008, 40 in 2009, 36 in 2010 (including, for the first time, five single year Scholarships) 33 in 2011, 36 in 2012 and 34 in 2013.

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.

Competition for Marshall Scholarship awards has been intense from the start. There are now up to 40 awards, and in 2013 there were over 28 applicants for each one.

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 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:

Dr John Hughes (Chair)	<i>Ambassador to Venezuela, Argentina and Paraguay HM Diplomatic Service (retired)</i>
Mr Michael Birshan	<i>Partner, McKinsey &amp; Company</i>
Prof. Bob Deacon	<i>Professor of International Social Policy, University of Sheffield</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</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, 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.

## Review of Activities in the Year

In the academic year 2013-14, 36 Marshall Scholars were fully funded by the MACC.

Five Scholars, who are members of the US Military, were fully funded but only received 50% of the stipend as agreed with the US Military academies. One additional Scholar, who was a member of the military was also jointly funded on the Caius Marshall Scholarship.

One Scholar was fully funded by an external body, the Annenberg Foundation.

Twenty five Scholars were jointly funded on Partnership Scholarships:

- one Scholar supported on the Edinburgh Marshall Scholarship;
- one Scholar supported on the Guildhall Marshall Scholarship;
- three Scholars supported on the Imperial Marshall Scholarship;
- one Scholar supported on the King's College Cambridge Marshall Scholarship;
- one Scholar supported on the King's College London Marshall Scholarship;
- one Scholar supported on the Liverpool Marshall Scholarship;
- two Scholars supported on the New College Marshall Scholarship;
- two Scholars supported on the Nuffield Marshall Scholarship;

- one Scholar supported on the Oriel Marshall Scholarship;
- one Scholar supported on the Queen Mary Marshall Scholarship;
- one Scholar supported on the Sheffield Marshall Scholarship;
- two Scholars supported on the Somerville Janet Watson Marshall Scholarship;
- two Scholars supported on the St John's College Cambridge Marshall Scholarship;
- one Scholar supported on the Sussex Marshall Scholarship;
- one Scholar supported on the Trinity College Oxford Marshall Scholarship;
- one Scholar supported on the UCL Marshall Scholarship;
- one Scholar supported on the UEA Marshall Scholarship;
- one Scholar supported on the Warwick Marshall Scholarship; and
- one Scholar supported on the Wolfson College Oxford Marshall Scholarship.

These agreements include the MACC paying for the Scholars' maintenance costs and the partner university/college waiving the tuition fees, to the value of £624,981.

Four further Scholars were fully funded under the third year funding agreement with the University of Oxford. One Scholar was funded for one for Darwin College, Cambridge under the agreement with the EPA. A further two Scholars were funded for further study beyond the three years, one for Imperial College London and one for UCLA in the USA under the agreement with the EPA.

A total of 73 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 in the USA. In addition one Marshall Sherfield Fellow was supported by private funds from the Marshall Sherfield Fellowship Foundation.

A full report of the Commission's activities, including details on Scholar distribution, selections and placements, can be found in its 60th Annual Report which will be submitted to the Secretary of State on 30 September 2014. 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>.

## Future Developments

The Commission received an additional grant-in-aid from the FCO of £100,000 for 2012-13 bringing funding to £2 million. This enabled the Commission to award additional scholarships as well as helping to meet increased university tuition and maintenance fees. In 2013-14 the Commission has received £2,020,000 in Grant-in-Aid, enabling the Commission to sustain the number of Scholarships.

The Commission very much welcomes this FCO vote of confidence in the value of the Marshall Scholarship programme. It came at an opportune time, as the Association of Marshall Scholars and the Commission consider the possibility of seeking private funds to supplement, but not replace, the grant-in-aid. The Commission will also continue its efforts to increase the number of partnership scholarships with universities and colleges in the UK.

At the same time the Commission has to meet the challenge, both technical and financial, of deciding on, and project managing a new or updated IT system for scholarship applications. Funding for this will come from Commission reserves.

There will also be the opportunity of celebrating the 60th anniversary of the Marshall Scholarship Programme and reaffirming the importance of investing in the future leaders of tomorrow's USA



## Financial Results for the Year

MACC received financial support from HM Government in the form of £2 million Grant-in-Aid for the financial year 2013-14 (compared to £2 million in 12-13), as indicated in the annual allocation letters. MACC's expenditure increased by £119,825, more than the increase in Grant-in-Aid, to £2,083,519 in 2013-14 from £1,963,694 in 2012 13.

However, MACC actually received £2,010,152 in 2013-14. Allowing for the prepayment of third term tuition fees, the non-committed reserve for MACC fell to £465,767, compared to £516,179 at the start of the year.

The Scheme has attracted third party funding: the Annenberg Foundation donated £20,662 from an endowment held by the Association of Commonwealth Universities and the US Environmental Protection Agency donated £98,238. These donations fund additional Marshall Scholarships.

## Non-Current Assets

£5,019 of non-current assets (software) were brought into use this year.

## Charitable Donations

No charitable donations have been made by the MACC.

## Payments to Suppliers

The MACC is committed to the prompt payment of bills for goods and services received. Payments are normally made as specified in the contract: if there is no contractual provision or other understanding, they are due to be paid within 30 days of receipt of the goods or services, or approval of a valid invoice or similar demand, whichever is later. The MACC has adopted the 'Better Payment Practice Code'.

## 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 assets and does not occupy any office accommodation, the Commissioners consider that there is nothing material to report.

On behalf of the Commission

*E J Hughes*  
Chair  
28 May 2014

*J Kirkland*  
Executive Secretary

# Directors' Report

## Organisational Structure

*Dr John Hughes (Chair and Accounting Officer)*

*Dr John Kirkland (Executive Secretary)*

Page 4 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 2013-14.

## 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

*EJ Hughes*  
Chair  
28 May 2014

*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, with the approval of HM Treasury, 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, the 60th of which, covering the year to 30 September 2014, will be published by the Stationery Office in early 2015.

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*.

The annual financial statements were authorised for issue on the date shown on the audit certificate.

*E J Hughes*  
Chair and Accounting Officer

# Governance Statement

## Governance Framework

The MACC meets formally three times a year. Commissioner attendance averaged 70 per cent in 2013-14. 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 on 31 March 2014. The Chair is Mr Graham Benson (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 Officer, I have responsibility for reviewing the effectiveness of the Commission, particularly its system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the ACU who have responsibility for the development and maintenance of the internal control framework, advice from the FCO, the ACU auditors, 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 my review of the effectiveness of the system of internal control by the ARM Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

## Commission Committee reports

All audit and review recommendations have been implemented and are operational.

## 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. They are that the Commission should:

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

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

The Commission's Risk management policy sets out its approach to risk management, 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, eg the annual visit by Scholars to Northern Ireland, Scotland or Wales.

The Commission's Risk management policy and risk register are 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.

## Reserves

During the year the Commission adopted a Reserves Policy, agreed with the FCO, 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 £0.5 million and £1.5 million. At 31 March 2014, MACC's reserve (Taxpayer's Equity) was £740,145 and third party scholarships reserves were £123,369.

## Scope of responsibility

As Accounting Officer, 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 2014 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.

*E J Hughes*  
Chair and Accounting Officer

28 May 2014

# 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 2014 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 2014 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 Strategic Report and the Directors' 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 returns adequate for my audit have not been received from branches not visited by my staff; 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.

*Amyas C E Morse*  
Comptroller and Auditor General

4 June 2014

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

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2014

	Notes	2013-14 £	2012-13 £
<b>Expenditure</b>			
Scholarship costs	2	<b>1,844,956</b>	1,751,408
Selection process		<b>65,058</b>	60,754
Development of the Marshall Scholarship Scheme		<b>28,971</b>	28,276
Administration	3	<b>231,868</b>	226,279
UK Devolved Government itinerary		<b>8,177</b>	5,205
<b>Total expenditure</b>		<b><u>2,179,030</u></b>	<u>2,071,922</u>
<b>Income</b>			
Grants and Donations from third parties	6	<b>120,023</b>	93,068
Other income		<b>1,968</b>	842
<b>Total income</b>		<b><u>121,991</u></b>	<u>93,910</u>
<b>Net expenditure before interest</b>		<b><u>(2,057,039)</u></b>	<u>(1,978,012)</u>
Interest receivable		<b>365</b>	441
<b>Net expenditure for the year</b>		<b><u>(2,056,674)</u></b>	<u>(1,977,571)</u>

### Continuing operations

All activities were continuing in the year.



## Statement of Financial Position as at 31 March 2014

	Notes	31 March 2014	31 March 2013
		£	£
<b>Non-current assets</b>			
Intangible assets	9	<u>5,019</u>	<u>0</u>
<b>Total non-current assets</b>		<u>5,019</u>	<u>0</u>
<b>Current assets</b>			
Trade and other receivables	10	<b>402,745</b>	679,948
Cash and cash equivalents	11	<b>478,412</b>	264,468
<b>Total current assets</b>		<u><b>881,157</b></u>	<u>944,416</u>
<b>Total Assets</b>		<u><b>886,176</b></u>	<u>944,416</u>
<b>Current liabilities</b>			
Trade and other payables	12	<b>(22,662)</b>	(34,380)
<b>Assets less liabilities</b>		<u><b>863,514</b></u>	<u>910,036</u>
<b>Taxpayers' equity</b>			
<b>General reserves</b>			
MACC – committed (summer term tuition fees)		<b>274,378</b>	295,000
MACC – committed (first quarter scholar stipends)		<b>200,919</b>	201,495
MACC		<b>264,848</b>	314,684
Third parties		<b>123,369</b>	98,857
<b>Total reserves</b>	13	<u><b>863,514</b></u>	<u>910,036</u>

The financial statements on pages 13 to 16 were approved by the Marshall Aid Commemoration Commission on 28 May 2014 and signed on its behalf by:

*E J Hughes*  
Chair

*J Kirkland*  
Executive Secretary

## Statement of Cash Flows for the year ended 31 March 2014

	Notes	2013-14 £	2012-13 £
<b>Cash Flows from operating activities</b>			
Net expenditure after interest		(2,056,674)	(1,977,571)
(Increase)/decrease in trade and other receivables		277,203	(180,904)
Non-cash item: amortisation		2,510	0
Increase/(decrease) in trade payables		(11,718)	(8,370)
Non cash grant-in-aid		45,662	75,484
<b>Net cash outflow from operating activities</b>		<b>(1,743,017)</b>	<b>(2,091,361)</b>
<b>Cash Flows from investing activities</b>			
Purchase of intangible assets		(7,529)	0
		<u>(7,529)</u>	<u>0</u>
<b>Cash Flows from financing activities</b>			
Grant-in Aid received from FCO		2,010,152	1,993,979
Less: non cash grant-in-aid from FCO		(45,662)	(75,484)
<b>Net financing</b>		<b>1,964,490</b>	<b>1,918,495</b>
<b>Increase/(decrease) in net cash and cash equivalents in the period</b>		<b>213,944</b>	<b>(172,866)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	11	<b>264,468</b>	<b>437,334</b>
<b>Cash and cash equivalents at the end of the period</b>	11	<b>478,412</b>	<b>264,468</b>

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2014

	Notes	I & E Reserve	Total Reserves
		£	£
<b>Balance at 31 March 2012</b>		779,611	779,611
Changes in accounting policy	7	0	0
Restated balance at 1 April 2012		<u>779,611</u>	<u>779,611</u>
<b>Changes in Taxpayers' equity 2012-13</b>			
Retained Surplus / Deficit		<u>(1,962,411)</u>	<u>(1,962,411)</u>
Total recognised income and expense for 2012-13		<u>(1,962,411)</u>	<u>(1,962,411)</u>
Grant from FCO		<u>1,993,979</u>	<u>1,993,979</u>
<b>Balance at 31 March 2013</b>		<u>811,179</u>	<u>811,179</u>
<b>Changes in Taxpayers' equity 2013-14</b>			
Retained Surplus / Deficit		<u>(2,081,186)</u>	<u>(2,081,186)</u>
Total recognised income and expense for 2013-14		<u>(2,081,186)</u>	<u>(2,081,186)</u>
Grant from FCO		<u>2,010,152</u>	<u>2,010,152</u>
<b>Balance at 31 March 2014</b>		<u>740,145</u>	<u>740,145</u>

*The notes on pages 17 to 20 form part of these accounts*

# Notes to the financial statements for the year ended 31 March 2014

## 1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2013-14 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 are shown separately as 'Grants and donations from Third Parties' and are 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 Cash Balances*

All cash balances are held with commercial banks.

### *h Intangible assets*

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

**2 Scholarship Costs**

	2013-14	2012-13
	£	£
Marshall Aid Scholarships	1,749,445	1,643,180
Annenberg Marshall Scholarships	24,920	7,592
US Environmental Protection Agency	64,826	82,944
British Schools & Universities Foundation (BSUF)	5,765	17,692
	<u>1,844,956</u>	<u>1,751,408</u>

**3 Administration**

	2013-14	2012-13
	£	£
Secretariat	211,555	204,861
Commission costs	13,302	13,174
Miscellaneous	7,011	8,244
	<u>231,868</u>	<u>226,279</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**

	2013-14	2012-13
	£	£
The net expenditure for the year is stated after charging:		
Auditors' remuneration	<u>4,000</u>	<u>4,000</u>

**6 Grants and Donations from third parties**

	2013-14	2012-13
	£	£
Annenberg Endowment (via Association of Commonwealth Universities)	20,622	18,361
US Environmental Protection Agency	98,238	49,707
British Schools & Universities Foundation (BSUF)	1,163	25,000
	<u>120,023</u>	<u>93,068</u>

**7 New accounting pronouncements and future accounting developments**

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

**8 Financial Instruments**

As the cash requirements of the MACC are met through Grant-in-Aid provided by the FCO, 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.

**9 Intangible assets**

Intangible assets comprise computer software.

	<b>2013-14</b>
<b>Cost or valuation</b>	<b>£</b>
At 1 April 2013	<b>0</b>
Additions	<b><u>7,529</u></b>
<b>At 31 March 2014</b>	<b><u>7,529</u></b>

	<b>2013-14</b>
<b>Amortisation</b>	<b>£</b>
At 1 April 2013	<b>0</b>
Charged in year	<b><u>2,510</u></b>
<b>At 31 March 2014</b>	<b><u>2,510</u></b>
<b>Net book value at 31 March 2014</b>	<b><u>5,019</u></b>

**10 Trade receivables and other current assets**

	<b>2013-14</b>	2012-13
<b>Amounts falling due within one year:</b>	<b>£</b>	<b>£</b>
Accommodation deposits	<b>24,063</b>	22,999
Trade receivables	<b>17,830</b>	25,000
Prepayments and accrued income	<b><u>360,852</u></b>	<u>631,949</u>
	<b><u>402,745</u></b>	<u>679,948</u>

**11 Cash and cash equivalents**

	<b>2013-14</b>	2012-13
	<b>£</b>	<b>£</b>
Balance at 1 April	<b>264,468</b>	437,334
Net change in cash and cash equivalent balances	<b>213,944</b>	(172,866)
Balance at 31 March	<b><u>478,412</u></b>	<u>264,468</u>

**12 Trade payables and other current liabilities**

	<b>2013-14</b>	2012-13
<b>Amounts falling due within one year:</b>	<b>£</b>	<b>£</b>
Trade payables	<b>15,956</b>	17,521
Deferred income	<b>0</b>	8,333
Accruals	<b><u>6,706</u></b>	<u>8,526</u>
	<b><u>22,662</u></b>	<u>34,380</u>

**13 Movement on reserves**

	Opening balance £	Grant- in-Aid £	Donations & Income £	Bank interest £	Expenditure £	Closing balance £
<b>General reserve – Marshall scholarships*</b>	811,179	2,010,152	1,968	365	(2,083,519)	740,145
<b>Third party reserves</b>						
Annenberg Foundation	24,988	–	20,622	–	(24,920)	20,690
US Environmental Protection Agency	(2,354)	–	98,238	–	(64,826)	31,058
Dept. of Trade & Industry	1,984	–	–	–	–	1,984
Cable & Wireless	50,738	–	–	–	–	50,738
British Schools & Universities Foundation	4,602	–	1,163	–	(5,765)	–
Scottish Government	18,899	–	–	–	–	18,899
Third party scholarships	98,857	–	120,023	–	(95,511)	123,369
<b>Total reserves</b>	<b>910,036</b>	<b>2,010,152</b>	<b>121,991</b>	<b>365</b>	<b>(2,179,030)</b>	<b>863,514</b>

\* The opening and closing balances of the Marshall scholarships general reserves include £295,000 and £274,378 respectively for the following Summer Terms' tuition fees and therefore the non-committed opening and closing reserves for Marshall Scholarships are £516,179 and £465,767 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.

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DG Ref: 10452



ISBN 978-1-910305-04-1



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