

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

Marshall Aid Commemoration Commission Account 2007-2008

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Contents

	Page
Scope of these Accounts	2
Statement of Commission's and Chairman's responsibilities	7
Statement on Internal Control	8
The Certificate and Report of the Comptroller and Auditor General	9
Income and Expenditure Account	11
Statement of Total Recognised Gains and Losses	11
Balance Sheet	12
Cash Flow Statement	13
Notes to the Financial Statements	14

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.

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 of Foreign and Commonwealth Affairs may, with the approval of the Treasury, direct.

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 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 centres based on the Consulate districts in Atlanta, Boston, Chicago, Houston, Los Angeles, New York, San Francisco and Washington DC. 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 since 2004 up to forty four have been awarded.

1 1 & 2 Eliz. 2, c.39

The Marshall Scholarship programme has established itself as one of the most prestigious scholarships for young Americans wishing to undertake graduate study for two or three years at universities throughout the United Kingdom. In the fifty four years since the programme began, some 1500 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 44 awards, and in 2007 there were over 20 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 Cabinet and Congress, Pulitzer Prize winners, leaders in journalism, academia, business, entertainment, sports, the military, science, engineering and law.

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.

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 five non-Commission members and two Commissioners on 31 March 2008. The Chair is Mr Graham Benson (non-Commission). This Committee meets four times a year.

Membership of the Commission

Mr Jonathan Taylor CBE (Chairman) (tenure ended 30 June 2007)	Former Chair of the Governing Body SOAS, University of London
Dr Frances Dow (Chair) (appointed 1 July 2007)	Vice Principal with responsibility for Development and Alumni Relations, University of Edinburgh (retired)
Baroness Tessa Blackstone	Vice-Chancellor, University of Greenwich
Mr Abdul Bhanji	(tenure ended 1 November 2007) Consultant, PricewaterhouseCoopers
Prof. John Caughie	Dean, Faculty of Arts, University of Glasgow
Prof. David Eastwood (Deputy Chairman)	Chief Executive, HEFCE
Ms Diane Flynn	Consultant, Avail Consulting
Ms Lucy Heller	Managing Director, ARK
Ms Carol Madison Graham (appointed 1 November 2007)	Former Executive Director of the Fulbright Commission in the UK
Mr Simon Morris (appointed 1 July 2007)	Secretary and Registrar, Keele University
Mr James Naughtie	Journalist, BBC
Mr James Ross	Former Deputy Chairman, National Grid Transco
Dr John Kirkland (Exec. Sec.)	Deputy Secretary General of ACU

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 2007-2008, 85 Marshall Scholars were fully funded by the MACC. In addition 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 EPA Marshall Scholarship in the UK funded by the Environmental Protection Agency (EPA), one Scholar was supported on the NGT Marshall Scholarship funded by National Grid plc and one was supported on the BSUF Marshall Scholarship funded by the British Schools and Universities Fund (BSUF). Two Scholars were jointly funded on Partnership Scholarships, one Scholar on a Birmingham Marshall Scholarship and one Scholar on an Imperial Marshall Scholarship. These agreements include the MACC paying for the Scholars' maintenance costs and the partner university waiving the tuition fees. A further four Scholars were funded under third year funding agreements with the University of Cambridge, University of Oxford and the London School of Economics. One third year Scholar was funded on the EPA Marshall Scholarship for Stanford University in the USA under the agreement with the EPA.

A total of 96 Marshall Scholars were funded either by the MACC or under funding agreements and one Scholar was funded under the EPA funding agreement in the USA. In addition two Marshall Sherfield Fellows were 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 55th Annual Report which will be submitted to the Secretary of State on 30 September 2008. 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 continues the Scholarship numbers will be reduced significantly in the coming years. Secondly, the stipend rates, set by government, may be insufficient for Scholars living expenses. The rates are lower than those given to British graduates by the Research Councils and indeed by the Department for Innovation Universities and Skills for overseas students. The Commission is concerned over this disparity and is very concerned that the Scholars may be experiencing hardship due to lack of funds. Thirdly the Commission is concerned about the increasing tuition fees of British Universities. Indications are that throughout the university sector tuition fees will be increasing above the rate of inflation. Failure to address these funding issues would mean that the Marshall Scholarships would suffer major reputational damage, and may no longer attract the best Scholars.

The Commission's objectives in the coming year would, therefore, include endeavouring to secure sufficient funding to ensure the continuation 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, and has increased the number of partnership Scholarships available from 22 to 38 in 2008.

Risk

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

- have responsibility for overseeing risk management within the institution 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 2007-2008 (compared to £2.29m in 2006-2007), as indicated in the annual allocation letters. This sum, together with £12,824 project funding from FCO, was exceeded by MACC's expenditure in 2007-2008 of £2,284,773. This situation arose through MACC selecting a number of scholars in line with the previous year's higher level of Grant-in-Aid.

However, on a cash basis, MACC received grant in advance, immediately before the year end (31 March) to enable payment of stipends on the first day of the following quarter. As the cash receipt is reported in these accounts, but the stipend is expenditure for the following year, the reserves appear to increase from £445,816 to £671,225.

The Scheme has attracted five third party funders, the British Schools and Universities Foundation, the National Grid Transco plc and the Scottish Government who each donated £20,000; the Annenberg Foundation which donated £16,199 from an endowment held by the Association of Commonwealth Universities; and the US Environmental Protection Agency which donated £19,403. These donations funded additional Marshall Scholarships. Funds remain from the donation made by Cable and Wireless in previous years to fund third year extensions.

Management and employment

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. 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 equality

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 British society.

Fixed assets

No fixed 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 is audited by the Comptroller and Auditor General.

Issue date

The annual financial statements will be approved for issue by the Accounting Officer on 1 July 2008.

On behalf of the Commission

F D Dow
Chair

J Kirkland
Executive Secretary

9 July 2008

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 operating surplus and the total recognised gains and losses for the financial year. The accounts should be read in conjunction with the Annual Report of the Commission, the 55th of which, covering the year to 30 September 2008, will be published by the Stationery Office in early 2009.

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 of 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

9 July 2008

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 Government Accounting.

The Association of Commonwealth Universities (ACU), which provides the Secretariat for the MACC, has an established system of internal controls (subject to statutory audit) that the Commission considers to be appropriate to its functions.

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 2008 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

The Commission receives periodic reports from the Chairman of its Finance Committee concerning the financial position of the Commission, and from the Audit and Risk Management (ARM) Committee concerning internal control and we require regular reports from the ACU on the steps that it is taking to manage risks in the areas of our responsibility. The ARM Committee also considers the findings and conclusions from reports by the ACU auditors that are relevant to the MACC. In addition the ACU has an Audit and Risk Management Committee which monitors risk within the ACU.

The risk and control framework

The Commission has a Risk Management Policy which is reviewed annually by the ARM Committee.

During the year ended 31 March 2007, the Commission further developed its risk management policy that forms part of the internal control and corporate governance arrangements. The policy explains the underlying approach to risk management, and documents the role and responsibilities of the Commission and its staff. In addition the ARM Committee considered rating the risk elements but decided, after much discussion, that the policy already in place was sufficient.

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.

F D Dow

Chair and Accounting Officer

9 July 2008

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 2008 under the Marshall Aid Commemoration Commission Act 1953. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Commission, Chair and Auditor

The Commission and Chair, as Accounting Officer, are responsible for preparing the Annual Financial Report and the financial statements in accordance with the Marshall Aid Commemoration Commission Act 1953 and directions made thereunder by the Secretary of State with the approval of HM Treasury, and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Commission and Chair's responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Marshall Aid Commemoration Commission Act 1953 and directions made thereunder by the Secretary of State with the approval of HM Treasury. I report to you whether, in my opinion, the information, which comprises the Financial Results for the Year, included in the Annual Financial Report is consistent with the financial statements. I also report whether 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.

In addition, I report to you if the Marshall Aid Commemoration Commission has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding other transactions is not disclosed.

I review whether the Statement on Internal control reflects Marshall Aid Commemoration Commission's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Marshall Aid Commemoration Commission's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Financial Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Commission and Chair in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Marshall Aid Commemoration Commission's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and that 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. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinions

In my opinion

- the financial statements give a true and fair view, in accordance with the Marshall Aid Commemoration Act 1953 and directions made thereunder by the Secretary of State with the approval of HM Treasury, of the state of Marshall Aid Commemoration Commission's affairs as at 31 March 2008 and of its net expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Marshall Aid Commemoration Act 1953 and directions made thereunder by the Secretary of State with the approval of HM Treasury; and
- information, which comprises the Financial Results for the Year, included within the Annual Financial Report, is consistent with the financial statements.

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.

Report

I have no observations to make on these financial statements.

T J Burr
Comptroller and Auditor General

16 July 2008

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Income and Expenditure Account for the year ended 31 March 2008

	Notes	2008 £	2007 £
Income			
<i>Other operating activities</i>			
Project funding from FCO		12,824	0
Grants and Donations from third parties	3	95,602	79,324
Total income		108,426	79,324
Resources expended			
Scholarship costs	4	2,113,572	2,002,943
Selection process		58,594	25,370
Development of the Marshall Scholarship Scheme	6	(538)	80,947
Administration	7	201,551	195,359
UK Regional Government itinerary		9,699	18,326
Total expenditure		2,382,878	2,322,945
Net expenditure		(2,274,452)	(2,243,621)
Bank interest receivable		7,892	7,142
Net expenditure for the year		(2,266,560)	(2,236,479)

Continuing operations

All activities were continuing in the year.

Statement of total recognised gains and losses

Other than the net expenditure for the year, there were no recognised gains or losses in the year.

Balance Sheet as at 31 March 2008

	Notes	2008 £	2007 £
Current assets			
Debtors	9	616,731	348,085
Accommodation deposits		19,225	14,835
Cash at bank		137,156	285,531
		773,112	648,451
Creditors: amounts falling due within one year	10	(14,068)	(114,951)
Net current assets		759,044	533,500
Net assets		759,044	533,500
Reserves			
General reserves			
MACC		671,015	445,816
Third parties		88,029	87,684
Total reserves	11	759,044	533,500

These financial statements were approved by the Marshall Aid Commemoration Commission on 9 July 2008 and signed on their behalf by

F D Dow
Chair

J Kirkland
Executive Secretary

Cash Flow Statement for the year ended 31 March 2008

	2008	2007
	£	£
Operating activities		
Net cash outflow from operating activities – see note below	(2,565,294)	(2,081,823)
Financing		
Grant-in Aid received	2,492,104	2,299,637
Less: non cash grant-in-aid	(75,185)	(87,278)
	2,416,919	2,212,359
Increase/(decrease) in net cash	(148,375)	130,536
Note:		
Reconciliation of net expenditure for the year to net cash outflow from operating activities		
Net expenditure for the year	(2,266,560)	(2,236,479)
Non cash grant-in-aid	75,185	87,278
Increase in debtors	(268,646)	(9,232)
Increase in accommodation deposits	(4,390)	
Increase/(decrease) in creditors	(100,883)	76,610
Net cash outflow from operating activities	(2,565,294)	(2,081,823)

Notes to the Financial Statements for the year ended 31 March 2008

The Marshall Aid Commemoration Commission is a body set up by the British Parliament under the Marshall Aid Commemoration Act 1953 (as amended) to administer British Marshall Scholarships. The Scholarship Programme is funded by HM Government through the Foreign & Commonwealth Office (FCO).

1 Accounting policies

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.

2 HM Government Grant-in-Aid (in respect to the MACC)

	2008	2007
	£	£
Grant credited to general reserve per financial statements	<u>2,492,104</u>	<u>2,299,637</u>

3 Grants and donations from third parties

	2008	2007
	£	£
Annenberg Foundation (via Association of Commonwealth Universities)	16,199	0
US Environmental Protection Agency	19,403	0
National Grid Transco plc	20,000	20,000
Department of Trade & Industry	0	19,324
British Schools & Universities Foundation (BSUF)	20,000	20,000
Scottish Government	20,000	20,000
	95,602	79,324

4 Scholarship costs

	2008	2007
	£	£
Marshall Aid Scholarships	2,015,467	1,929,393
Annenberg Marshall Scholarships	16,199	0
US Environmental Protection Agency	19,403	0
National Grid Transco Marshall Scholarships	17,761	27,196
Texas Marshall Scholarships	3,746	21,050
Cable & Wireless third year extensions	0	0
British Schools & Universities Foundation (BSUF)	23,698	19,157
Scottish Government	17,298	6,147
	2,113,572	2,002,943

5 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.

6 Development of the Marshall Scholarship Scheme

The Development of the Marshall Scholarship Scheme concerns 'one off' research on which to base future decisions. This work was split between the two financial years, and the expenditure included in 2007 was an estimate of work completed at that date. In fact the total cost was less than estimated, producing a small credit in 2008.

7 Administration

	2008	2007
	£	£
Secretariat	181,392	171,373
Commission costs	16,810	17,692
Miscellaneous	3,349	6,294
	201,551	195,359

8 Net expenditure

	2008 £	2007 £
<i>The net expenditure for the year is stated after charging</i>		
Auditors' remuneration	4,700	4,000

9 Debtors and prepayments

	2008 £	2007 £
Donation receivable	21,614	0
Prepayments and accrued income	595,117	348,085
	616,731	348,085

10 Creditors and accruals

	2008 £	2007 £
Trade creditors	0	62,210
Accruals	14,068	52,741
	14,068	114,951

11 Movement on reserves

	Opening balance Re-stated £	Grant-in Aid £	Donations £	Bank interest £	Expenditure £	Closing balance £
General reserve – Marshall scholarships*	445,816	2,492,104	12,824	5,044	2,284,773	671,015
Other reserves – third parties						
Annenberg Foundation	0	0	16,199	0	16,199	0
US Environmental Protection Agency	0	0	19,403	0	19,403	0
National Grid Transco	(6,575)	0	20,000	0	17,761	(4,336)
Department of Trade & Industry	17,640	0		528	3,746	14,422
Cable & Wireless	47,841	0	0	1,434	0	49,275
British Schools & Universities Foundation (BSUF)	3,885	0	20,000	82	23,698	269
Scottish Government	24,893	0	20,000	804	17,298	28,399
Third party scholarships	87,684	0	95,602	2,848	98,105	88,029
Total reserves	533,500	2,492,104	108,426	7,892	2,382,878	759,044

*The opening and closing balances of the Marshall scholarship general reserves include £337,989 and £362,592 respectively for the following Summer Terms' tuition fees and therefore the non-committed opening and closing reserves for Marshall Scholarships are £107,827 and £308,423 respectively. These sums include £nil and £216,700 respectively for scholars' stipends to be paid at the start of the next quarter, reducing the true reserve at the end of 2007-2008 to £91,723.

12 Related party transactions

The MACC is an Executive Non Departmental Public Body of the FCO.

The FCO is regarded as a Related Party with which the Commission has various material transactions during the year.

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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