

Marshall Aid Commemoration Commission Account 2012-13

Marshall Aid Commemoration Commission Account 2012-13

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

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Commissioners' report for the year ended 31 March 2013

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 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 and 36 in 2012.

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 nine 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 2012 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 & 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>
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 Carol Madison Graham	<i>Former Executive Director of the Fulbright Commission in the UK</i>
Mr Simon Morris	<i>Consultant</i>
Prof. Eric Thomas	<i>Vice-Chancellor, University of Bristol</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 2012/2013, 44 Marshall Scholars were fully funded by the MACC. Two Scholars were fully funded by an external body, one by the British Schools and Universities Fund (BSUF) and one by the Annenberg Foundation.

Twenty five Scholars were jointly funded on Partnership Scholarships:

- one Scholar supported on the Caius Marshall Scholarship;
- one Scholar supported on the Glasgow 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 Leeds Marshall Scholarship;
- three Scholars supported on the New College Marshall Scholarship;
- one Scholar supported on the Nottingham 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 Royal Academy of Music Marshall Scholarship;

- one Scholar supported on the Somerville Janet Watson Marshall Scholarship;
- one Scholar supported on the St John's College Cambridge 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;
- 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 £503,579.

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

A total of 74 Marshall Scholars were funded either by the MACC or under funding agreements in the UK and three 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 2013. 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

The Commission has 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 million in Grant-in-Aid again 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 comes 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 2012-13 (compared to £1.9 million in 2011-12), as indicated in the annual allocation letters. MACC's expenditure increased by £110,444, more than the increase in Grant-in-Aid, to £1,963,694 in 2012-13 from £1,853,250 in 2011 12.

However, MACC actually received £1,993,979 in 2012-13. Allowing for the prepayment of third term tuition fees, the non-committed reserve for MACC fell to £516,179, compared to £593,799 at the start of the year.

The Scheme has attracted third party funding: the Annenberg Foundation donated £18,361 from an endowment held by the Association of Commonwealth Universities; the British Schools & Universities Foundation donated £25,000 of which two thirds relates to this financial year; and the US Environmental Protection Agency donated £49,707. These donations fund additional Marshall Scholarships.

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.

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.

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 5 June 2013.

On behalf of the Commission

E J Hughes
Chair
5 June 2013

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 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 2013, will be published by the Stationery Office in early 2014.

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*.

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 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.

E J Hughes
Chair and Accounting Officer

5 June 2013

Governance Statement

Governance Framework

The MACC meets formally three times a year. Commissioner attendance averaged 85 per cent in 2012-13. 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 three non-Commission members and two Commissioners on 31 March 2013. The Chair is Mr Graham Benson (non-Commission). This Committee meets four times a year.

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.

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 which are 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 2013, MACC's reserve (Taxpayer's Equity) was £811,179 and third party scholarships reserves were £98,857.

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 2013 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.

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 2013 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 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.

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 2013 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 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 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.

Amyas C E Morse
Comptroller and Auditor General

11 June 2013

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

Statement of Comprehensive Net Expenditure for the year ended 31 March 2013

	Notes	2012-13 £	2011-12 £
Expenditure			
Scholarship costs	2	1,751,408	1,540,628
Selection process		60,754	79,188
Development of the Marshall Scholarship Scheme		28,276	26,976
Administration	3	226,279	234,334
UK Devolved Government itinerary		5,205	33,737
Total expenditure		2,071,922	1,914,863
 Income			
Grants and Donations from third parties	6	93,068	117,936
Other income		842	832
Total income		93,910	118,768
Net expenditure before interest		(1,978,012)	(1,796,095)
Interest receivable		441	289
Net expenditure for the year		(1,977,571)	(1,795,806)

Continuing operations

All activities were continuing in the year.

The notes on pages 16 to 19 form part of these accounts.

Statement of Financial Position as at 31 March 2013

	Notes	31 March 2013 £	31 March 2012 £
Current assets			
Trade and other receivables	9	679,948	499,044
Cash and cash equivalents	10	264,468	437,334
Total current assets		944,416	936,378
Current liabilities			
Trade and other payables	11	(34,380)	(42,750)
Assets less liabilities		910,036	893,628
Taxpayers' equity			
General reserves			
MACC – committed (summer term tuition fees)		295,000	185,812
MACC – committed (first quarter scholar stipends)		201,495	195,000
MACC		314,684	398,799
Third parties		98,857	114,017
Total reserves	12	910,036	893,628

The financial statements on pages 12 to 15 were approved by the Marshall Aid Commemoration Commission on 5 June 2013 and signed on its behalf by:

J Hughes
Chair

J Kirkland
Executive Secretary

The notes on pages 16 to 19 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2013

	Notes	2012-13	2011-12
		£	£
Cash Flows from operating activities			
Net expenditure after interest		(1,977,571)	(1,795,806)
(Increase)/decrease in trade and other receivables		(180,904)	(176,916)
Increase/(decrease) in trade payables		(8,370)	20,745
Non cash grant-in-aid		75,484	90,392
Net cash outflow from operating activities		(2,091,361)	(1,861,585)
Cash Flows from financing activities			
Grant-in Aid received from FCO		1,993,979	1,890,392
Less: non cash grant-in-aid from FCO		(75,484)	(90,392)
Net financing		1,918,495	1,800,000
Increase in net cash and cash equivalents in the period		(172,866)	(61,585)
Cash and cash equivalents at the beginning of the period	10	437,334	498,919
Cash and cash equivalents at the end of the period	10	264,468	437,334

The notes on pages 16 to 19 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2013

	Notes	I & E Reserve £	Total Reserves £
Balance at 31 March 2011		741,348	741,348
Changes in accounting policy	7	0	0
Restated balance at 1 April 2011		<u>741,348</u>	<u>741,348</u>
Changes in Taxpayers' equity 2011-12			
Retained Surplus/Deficit		<u>(1,852,129)</u>	<u>(1,852,129)</u>
Total recognised income and expense for 2011-12		<u>(1,852,129)</u>	<u>(1,852,129)</u>
Grant from FCO		<u>1,890,392</u>	<u>1,890,392</u>
Balance at 31 March 2012		<u>779,611</u>	<u>779,611</u>
Changes in Taxpayers' equity 2012-13			
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>
Balance at 31 March 2013		<u>811,179</u>	<u>811,179</u>

The notes on pages 16 to 19 form part of these accounts.

Notes to the Financial Statements for the year ended 31 March 2013

1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2012-13 *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

	2012-13	2011-12
	£	£
Marshall Aid Scholarships	1,643,180	1,479,015
Annenberg Marshall Scholarships	7,592	5,339
US Environmental Protection Agency	82,944	36,497
British Schools & Universities Foundation (BSUF)	17,692	19,777
	<u>1,751,408</u>	<u>1,540,628</u>

3 Administration

	2012-13	2011-12
	£	£
Secretariat	204,861	199,436
Commission costs	13,174	21,299
Miscellaneous	8,244	13,599
	<u>226,279</u>	<u>234,334</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

	2012-13	2011-12
	£	£
The net expenditure for the year is stated after charging:		
Auditors' remuneration	<u>4,000</u>	<u>4,500</u>

6 Grants and Donations from third parties

	2012-13	2011-12
	£	£
Annenberg Endowment (via Association of Commonwealth Universities)	18,361	19,558
US Environmental Protection Agency	49,707	81,711
British Schools & Universities Foundation (BSUF)	25,000	16,667
	<u>93,068</u>	<u>117,936</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 Trade receivables and other current assets

	2012-13	2011-12
	£	£
Amounts falling due within one year:		
Accommodation deposits	22,999	25,032
Trade receivables	25,000	–
Prepayments and accrued income	631,949	474,012
	679,948	499,044

10 Cash and cash equivalents

	2012-13	2011-12
	£	£
Balance at 1 April	437,334	498,919
Net change in cash and cash equivalent balances	(172,866)	(61,585)
Balance at 31 March	264,468	437,334

11 Trade payables and other current liabilities

	2012-13	2011-12
	£	£
Amounts falling due within one year:		
Trade payables	17,521	28,348
Deferred income	8,333	–
Accruals	8,526	14,402
	34,380	42,750

12 Movement on reserves

	Opening balance £	Grant- in-Aid £	Donations & Income £	Bank interest £	Expenditure £	Closing Balance £
General reserve – Marshall scholarships*	779,611	1,993,979	842	441	(1,963,694)	811,179
Third party reserves						
Annenberg Foundation	14,219	–	18,361	–	(7,592)	24,988
US Environmental Protection Agency	30,883	–	49,707	–	(82,944)	(2,354)
Dept. of Trade & Industry	1,984	–	–	–	–	1,984
Cable & Wireless	50,738	–	–	–	–	50,738
British Schools & Universities Foundation	(2,706)	–	25,000	–	(17,692)	4,602
Scottish Government	18,899	–	–	–	–	18,899
Third party scholarships	114,017	–	93,068	–	(108,228)	98,857
Total reserves	893,628	1,993,979	93,910	441	(2,071,922)	910,036

* The opening and closing balances of the Marshall scholarships general reserves include £185,812 and £295,000 respectively for the following Summer Terms' tuition fees and therefore the non-committed opening and closing reserves for Marshall Scholarships are £593,799 and £516,179 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.

For further information about the National Audit Office please contact:

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

DG Ref: 10188

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