

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

Marshall Aid Commemoration Commission Account 2010-2011

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Marshall Aid Commemoration Commission Account 2010-2011

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED ON 7 JULY 2011

The National Audit Office scrutinises public spending on behalf of Parliament.

The Comptroller and Auditor General, Amyas Morse,
is an Officer of the House of Commons.
He is the head of the NAO, which employs some 880 staff.
He and the NAO are totally independent of government.

He certifies the accounts of all government departments
and a wide range of other public sector bodies;
and he has statutory authority to report to Parliament
on the economy, efficiency and effectiveness with which departments
and other bodies have used their resources.

Our work led to savings and other efficiency gains worth more than £1 billion in 2010-11.

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Commissioners' report for the year ended 31 March 2011

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 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 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."

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 was increased from twelve to twenty-four in 1960, to thirty in 1973, up to forty Scholarships in 1991, and from 2004 to 2007 up to forty four. In 2008 thirty seven new awards were made, in 2009 forty new awards were made and in 2010 thirty six new awards were made including, for the first time, five one year 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 fifty eight years since the programme began, some 1700 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 2010 there were over 30 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.

The MACC meets formally three times a year. In addition to the Audit and Risk Management Committee the MACC 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.

The Audit and Risk Management Committee members consisted of three non-Commission members and two Commissioners on 31 March 2011. The Chair is Mr Graham Benson (non-Commission). This Committee meets four times a year.

Membership of the Commission:

Dr Frances Dow (Chair)	<i>Former Vice-Principal with responsibility for Development and Alumni Relations, University of Edinburgh</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 Diane Flynn	<i>Freelance Strategy Consultant</i>
Dr Ruth Kosmin	<i>Former Head of European Economics at HM Treasury</i>
Ms Carol Madison Graham	<i>Former Executive Director of the Fulbright Commission in the UK</i>
Dr John Hughes (Deputy Chair)	<i>Robin Humphreys Fellow, Institute for the Study of the Americas, University of London</i>
Mr Simon Morris	<i>Secretary and Registrar, Keele University</i>
Prof. Eric Thomas	<i>Vice-Chancellor, University of Bristol</i>
Prof. Nigel Thrift	<i>Vice-Chancellor, University of Warwick</i>
Dr John Kirkland (Exec. Sec.)	<i>Deputy Secretary General of ACU</i>

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 continued the arrangement under which its 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 2010/2011, 50 Marshall Scholars were fully funded by the MACC. Two Scholars were fully funded by external bodies as follows:

- one Scholar was supported on the Walter and Leonore Annenberg Marshall Scholarship funded by an endowment from the Annenberg Foundation;
- one Scholar was supported on the BSUF Marshall Scholarship funded by the British Schools and Universities Fund (BSUF).

Eighteen 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 Scholarships;
- one Scholar supported on the King's College Cambridge Marshall Scholarship;
- one Scholar supported on the Merton College Marshall Scholarship;
- three Scholars supported on the New College Marshall Scholarships;
- one Scholar supported on the Nottingham Marshall Scholarship;
- one Scholar supported on the Oriel Marshall Scholarship;
- one Scholar supported on the Queen's University Belfast Marshall Scholarship;
- one Scholar supported on the Royal Academy of Music Marshall Scholarship;
- one Scholar supported on the St John's College Cambridge Marshall Scholarship;

- one Scholar supported on the UCL Marshall Scholarship;
- one Scholar supported on the Warwick Marshall Scholarship;
- one Scholar supported on the York Marshall Scholarship.

These agreements include the MACC paying for the Scholars' maintenance costs and the partner university/college waiving the tuition fees.

A further two Scholars were fully funded under third year funding agreements with the University of Oxford in combination with New College and Nuffield College. One third year Scholar was funded under an agreement with the National Science Foundation (NSF), the MACC paid the tuition fees and the NSF paid bench fees and maintenance. Two third year Scholars were funded on the Environmental Protection Agency Marshall Scholarship, one for Imperial College and one in combination with Gonville and Caius College, Cambridge. A further two Scholars were funded for further study beyond the three years, one for Stanford University and one for Harvard University in the USA under the agreement with the EPA.

One further Scholar returned from suspension to complete a degree. He was funded for one term.

A total of 76 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 58th Annual Report which will be submitted to the Secretary of State on 30 September 2011. 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 www.marshallscholarship.org

Future Developments

Over the coming year the Commission will continue to confront several major funding issues. Firstly the overall Grant-in-Aid awarded has been reduced in real terms and therefore the number of Scholarships has been reduced accordingly. If this reduction in funding continues Scholarship numbers will decrease in the coming years. Secondly, the Commission is concerned about the significantly increasing tuition fees of British Universities. Indications are that throughout the university sector tuition fees may increase rapidly, and certainly above the rate of inflation. Thirdly, the Commission is also aware that maintenance rates for Scholars, through stipends and other allowances, compare unfavourably with those of other funders (eg the Research Councils). The Commission notes this disparity, and records its concern that some Scholars may be experiencing hardship due to lack of funds.

The Commission's objectives in the coming year will, therefore, include endeavouring to secure sufficient funding to ensure the continuing excellence of the Marshall Scholarships and maintain the number of Scholarships offered each year. With this in mind the Commission has continued its policy of creating partnerships with leading British Universities.

Risk

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 undertakes this role on behalf of the MACC.

The MACC maintains a Register of Risks and this is assessed and updated annually.

Financial Results for the Year

MACC received financial support from HM Government in the form of £2.2m Grant-in-Aid for the financial year 10/11 (compared to £2.2m in 09/10), as indicated in the annual allocation letters. This sum more than covered MACC's expenditure in 10/11 of £1,973,410. This underspend was planned to accommodate the fluctuations produced when two and three year scholarship commitments are made against fixed annual income.

However, MACC actually received £2,221,350 in 2010/11, including £20,000 supplementary Grant-in-Aid as project funding. Allowing for the prepayment of third term tuition fees, the non-committed reserve for MACC grew to £485,732, compared to £231,024 at the start of the year.

The Scheme has attracted three third party funders. The British Schools and Universities Foundation donated £25,000; the Annenberg Foundation donated £18,605 from an endowment held by the Association of Commonwealth Universities; and the US Environmental Protection Agency donated £44,766. These donations fund additional Marshall Scholarships. Funds remain from the donation made by Cable and Wireless in previous years.

Management and employment

The Commission continued the arrangement under which its Secretariat is provided by the Association of Commonwealth Universities (ACU), and during the year conducted a competitive tendering exercise for these services, which resulted in renewing the contract with the ACU. The Commission itself does not have any employees.

Register of Interests

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

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.

Non-Current Assets

No non-current assets 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".

Auditors

The MACC's accounts are audited by the Comptroller and Auditor General.

Issue date

The annual financial statements will be approved for issue by the Accounting Officer on 23 June 2011.

On behalf of the Commission

F D Dow
Chair

J Kirkland
Executive Secretary

23 June 2011

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 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 58th of which, covering the year to 30 September 2011, will be published by the Stationery Office in early 2012.

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 the Non-Departmental Public Bodies' Accounting Officer Memorandum.

In particular:

- so far as the Accounting Officer is aware, there is no relevant audit information of which the Commission's auditors are unaware; and
- the Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the Commission's auditors are aware of that information.

FD Dow
Chair and Accounting Officer

23 June 2011

Statement on Internal Control

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 ('MACC' or 'Commission') 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 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

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 risk and control framework

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.

Key business processes (financial and non financial) are documented.

No significant internal control failures occurred in the year. During the year, the proposals received in response to the competitive tendering of administration were thoroughly assessed for the internal controls they offered.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the 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, 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.

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

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 reduced Grant-in-Aid or increased tuition 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 OISC accreditation (Level 1).

F D Dow
Chair and Accounting Officer

23 June 2011

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 2011 under the Marshall Aid Commemoration Act 1953. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of 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, 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 Financial Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions 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 the Marshall Aid Commemoration Commission's affairs as at 31 March 2011 and of its 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 the Secretary of State's directions issued thereunder.

Opinion on other matters

In my opinion, the information given within the Commissioners' 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 or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control 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

27 June 2011

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

Statement of Comprehensive Net Expenditure for the year ended 31 March 2011

	Notes	2010-11 £	Restated 2009-10 £
Expenditure			
Scholarship costs	2	1,787,278	1,881,822
Selection process		56,740	63,509
Development of the Marshall Scholarship Scheme		10,916	16,910
Administration	3	214,405	217,100
UK Devolved Government itinerary		2,991	18,791
Return of Donation		–	35,350
Total expenditure		<u>2,072,330</u>	<u>2,233,482</u>
Income			
Grants and Donations from third parties	6	88,371	88,329
Other income		3,327	–
Total income		<u>91,698</u>	<u>88,329</u>
Net expenditure before interest		<u>(1,980,632)</u>	<u>(2,145,153)</u>
Interest receivable		150	15
Net expenditure for the year		<u>(1,980,482)</u>	<u>(2,145,138)</u>

Continuing operations

All activities were continuing in the year.

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

Statement of Financial Position as at 31 March 2011

	Notes	31 March 2011 £	31 March 2010 £
Current assets			
Trade and other receivables	9	322,128	297,514
Cash and cash equivalents	10	498,919	277,816
Total current assets		<u>821,047</u>	<u>575,330</u>
Current liabilities			
Trade and other payables	11	(22,005)	(17,156)
Assets less liabilities		<u>799,042</u>	<u>558,174</u>
Taxpayers' equity			
General reserves			
MACC		741,348	489,931
Third parties		57,694	68,243
Total reserves	12	<u>799,042</u>	<u>558,174</u>

The financial statements on pages 13 to 16 were approved by the Marshall Aid Commemoration Commission on 23 June 2011 and signed on its behalf by:

F D Dow
Chair

J Kirkland
Executive Secretary

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

Statement of Cash Flows for the year ended 31 March 2011

	Notes	2010-11 £	Restated 2009-10 £
Cash Flows from operating activities			
Net expenditure after interest		(1,980,482)	(2,145,138)
(Increase)/decrease in trade and other receivables		(24,614)	33,845
Increase/(decrease) in trade payables		4,849	(3,267)
Non cash grant-in-aid		79,696	92,684
Net cash outflow from operating activities		<u>(1,920,551)</u>	<u>(2,021,876)</u>
Cash Flows from financing activities			
Grant-in Aid received from FCO		2,221,350	2,223,145
Less: non cash grant-in-aid from FCO		<u>(79,696)</u>	<u>(92,684)</u>
Net financing		<u>2,141,654</u>	<u>2,130,461</u>
Increase in net cash and cash equivalents in the period		<u>221,103</u>	<u>108,585</u>
Cash and cash equivalents at the beginning of the period	10	<u>277,816</u>	<u>169,231</u>
Cash and cash equivalents at the end of the period	10	<u>498,919</u>	<u>277,816</u>

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

Statement of changes in Taxpayers' Equity for the year ended 31 March 2011

	Notes	I & E Reserve £	Total Reserves £
Balance at 31 March 2009		373,430	373,430
Changes in accounting policy	7	0	0
Restated balance at 1 April 2009		<u>373,430</u>	<u>373,430</u>
Changes in Taxpayers' equity 2009-10			
Retained Surplus / Deficit		<u>(2,106,644)</u>	<u>(2,106,644)</u>
Total recognised income and expense for 2009-10		<u>(2,106,644)</u>	<u>(2,106,644)</u>
Grant from FCO		<u>2,223,145</u>	<u>2,223,145</u>
Balance at 31 March 2010		<u>489,931</u>	<u>489,931</u>
Changes in Taxpayers' equity 2010-11			
Retained Surplus / Deficit		<u>(1,969,933)</u>	<u>(1,969,933)</u>
Total recognised income and expense for 2010-11		<u>(1,969,933)</u>	<u>(1,969,933)</u>
Grant from FCO		<u>2,221,350</u>	<u>2,221,350</u>
Balance at 31 March 2011		<u>741,348</u>	<u>741,348</u>

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

Notes to the financial statements for the year ended 31 March 2011

1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2010-11 *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.

2 Scholarship Costs

	2010-11	2009-10
	£	£
Marshall Aid Scholarships	1,688,358	1,794,188
Annenberg Marshall Scholarships	9,521	24,967
US Environmental Protection Agency	65,088	36,142
British Schools & Universities Foundation (BSUF)	24,311	26,525
	<u>1,787,278</u>	<u>1,881,822</u>

3 Administration

	2010-11	2009-10
	£	£
Secretariat	191,289	187,667
Commission costs	16,230	22,428
Miscellaneous	6,886	7,005
	<u>214,405</u>	<u>217,100</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

	2010-11	2009-10
	£	£
The net expenditure for the year is stated after charging:		
Auditors' remuneration	<u>4,500</u>	<u>4,700</u>

6 Grants and Donations from third parties

	2010-11	2009-10
	£	£
Annenberg Endowment (via Association of Commonwealth Universities)	18,605	18,894
US Environmental Protection Agency	44,766	35,590
British Schools & Universities Foundation (BSUF)	25,000	30,006
Other	-	3,839
	<u>88,371</u>	<u>88,329</u>

7 New accounting pronouncements and future accounting developments

The 2010-11 *Government Financial reporting Manual (FReM)* issued by HM Government requires the MACC to remove the Cost of Capital Charge from its accounts. Furthermore, as a Non Departmental Public Body (NDPB), the MACC is not required to produce a third Balance Sheet (for 2008-09). 2009-10 figures are restated to exclude the Cost of Capital change, which was £18,171. 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 Trade receivables and other current assets

	2010-11	2009-10
	£	£
Amounts falling due within one year:		
Accommodation deposits	20,947	15,154
Prepayments and accrued income	301,181	282,360
	<u>322,128</u>	<u>297,514</u>

10 Cash and cash equivalents

	2010-11	2009-10
	£	£
Balance at 1 April	277,816	169,231
Net change in cash and cash equivalent balances	<u>221,103</u>	<u>108,585</u>
Balance at 31 March	<u>498,919</u>	<u>277,816</u>

11 Trade payables and other current liabilities

	2010-11	2009-10
	£	£
Amounts falling due within one year:		
Trade payables	10,998	11,417
Accruals	11,007	5,739
	<u>22,005</u>	<u>17,156</u>

12 Movement on reserves

	Opening balance £	Grant- in-Aid £	Donations & Income £	Bank interest £	Expenditure £	Closing Balance £
General reserve – Marshall scholarships*	489,931	2,221,350	3,327	150	(1,973,410)	741,348
Third party reserves						
Annenberg Foundation	(9,084)	–	18,605	–	(9,521)	–
US Environmental Protection Agency	5,991	–	44,766	–	(65,088)	(14,331)
Dept. of Trade & Industry	1,984	–	–	–	–	1,984
Cable & Wireless	50,738	–	–	–	–	50,738
British Schools & Universities Foundation	(285)	–	25,000	–	(24,311)	404
Scottish Government	18,899	–	–	–	–	18,899
Third party scholarships	68,243	–	88,371	–	(98,920)	57,694
Total reserves	558,174	2,221,350	91,698	150	(2,072,330)	799,042

* The opening and closing balances of the Marshall scholarships general reserves include £258,907 and £255,616 respectively for the following Summer Terms' tuition fees and therefore the non-committed opening and closing reserves for Marshall Scholarships are £231,024 and £485,732 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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