

ANNUAL REPORT AND ACCOUNT 2009–2010

IMPERIAL WAR MUSEUM LONDON
CHURCHILL WAR ROOMS
HMS BELFAST
IMPERIAL WAR MUSEUM DUXFORD
IMPERIAL WAR MUSEUM NORTH

www.iwm.org.uk



Imperial War Museum

Annual Report and Account 2009–2010

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I. Introduction

I.1 Our purpose

The Imperial War Museum embraces the history of modern war and people's experience of war and wartime life from the First World War to Afghanistan. Our goal is to enrich people's understanding of the causes, course and consequences of modern war. Our mission is to enable people to have an informed understanding of modern war and its impact on individuals and society.

I.2 Our success

The Museum is hugely popular and is an important part of Britain's education and tourism infrastructure. We now attract more than two million visitors each year and visits to our website approach eleven million.

I.3 What makes the Imperial War Museum unique?

- We are the only national, modern social history museum in the UK. Our subject matter helps to explain why British society is like it is today and is crucial to the understanding of world history
- Our subject matter is inextricably linked with the sense of identity, both national and personal
- We have a uniquely symbiotic relationship with our audiences, a significant part of whom have a real and personal connection with war and conflict. People of any age can be an expert in our subject matter because veterans and eyewitnesses of war and conflict can be of any age
- Our Collection is heterogeneous and diverse. It is made up of the everyday and the exceptional, drawn from people of all walks of life, and reflects the nature of total war
- We interpret modern history with media that bring it to life – in film, art, photographs, sound, new media – all of which are immediately resonant for people today
- The Museum comprises historic sites and museums, a library, an art collection, archives and objects. We use this unique mixture to create a space for public response and debate

I.4 Vision

A long-term, expanded and audience-centred vision for the Museum has been created. The Imperial War Museum will continue to be a relevant, sustainable and influential institution if (and only if):

- Our stories matter
- Our authority is well founded
- Our collections are rich
- Our service is seamless
- Our resources can support us

Our stories matter

Imperial War Museum should be a place where our audiences can make sense of conflict, understand it has causes, course and consequences and see how it affects human behaviour for good or for bad, regardless of the levels of knowledge or experience

They should be resonant and significant to our audiences. We will seek to address the current alongside the historic

The Museum will have impact. It will draw on our audiences' understanding and will offer them materials to see different perspectives, embrace uncertainties, to debate difficult issues, to ask new questions and to find answers and meaning

Our stories should be rich, complex, imaginative, intelligent, ethical and researched. They must address different audiences and different learning styles

Our authority is well founded

It will be built on relevance and integrity, and will support our visitors

We will be informed and engaged with our subject and our service, through ongoing research and personal development

The museum must be dynamic, responsive to new issues and alive to new possibilities

We will act as guide, expert and support to users

We will address controversial and difficult subjects, particularly contemporary issues, with informed sensitivity and care

Our collections are rich

They are the building blocks for the delivery of our remit

They need to be accessible and understood in their depth, range and complexity

They need to be valued and cared for appropriately

They need to be shaped and developed to support our business

Our service is seamless

We will seek to understand our audiences and to support them through interpretive narrative, learning opportunities, accessible resources, customer care, retail, commercial and other service provisions. Everything from the quality of the cleaning and the freshness of our food to the way we deliver our remit will affect our audiences' experiences

We will consistently achieve high levels of customer satisfaction, and through understanding our audiences, meet and exceed expectations

We want audiences to engage deeply with our subject matter and so we will offer a high quality and seamless service in order to remove all obstacles to engagement in our offer. In other words we will design delivery mechanisms from a user perspective, rather than from our own

Our subject matter is relevant and resonant to a worldwide audience. Our offer and service should reflect this

Our resources can support us

We need to be fit in order to be flexible and powerful; to take opportunities and recover quickly (for example, following a large project, significant event or resource crisis)

Our intellectual capital and collections need to be relevant to support our remit, and therefore carefully managed

Our systems and delivery chains need to be directed to serving our audiences as effectively and efficiently as possible

Our fixed cost base needs to be as low as possible

Our business planning and management will seek to take new opportunities, to meet need as well as preparing for future economic uncertainty

Our Foundation needs to operate at maximum efficacy in order to fund the future development of major galleries

Team work, often in unfamiliar patterns, across all levels and branches of the Museum is essential. Our development and training programmes (the Open Programme) will be geared to support this

2. Strategic Objectives for 2009–2010

During 2009–10, the Imperial War Museum delivered strategic plans based on four key objectives. These were to build financial sustainability, increase access and engagement, ensure the effective stewardship of our Collections and widen our impact. Plans were implemented that responded to the challenges and opportunities faced by the Museum. Our strategy was informed by, and took account of, Government priorities and our activity reflects the objectives and aspirations described in the Funding Agreement of the Museum.

Our work continued to drive the modernisation agenda of the Museum. *Fit for the Future*, a change programme developed using a long term planning perspective, will support the creation of a dynamic new organisational model. Relevance and appeal to the widest possible audience, through an audience-centred approach, are key factors in this process of change.

Underpinning the *Fit for the Future* programme are the following strategic objectives, which, by 2020, will mean that Imperial War Museum is:

1. Audience-centred through our temporary exhibitions, gallery spaces, learning programmes, events, services, digital content, publications and products. We will sustain exceptionally high levels of customer satisfaction
2. Relevant to our audiences, ensuring that our activities are designed to have long-term impact
3. Continuously evolving in order to deliver excellence, bringing audiences and stakeholders with us
4. High profile, so that we maximise our impact on a local, regional, national and international scale
5. Efficient and effective, delivering the best possible value for money by continuing to focus on core, high-impact activity

3. Achievements and Performance

3.1 Overview

Imperial War Museum Corporate Performance Indicators '000s	2009–10 actual	2008–09 actual	Per cent (%) change year on year	2009–10 target*	Per cent (%) target achieved
Total number of visits to the Museum (excluding corporate hospitality guests)	2,079	2,007	+4	1,847	113
Number of children aged 15 and under visiting the Museum	600	580	+3	546	110
Total number of website visits	10,797	9,780	+10	11,300	96
Net income from admissions, trading, fees and royalties (£)	9,022	8,128	+11	7,524	120

* The target set in the Museum's Corporate Plan 2009–12

Performance against indicators agreed with the Department for Culture, Media and Sport in the Imperial War Museum Funding Agreement 2008–11 are shown on page 25 of this report.

3.1.1 Access and engagement

Over two million visitors attended the branches of the Museum during the year. This figure represents an increase year on year and exceeds the Museum's Corporate Plan target by 13 per cent. Children made up 29 per cent of total visitors to the Museum. Visitor satisfaction remains exceptionally high, with the proportion of visitors likely to recommend a visit at 99 per cent.

Almost 11 million people visited the Imperial War Museum website over the course of 2009–10, an increase of the previous year of 10 per cent and a result just below the Corporate Plan target. The high number of virtual visitors reflects the importance of online services and information. A wide range of content is available on the website, including learning resources and exhibition microsites. Web development has continued to provide an important focus for activity in order to sustain this success, with increasing use of new communications technology, including social networking channels, to communicate with our audiences.

An Audience Development Plan was implemented to expand and develop target audiences. In terms of audience diversity, the total proportion of visitors from lower socio-economic groups (NS-SEC 5-8 UK adults) during 2009–10 was sustained at 14 per cent (against 14 per cent during 2008–09). The proportion of repeat visitors was 38 per cent, the same proportion as was achieved during the previous year. As a proxy measure of satisfaction, this level of repeat

visitation suggests that our core audiences value their visitor experience, and corroborates the 'likelihood to recommend' visitor satisfaction ratings.

Black and Minority Ethnic visitors made up 3 per cent of UK adult audiences at the Museum over the year, marking a decrease on the level (of 6 per cent) achieved during 2008–09. This reflects the impact of shifts in programming, however, the Museum is building targeted audience development plans to ensure that our visitors are representative of the communities that we serve through our programmes and services in the future.

Visitors with a limiting disability represented 6 per cent of total visitors during 2009–10, an increase on the result achieved in 2008–09. The Museum continues to deliver against an *Equality Strategy* which outlines how the organisation will focus on promoting equality of opportunity as well as enabling participation and access to the widest possible audiences. The action plans underpinning the strategy detail how these objectives will be achieved and are inherently linked to audience development activity.

Overseas visitors increased year on year. With 39 per cent of international visitors across the branches during the year, this reflects the economic impact of the Museum in terms of tourism.

3.1.2 Financial sustainability

In late autumn 2008, the Museum launched the *Fit for the Future* review. An exercise designed to define and clearly articulate the long term strategic objectives of the organisation, it will ensure that there is sufficient flexibility, capability and capacity to enable their delivery. The review provides a very clear direction of travel for the Museum, focusing on core, high priority activity with high impact on visitors. The change programme also sets out to deliver a creative new organisational model that is affordable and sustainable. Changes implemented during the year include:

- the creation of the Resource Team, an executive, decision-making committee chaired by the Director-General and comprising museum directors with corporate responsibilities
- the appointment of a Director of Learning and Interpretation
- the implementation of a revised marketing and communications team structure, with the London branch teams centralised
- the merging of visitor services and security teams at Imperial War Museum London

The approach to business planning was aligned to *Fit for the Future* principles such that funding priorities were identified at a very early stage. In bidding for the residual funds, all areas of the Museum provided very detailed information on how their planned activity met overarching strategic objectives. The process of developing the Corporate Plan was thus made more robust and transparent and all staff forward job plans are directly linked to it, ensuring the successful delivery of our goals.

The Museum maintained a clear focus on maximising self-generated income over the course of the year and trading performance was very strong. Retail profit exceeded target, with a 7 per cent increase year on year. This reflects improvements to product and stock management and the positive impact of a strong exhibitions programme on secondary spend, in particular at Imperial War Museum London and Imperial War Museum North. Catering also performed well, with net profit up by 13 per cent year on year. Admissions income net profit was up by 20 per cent on 2008–9, a very positive result reflecting the strength of demand at the charging branches

of the Museum. Corporate hospitality remains the most vulnerable area of the business, with a depressed events market continuing in the context of the economic downturn. Looking ahead, overall trading forecasts for the year 2010–11 are cautious, reflecting anticipated volatility across the market and the ongoing challenge presented by a hostile economic environment.

Efficiency savings continued, and the Museum reached and exceeded its *Value for Money* efficiency cash saving target for 2009–10. The sum, agreed with the Department for Culture, Media and Sport (DCMS), was achieved through expenditure reduction by virtue of corporate planning budget adjustments, renegotiation of Facilities Management contracts and the successful reconfiguration and reorganisation of the foyer area at Imperial War Museum North. Energy consumption was an important area of focus over the year, in line with the sustainable development objectives of the Museum. Savings of 11 per cent were achieved in comparison to the previous year, a very positive result netting cash savings in excess of £165,000.

Ongoing Information and Communication Technology (ICT) improvements have included the completion of the installation of a Wide Area Network (WAN) with greater bandwidth capacity to increase the speed of web connections and enhance the capacity of the organisation to operate efficiently. This upgrade is the latest development in the ongoing ICT improvement programme, ensuring that the Museum has a solid foundation on which to continue its digital development. The newly appointed post of Head of New Media will lead on the redevelopment of the website, due to be launched in summer 2011.

3.1.3 Stewardship and Collections

Following the implementation of a new Collections Cataloguing Management System (CCMS), significant improvement in the way in which the Museum's Collections and associated data are managed is being delivered. Ongoing documentation and digitisation programmes have continued in order to support public learning and access programmes, as well as revenue generation activity. Charging for loans out (cost recovery) was implemented during the year. A Research Board has been established and the Research Strategy implemented. The Museum is in the process of applying for Independent Research Organisation status.

Master planning work undertaken over the year has included an estates review, examining the use of buildings and spaces across the property portfolio of the Museum with the aim of ensuring that the public offer, collections storage and staff accommodation are all optimised. In response to the decision to plan for redevelopment of the Imperial War Museum London site, a brief for spatial master planning was created and the work tendered. The architects Foster + Partners have been appointed to work on the project at the Lambeth Road building. The first major milestone will be the presentation of plans to the Board of Trustees in September 2010 for approval.

Major capital works were completed over the course of the year including the repair of the roof on the South East Block at Imperial War Museum London. This is effectively the first phase in a major project to redevelop the block, significantly improving collections storage conditions for approximately 25 per cent of the Museum Collections. The plant and facilities lifecycle review process has confirmed that the Museum continues to operate with a £3 million annual deficit in terms of investment into facilities management and equipment maintenance. Planned and preventive maintenance activity is thus concentrated on the highest priority areas, maximising the impact of limited investment resource. A revised and detailed Business Continuity Plan was issued during March 2010. Final completion of the new fire and security system at Imperial War

Museum London is imminent and scoping for a new system at Imperial War Museum Duxford is underway. The purchase of the airfield at Imperial War Museum Duxford was successfully completed at the end of 2009.

3.1.4 Impact

A new three-year project, *War Story*, was launched in October 2009. Sponsored by Boeing, the project will allow active service personnel in Afghanistan, of all ranks, to record their personal stories as part of the Museum's national holdings of material relating to contemporary conflict. Once gathered, this information relating to the experiences of servicing frontline personnel will be interpreted and disseminated. Working in partnership with the Ministry of Defence, volunteer personnel will be invited to create the history of their own service experience: first by uploading materials – blogs, emails, pictures, film – onto a managed website, and then by reviewing and interpreting material on their return from the frontline. Content will be reviewed by Museum curators to assist with its interpretation and the delivery of final outputs.

The Museum has continued to maximise the benefits of working in partnership, for example, the successful national-regional partnership project to develop joint ship model storage at Chatham Historic Dockyard. In conjunction with the National Maritime Museum, the venue, called *No. 1 Smithery*, will be a centre for maritime collections and will also house a gallery for temporary exhibitions, the first of which will be Sir Stanley Spencer's *Shipbuilding on the Clyde* paintings.

The Museum was awarded Strategic Commissioning funding from DCMS and the Department for Children, Schools and Families (DCSF) to support ongoing community outreach learning programmes at Imperial War Museum London, Imperial War Museum Duxford and Imperial War Museum North. A proportion of the funding was used to develop plans for *Build the Truce*, a major new education programme that builds on the legacy of the hugely successful *Their Past Your Future* national intergenerational learning project. An ambitious and innovative project, it will inspire and involve young people and communities across the UK with aspirational, practical and real stories of conflict resolution. It uses the Olympic Truce and the excitement of London 2012 as a starting point.

3.2 Exhibitions

The Museum has always presented successful temporary exhibitions across each of the branches and the past year has been no exception. These temporary displays complement our permanent exhibitions and are also designed to align with the mission and values of the Museum. Their aim is to engage diverse audiences and encourage new visitors, as well as providing something different for regular visitors to see, and they all use new technologies where appropriate. There have been a number of excellent temporary exhibitions opening in the past year as described below.

Exhibitions at Imperial War Museum London included *Horrible Histories™: Terrible Trenches*. Based on the *Trenches Handbook*, one of the books by Terry Deary in the bestselling *Horrible Histories™* series, the interactive exhibition includes hands-on activities for all ages. *Outbreak 1939* opened in August 2009 to mark the seventieth anniversary of the outbreak of the Second World War and explores the build-up to and preparations for war, including an hour-by-hour countdown of events on 3 September 1939 and a look at the early months of the conflict. *Ministry of Food* marks the seventieth anniversary of the introduction of food rationing in Britain

and shows how growing your own food, eating seasonal fruit and vegetables, reducing imports, recycling, and healthy nutrition were just as important in 1940 as they are today. *Breakthrough*, the major re-hang of the Imperial War Museum's collection of British art, has also continued.

At the Churchill War Rooms, the seventieth anniversary of the Cabinet War Rooms was celebrated with the exhibition *Undercover: Life in Churchill's Bunker* which focussed on the personal accounts of the men and women who worked at the Cabinet War Rooms during the tumultuous events of the Second World War and used images, artefacts and the first-hand oral accounts.

On HMS *Belfast* the exhibition *Launch! Shipbuilding Through the Ages* continued to attract visitors with film footage, hands-on activities and computerised interactive displays being used to help create this family-orientated display.

At Imperial War Museum Duxford, *The Wright Flyer* exhibition opened in *AirSpace*. Commemorating the Wright Brothers' first powered, sustained and controlled flight, and the birth of modern aviation, it showcases an original piece of fabric taken from the Flyer, the aircraft in which the Wright Brothers made their inaugural flight.

The temporary exhibitions programme at Imperial War Museum North included *Captured: The Extraordinary Life of Prisoners of War*, an exhibition examining the experience of prisoners of war during the Second World War; *Living with the Wall: Berlin 1961-1989* which marked the twentieth anniversary of the fall of the Berlin Wall in November 1989 and was a powerful photographic display examining how the Wall split a city, and so too its population; and *Shaped by War: Photographs by Don McCullin*, the largest UK exhibition of Don McCullin's work, told in his own words and celebrating more than 50 years as a photojournalist.

3.3 Learning and Access

Learning for all is central to the mission of the Imperial War Museum and is a key part of the *Fit For the Future* process. Each branch of the Museum is committed to providing high-quality and varied on-site learning programmes for our visitors and users with the added aim of supporting staff development. The Museum recognises the changing needs of a diverse audience and aims to attract Black and Minority Ethnic (BME) and lower socio-economic groups (NS-SEC 5-8) through dynamic and relevant learning programmes.

The hugely successful *Their Past Your Future* (TPYF) project based at Imperial War Museum London was completed at the end of March 2010. TPYF projects completed during the year include the online Cold War Exhibition *What Lies Beneath*, launched in November to tie in with the anniversary of the fall of the Berlin Wall, and the InSite Continuing Professional Development programme which focussed on post 1945 conflict and enabled 19 teachers and museum educators to visit Germany, the Czech Republic and Hungary. Students from across the UK who participated in the *Away to Remember Commemorative Visit* for the ninetieth anniversary of the Armistice attended the national commemorative event at Westminster Abbey on 11 November 2009 to mark the passing of the First World War generation. Two of the students, Millie Scott and Victoria Newark, escorted wreath bearers Johnson Beharry VC and Mark Donaldson VC in the procession from the altar to the tomb of the Unknown Soldier.

Partnerships with other organisations continue to be an important part of the Museum's learning activity. A successful partnership with the Brit School involved an assessment of

interpretation and evaluation of visitor experience for learners at the London branches. Their findings have been fed directly into the planning of Museum self-directed resource packs.

Community work is a crucial part of the learning programme. Engagement with local communities encourages visitation from our immediate audiences and allows, through an ongoing dialogue, for the incorporation of local feedback into public programming and visitor information. For instance the Churchill War Rooms has continued to offer outreach sessions for the Westminster Community Reminiscence and Archive Group (WCRAAG) and the Carers Network Westminster. This has assisted the learning programme as on a weekend in June, members of the WCRAAG were in residence in the Clore Learning Centre. As part of the Story of London – the Mayor of London’s month-long festival celebrating London’s past, present and future – WCRAAG members shared their memories of wartime London with members of the public.

Veterans play a key part in the work of the Museum, not only to augment collections information, knowledge and understanding but also to support educational programming for all ages. Recently, at Imperial War Museum Duxford, a series of seven short veteran interviews were recorded and overlaid with photographs and archive film in order to promote ‘Meet the Veterans’ intergenerational activities. These intergenerational sessions have provided visitors with the opportunity to meet men and women who have been involved in conflicts around the world and hear their personal stories of how it affected their lives. They include veterans of the Second World War, The Falklands War and the conflicts in Malaya and Northern Ireland. Veterans from all of the armed services are represented, as well as some civilians.

The Museum continues to meet the requirements of the National Curriculum for formal learners as well as providing informal learning activities inspired by branch strengths, events and exhibitions. These included on HMS *Belfast* informal learning sessions during the summer known as *Summer Stowaways* exploring the countries visited by the Ship while on active service and at IWM North, the gallery packs designed to accompany the *Captured: The Extraordinary Life of Prisoners of War*, which proved to be very popular.

In terms of the volume of learners across the branches of the Museum, the table below shows that on-site learners increased year on year and exceeded target. This reflects the positive impact of formal and informal learning programmes across the branches. The number of child learners decreased by a small margin, and this reflects some shift in the demand for formal, school learning sessions.

Learner numbers at the Imperial War Museum '000s	2009–10 actual	2008–09 actual	Per cent (%) change year on year	2009–10 target*	Per cent (%) target achieved
Learners in on-site educational programmes	468	454	+3	403	+16
Children in on- and off-site educational programmes	305	312	-2	284	+7

* The target set in the Museum’s Corporate Plan 2009–12

3.4 Collections

The Collections Branch dealt with a huge number of public enquiries, totalling 52,535 over the course of the year. Provision on the website through Collections Online has also remained popular with 249,232 visits from 1 April 2009 to 31 March 2010. The Image Sales section generated total income of over £44,000. It is hoped that the opening of *Explore History* (in May 2010), will not only improve public access facilities and give visitors wider opportunities to engage with collections but will increase access to a broader audience.

A number of interesting items have been acquired by the Museum over the course of the year. They include correspondence from a nurse during the First World War; rare and important items from the estate of Wing Commander George Unwin DSO, DFM and Bar for display at IWM Duxford (which was enabled by a grant of just over £39,000 from The National Heritage Memorial Fund); equipment and uniform worn by Corporal M Pook, 9/12 Lancers, whilst on operations in Iraq between May and December 2008; rare interviews with Ethiopians who fought against the Italians in the 1935–36 Abyssinian War and during the East African Campaign; two Union flags carried by the United States Air Force in Afghanistan as a symbol of co-operation between the US and the UK; the manuscript account of Captain G C Steele VC describing his part in the Kronstadt Raid in August 1919; and Jeremy Deller's wrecked car from Baghdad, the subject of his proposal *The Spoils of War: Memorial for an Unknown Civilian* for the fourth plinth in Trafalgar Square and the work which he took on tour to the US.

A new online facility, *Print on Demand*, has been launched. Some 50 artworks and posters are now available either in framed or unframed print or canvas format for between £30 and £225. Within the first month 23 posters and prints were sold to a value of £15,000.

On the Case, a programme to document and conserve items on public display, has progressed well. A pilot project investigating the feasibility of using accessioned items in handling and learning session at IWM North has continued. Items from the collection are approved by curators, conservators and learning teams and it is hoped that, if successful, the project will be rolled out across all branches.

The charitable company established in 2004 to help maximise fundraising opportunities for the UK National Inventory of War Memorials project, was dissolved in October 2009 and the project has been fully re-integrated into the Museum. A Volunteers Conference, designed to update volunteers on project progress and to develop their knowledge of the various associated programmes, was attended by 29 volunteers.

3.5 Publications

- The following books have been published in association with the Museum:
- *Outbreak: 1939* by Terry Charman, published by Virgin Books
- *Churchill's Bunker* by Richard Holmes, published by Profile Books
- *Voices Against War* by Lyn Smith, published by Mainstream Publishing
- *The Words of War* by Marcus Cowper, published by Mainstream Publishing
- *The Struggle for Victory* by Richard Overy, published by Carlton Books
- *Forgotten Voices of D-Day* by Roderick Bailey, published by Ebury Press
- *Forgotten Voices of Burma* by Julian Thompson, published by Ebury Press

- *Forgotten Voices of the Somme* paperback by Joshua Levine, published by Ebury Press
- *Forgotten Voices of the Secret War* paperback by Roderick Bailey, published by Ebury Press
- *For Your Eyes Only: Ian Fleming and James Bond* paperback by Ben Macintyre, published by Bloomsbury
- *Taking Part in the Second World War: In the Air* by Ann Kramer, published by Franklin Watts
- *Taking Part in the Second World War: On the Home Front* by Ann Kramer, published by Franklin Watts
- *Taking Part in the Second World War: On Land* by Ann Kramer, published by Franklin Watts
- *Taking Part in the Second World War: At Sea* by Ann Kramer, published by Franklin Watts
- *Taking Part in the Second World War: The Secret War* by Ann Kramer, published by Franklin Watts
- *British Posters of the Second World War* by Richard Slocombe, published by IWM
- *The Ministry of Food* by Jane Fearnley-Whittingstall, published by Hodder
- *Shaped by War* by Don McCullin, published by Jonathan Cape
- *My Uncle's Dunkirk* by Mick Manning and Brita Granstrom, published by Franklin Watts
- *IWM Duxford Guidebook*, published by IWM
- *IWM London Guidebook*, published by IWM
- *CMCWR Guidebook*, published by IWM
- *IWM North Guidebook*, published by IWM

3.6 Events

In the past year, the Imperial War Museum has continued to offer a variety of events at each of the branches including interactive drop-in sessions, air shows, lectures and poetry readings.

On HMS *Belfast*, a number of successful events including a 1940s dance and re-enactment weekend, *Battleship Boogie* were held. The annual service of Remembrance took place on the Quarterdeck on Sunday 8 November and in December, local schools were invited to take part in Carols on the Quarterdeck.

At Imperial War Museum London events of particular note included the well received series of an interactive drop-in session for families which used artefacts from the Collection to look at the myths and reality of the First World War. In September 150 visitors took part in the Museum's contribution to London Open House weekend visiting the Dome Reading Room and Board Room. A Black Screen Heritage conference, devised by Film London in partnership with the Yorkshire Film Archive and the IWM Film and Video Archive, was held in July.

A particular highlight of the autumn events programme was the panel discussion *Where are the War Poets? Poetry of the Second World War* which featured Professor Jon Stallworthy, Owen Sheers, Imogen Stubbs and Art Malik. On Armistice Day Joshua Levene read excerpts from his book *Forgotten Voices of the Somme*. And in October the *Terrible Trenches* illustrator Martin Brown presented an art activity for children entitled *Martin Brown draws Horrible Histories*.

The summer season at Imperial War Museum Duxford was especially busy and included two major air shows - Flying Legends and the September Air Show which together attracted some 55,000 visitors. Favourable weather in September ensured a full flying programme which included an appearance by the Red Arrows and RAF Typhoon. Other events included the Classic Car show, a Spitfire Day, Burma Star Day, American Air Day and Showbus. All events delivered target visitors and were well received.

Imperial War Museum North ran themed events linked to the *Prisoners of War* exhibition and to Refugee Week; these comprised *In Focus* gallery walks followed by presentations using archive materials. Other exhibition-related events have included drama and musical performances aimed at family audiences, as well as opportunities to meet the artists featured in the WaterWay exhibition space and other display spaces through studio visits and talks.

In April 2009, the Churchill War Rooms celebrated the twenty fifth anniversary of its opening to the public with a programme of special events. Visitors were charged the original entry fee of £2 and a special 1980s themed menu was on offer with a large anniversary cake and balloons being shared with visitors. The Churchill Lecture series has had another successful year. The subjects of the lectures during the year ranged from *Churchill as Warlord, 1940-45*, given by Sir Max Hastings, to *MI5 and SIS during the Second World War*, given by Professor Christopher Andrew, and concluding with a lecture given by Nigel Steel, Principal Historian on the Lord Ashcroft Gallery Project, entitled *With Winston Churchill on the Front* which focussed on the time that Churchill spent on the Western Front during the First World War.

3.7 Awards

Imperial War Museum Duxford received *The Business Tourism Award* in the East of England Regional Enjoy England Awards for Excellence 2009. The branch had also reached the final in three further categories in these Awards, including Outstanding Customer Service.

Imperial War Museum Duxford also won the Digital Access Onsite Award in the Jodi Awards, which are presented by the Jodi Mattes Trust for accessible digital cultures. The award, which is shared with Antenna Audio, celebrates the audio guide offered to blind and partially signed visitors to *AirSpace*.

Imperial War Museum North won the Northwest's Large Visitor Attraction of the Year 2009 qualifying for entry into the national finals. The branch received the best mark ever from mystery shoppers in the category. This is the third time the branch has won this award in the last six years, on this occasion beating Tatton Park, Liverpool's Anglican Cathedral and Blackpool Tower and Circus among others.

HMS *Belfast*'s Learning and Access Team won the Heritage Education Trust's Sandford Award for Excellence in the Heritage Sector.

3.8 Key Supporters in 2009–2010

While we show the following donations and sponsorships of £10,000 or more, it is not possible to report here all the contributions that we receive. The Museum wishes to acknowledge the many generous donations made during the year by individuals as well as companies and charitable trusts. Such support is essential in helping us to achieve our charitable mission and goals. The Museum also wishes to thank those donors who wish to remain anonymous.

During the year, major support was received from:

Arts Council England (North West)
BAE Systems
Big Lottery Fund
CMS Cameron McKenna
Company of Cooks
DCMS/Wolfson Museums and Galleries Improvement Fund
Friends of Duxford
Heritage Lottery Fund
JISC
Lord Ashcroft, KCMG
Ministry of Defence (*Their Past Your Future*)
National Heritage Memorial Fund
PZ Cussons Plc
Scottish Arts Council
Sovcomflot (UK) Ltd
Steinberg Family Charitable Trust
The Art Fund
The Bernard Sunley Charitable Foundation
The Boeing Company
The Clore Duffield Foundation
The Conference on Jewish Material Claims Against Germany
The Gerry Holdsworth Special Forces Charitable Trust
The Gladys Kriebel Delmas Foundation
The Hobson Charity Limited
The Michael Bishop Foundation
The Sir John Fisher Foundation
The Steinberg Family Charitable Trust

3.9 Diversity

The Imperial War Museum developed an *Equality Strategy* and Action Plans in 2007 which describe how the Museum will promote equality and outline measurable targets to monitor progress in terms of staff and visitor diversity and equality. The Equalities Monitoring Group (EMG), headed by the Director of Corporate Services, oversees the development and implementation of the strategy. The EMG meetings are attended by equality champions from each branch and the Museum has made further progress over the year.

3.10 Environmental Sustainability

The Trustees of the Museum, the Director-General and the Senior Management Team are committed to reducing the impact of the organisation's operations on the environment and reducing its carbon footprint. With this in mind, a *Sustainable Development Policy* has been created which the Museum reviews on an annual basis. The Policy aims to improve the Museum's environmental performance by, amongst many other points, meeting all relevant current and foreseen statutory regulations and official codes of practice, using passive and low energy systems wherever practicable, and achieving the sustainable development targets set by Government policy. Having achieved significant reductions during 2009–10 (reducing energy consumption by 11 per cent year on year), the Museum will seek to build on this success, reducing consumption by a further 10 per cent over the year 2010–11.

3.11 The Friends of the Imperial War Museum

The work of the Museum is supported by the Friends of the Imperial War Museum (registered charity no 294360), which was established in 1986 to advance the education of the public by rendering support to the Museum. The organisation has no legal link with the Trustees of the Museum. Amongst many other activities, the Friends provide guided tours for visitors. In 2009–10 the membership increased from 5,588 to 5,949. This was partly due to the installation of a membership desk staffed by volunteers and operational at weekends at Imperial War Museum London. In November 2009 the Friends gave the Museum a grant of £30,000 which was used to cover the cost of the furniture in *Explore History*.

Imperial War Museum Duxford also receives valuable assistance from the Friends of Duxford. During 2009–10, the Friends of Duxford donated £140,000, of which £50,000 was specifically contributed to the project to develop the interpretation of the site, *Historic Duxford*.

In addition, there are two not-for-profit organisations based in the United States: the American Air Museum in Britain, which contributes to the funding of the American Air Museum at Imperial War Museum Duxford and The Churchill Centre, which, *inter alia*, provides financial support for the Churchill War Rooms.

3.12 Volunteers

The level of interest in volunteer support remains high and volunteers provide a significant, diverse and complementary contribution to the operation of the Museum. Volunteers make a significant, diverse and complementary contribution to the operation of the Museum. The implementation of dynamic volunteer programmes across the branches of the organisation has served to strengthen community links.

During 2009–10, an average of 969 volunteers jointly contributed an estimated 16,892 days or 101,352 hours of effort on behalf of the Imperial War Museum. This is equivalent to over 62 full time posts and as such, the value of this contribution equates to over £1.8 million. The largest number of volunteer days given was in conservation activity, with some 5,516 days contributed.

At our London Branches interest in volunteering has remained high with some 360 enquiries handled during 2009–10. As a result of these enquiries some 73 longer term adult volunteers and 29 shorter term adult student placements have been organised across our three London Branches. In addition to recruiting volunteers for roles such as photograph archive support, tour guiding and warship conservation, some wholly new volunteer roles have been developed within collections (*Explore History*) and learning support.

Communications with volunteers has been maintained via an email group, a web-based volunteer newsletter and regular visits to volunteer work locations. The sense of belonging to a larger family has been maintained through various social events including visits to the National Maritime Museum, the London Transport Museum's Reserve Collection at Acton, and the Annual Review and Social Evening at Imperial War Museum London in November.

Imperial War Museum Duxford currently has 606 active volunteers; this breaks down as 406 individuals volunteering for the Duxford Aviation Society and 200 on Imperial War Museum projects. There has been a focus on opening volunteer opportunities for individuals with special needs and or mental health issues and has been working closely with Cambridgeshire NHS Mental Health and other support units.

4. Plans for Future Periods

The Corporate Plan 2010–13 takes account of the need to modernise the infrastructure, programmes and products of the Museum. It reflects the challenges presented by the economic downturn and an increasingly competitive funding environment. During the plan period, the prioritisation of self-generated income will continue. Clear corporate and branch priorities have been set out in the business plan. These include the implementation of an integrated public programme, the creation of infrastructure required to support a sustainable collection and the convergence of key databases.

The Corporate Plan is framed around five key strategic objectives: to be audience-centred, relevant, continuously evolving and improving, high profile and efficient and effective.

4.1 Audience-centred

The fundamental principle that the Museum must be audience-centred is pivotal. In responding effectively to the demands of stakeholders and target audiences, programming (exhibitions, events, education) will continue to be linked to major events and anniversaries, and will optimise income generation when appropriate.

The exhibitions programme will include *Children's War Literature*, *Fromelles*, *Women War Artists* and the opening of the *Lord Ashcroft Gallery* at Imperial War Museum London. At Imperial War Museum North, the planned programme features *All Aboard: Stories of Life at Sea*, *Camouflage*, *Gulf War: John Keene* and the display of the Iraq Car by Jeremy Deller.

Community learning will continue to provide an important focus for activity. Informal and family learning will be delivered through events and activities.

Visitor welcome projects will be completed at all of the branches, upgrading our entrance and training our staff to provide the best possible visitor experience.

4.2 Relevant

The Museum will undertake a brand review to ensure that its key messages are effective. This work will underpin the development of coordinated marketing programmes across the branches (and in particular using the centralised London team). Market research activity will be further developed to ensure that the Museum has a good understanding of user and non user needs, motivations and expectations.

Projects such as *War Story* will enable the Museum to develop its contemporary collecting activity. This in turn will contribute to the development of permanent, virtual and temporary galleries and resources across the branches.

At Imperial War Museum Duxford, the depth of contextual information around large objects will be increased and interpretative work undertaken to ensure that wider audience needs are met through the use of different media and smaller objects. *Historic Duxford* is an example of this change, where the history of airfield will be interpreted, giving an insight into the people who worked and lived on the site and its importance in terms of preservation.

4.3 Continuously evolving

A corporate priority for the Museum is the creation of an infrastructure for sustainable collection management. This will be underpinned by a review of acquisitions and disposals across the Museum.

The opening of *Explore History*, a newly centralised, innovative and self-service research facility within Imperial War Museum London in May 2010 marks a major change in the way that users can access the collections and knowledge held by the Museum. The service will be evaluated with a view to rolling out similar facilities at other branches where appropriate.

A major project to redevelop the shop and entrance of HMS *Belfast* will commence during 2010. This will be complemented by work on board the ship to develop the interpretative route for visitors. Replacement masts are also scheduled to be erected during the course of the year.

The implementation of an internal university, the Open Programme, will support staff skills development through bespoke training opportunities. The Museum will continue to operate an 'internal first' recruitment policy, which, in combination with training, significantly contributes to workforce development.

4.4 High profile

Key partnerships and projects, including *Build the Truce*, *War Story* and *Explore History*, will have a far reaching impact. Strategic partnerships will be sustained through regional activity.

Plans to mark the centenary of the outbreak of the First World War in 2014 will be developed with a view to positioning the Museum as the national lead. This activity is linked to the spatial master planning being undertaken at Imperial War Museum London.

The opening of Mediacity UK at Imperial War Museum North presents a significant opportunity to develop profile and audiences. An upgrade of exhibition spaces at the site will include the digitisation of the Big Picture, increasing its flexibility in terms of programming.

4.5 Efficient and effective

The redevelopment of the website will link directly to ecommerce development and the integration of income generation channels. The new website will launch in mid 2011. The creation of a commercial unit, centralising commercial activity, will be completed by December 2010. The focus on investment in core activity will be sustained, with a clear emphasis on increasing returns from income-generating activity, for example, through the implementation of a Customer Relationship Management system and new ticketing system.

A review and restructure of the collections branch will be completed. A large and complex branch, the review will seek to maximise efficiency, support corporate priorities and minimise fixed costs.

Branches will seek to maximise corporate hospitality income and respond to shifting market

demands. The Museum will continue to publish in-association titles and seek licensing deals. Retail performance will be bolstered by the ongoing development of the online shop and the expansion of retail space (for example, at Churchill War Rooms). Collections will continue to diversify their business model with the full public launch of an updated version of Collections Online.

The project to redevelop the South East Block at Imperial War Museum London will be undertaken. On completion this will improve the environmental storage and display conditions for approximately 25 per cent of the entire Museum Collection.

The capital maintenance backlog programme will be furthered, with priority one works undertaken, comprising critical plant replacement and fabric repairs.

5. Financial Review

The Imperial War Museum financial statements include the Grant-in-Aid received from Government, the consolidation of the commercial and learning activities performed by the Imperial War Museum Trading Company and funds raised and managed by the Imperial War Museum Development Trust. The Consolidated Statement of Financial Activities is to be found on page 44.

In summary the financial picture appears very positive. Net incoming resources, after depreciation but before revaluation changes, were £1.09 million. This compares to a deficit of 5.42 million in the previous year. Similarly the net unrestricted position for the year has moved from a deficit of £0.5 million in 2008-09 to a surplus of £2.6 million.

This increase is due to a number of factors. There have been a number of capital receipts which show as income in this year but for which there is no expenditure offset in the Statement. This is demonstrated in the growth of external funds by £3 million. These funds comprise an amount to fund the purchase of the runway at IWM Duxford. In addition such receipts include funds for the construction of the Lord Ashcroft Gallery and the *Explore History* facility, both of which open to the public in the next financial year.

Self-generated income generation has achieved successful results in the face of the economic recession. Income from admissions at the charging branches increased by 17 per cent. That from commercial activities was similar to the level achieved in the previous year. This does represent an improvement as the results for 2008-09 benefit from the exceptional success of the temporary exhibition *For Your Eyes Only* at Imperial War Museum London. This financial year has seen turnover from retail exceed £4 million for the first time, representing an increase of 8 per cent on the previous year.

The other influence on the financial performance has been the control of expenditure and the realisation of efficiency savings. Amongst this staff costs (excluding early retirement and severance costs) have fallen by 1 per cent. Energy savings of 11 per cent have been achieved. In many areas expenditure has been frozen in cash terms or reduced.

Overall the level of funds carried forward at 31 March 2010 decreased by £3.372 million, in comparison to the decrease of £8.597 million in the previous year. In both years this is attributable to the lower valuation of fixed assets, chiefly land and buildings.

The Trustees continued to apply the approved investment policy during the year. This states that the credit rating of the banks with which the Museum and its subsidiaries place funds must be at least a 'double A' rating, as assessed by the Standard and Poor's index. In addition, in order to spread risk as widely as possible, the Museum entities have a cap of £3 million with any one institution unless exceptional amounts of cash are being held. All investments were held in cash at 31 March 2010.

Reserves Policy

Objective

The policy, approved by Trustees as part of the Corporate Plan, incorporates policies for contingency to cope with short-term variations in estimates of market conditions, and to build longer-term reserves to ensure financial stability for the future and investment for essential projects.

Contingency

The Museum will maintain its successful regime of expenditure controls and managing cash flow. Forecasts are reviewed in depth quarterly, and the allocation of resources and income trends examined fully. Budget holders have real-time access to their budget information and commitments against these. They are required to complete a formal review on a monthly basis. Budgets will not be released fully until forecasts of self-generated income and expenditure are considered robust. Specifically, a third of the annual budget amount is withheld until the actual results of the first six months of activity are known. In addition, projects that are to be funded from externally-raised income will not be started until such funding is secure.

These mechanisms have worked effectively in allowing the Museum to adapt and respond within financial years without significant disruption.

In addition the Museum has a contingency plan to provide for a fund of 5 per cent of operational expenditure. In arriving at this, a sensitivity analysis has been performed on two areas of potential volatility: unrestricted income and utility costs. Plans for revenue generation have been formulated on a prudent basis in light of the current recessionary market conditions.

Reserves

The Reserves Policy is an integral part of the strategic approach to financial management of the Imperial War Museum and is reviewed annually by Trustees. On 3 March 2010 Trustees approved that the total of all unrestricted reserves will exceed £4 million by 2013. The target equates to 25 per cent of self-generated income and will cover 1.5 months of operational expenditure.

The unrestricted reserves are designated to provide support and cash flow towards the renewal of the permanent galleries at Imperial War Museum London on the First and Second World Wars, in time for the centenary and seventy fifth anniversaries of the commencement of the respective conflicts in 2014. Additionally they will be utilised for the redevelopment of the Imperial War Museum London building and, in the near term, to assist in funding a new scheme for the replacement of the entrance to HMS *Belfast*.

Key Performance Indicators

In 2008, the Department for Culture, Media and Sport introduced a revised performance indicator framework, designed to facilitate consistent reporting of performance data. As part of the Imperial War Museum Funding Agreement 2008–11, a new set of twelve performance indicators were introduced. The results reported below compare performance during 2009–10 with that of 2008–09. Results are shown in '000s unless otherwise stated.

Performance Indicator ('000s)	2009–10	2008–09	Per cent (%) change
Access			
Number of visits to the Museum (excluding corporate hospitality guests and virtual visitors)	2,079	2,007	+4
Number of unique website visits	10,797	9,780	+10
Audience profile			
Number of children aged 15 and under visiting the Museum	600	580	+3
Number of visits by UK adult visitors aged 16 and over from NS-SEC groups 5-8	136	139	-2
Number of visits by UK adult visitors aged 16 and over from an ethnic minority background	27	52	-48
Number of visits by UK adult visitors aged 16 and over who consider themselves to have a limiting long-term illness	64	28	+125
Number of overseas visitors	730	635	+15
Learning and outreach			
Number of facilitated and self-directed visits to the museum by children under 16 in formal education	178	188	-5
Number of instances of children under 16 in on-site organised activities	124	113	+10
Number of instances of children under 16 participating in outreach activities outside the Museum	2	10	-75
Number of instances of adults aged 16 and over in organised activities at the Museum	165	152	+18
Number of instances of adults aged 16 and over in outreach activities outside the Museum	4	13	-58
% of visitors who would recommend a visit	99%	98%	-
Income generation			
Admissions income	£5,552	£4,752	+17
Trading income	£4,217	£4,129	+2
Fundraising income	£6,701	£3,496	+92
Regional engagement			
Number of UK loan venues (<i>exact number reported</i>)	92	156	-41

6. Structure, Governance and Management

The Imperial War Museum is an independent, statutory, corporate, non-departmental public body (NDPB) with exempt charity status. It is governed by a Board of Trustees, acting on the authority of the Imperial War Museum Acts 1920 and 1955, the Museums and Galleries Act 1992 and other relevant legislation. The Board comprises a President (HRH the Duke of Kent), who is appointed by the Sovereign, and twenty-one other Trustees, ten of whom are appointed by the Prime Minister, two by the Secretary of State for Foreign and Commonwealth Affairs, one by the Secretary of State for Culture, Olympics, Media and Sport, one by the Secretary of State for Defence, and seven by Commonwealth governments. The Board has corporate responsibility for ensuring that the Museum fulfils its aims and objectives and complies with any statutory or administrative requirements for the use of public funds. It establishes the overall strategic direction of the Museum and ensures that high standards of corporate governance are observed at all times. The Trustees' Executive is the Director-General.

The Museum's Senior Management Team (SMT) and an executive sub-group of senior managers, the Resource Team (RT), assist the Director-General in coordinating and formulating policy and monitoring progress on key plans. Both meet monthly. The Resource Team is chaired by the Director-General and comprises five corporate branch directors. The Resource Team is responsible for all project approvals and is the key decision-making body. The Senior Management Team is chaired on a rotating basis and comprises the five corporate branch directors plus three local branch directors and the Head of New Media. The Head of Internal Audit and the Head of Strategy and Planning also attend the meetings in an observational capacity.

The practices and procedures of the Museum comply with the requirements of HM Treasury's 'Managing Public Money' and the Management Statement and Financial Memorandum agreed with the Department for Culture, Media and Sport (DCMS), which is the Museum's sponsor department in relation to public funds. These set out the conditions attached to the Museum's government Grant-in-Aid. The Director-General is the Accounting Officer, appointed by the Accounting Officer of DCMS. The Financial Statements of the Museum are presented in accordance with the Statement of Recommended Practice (SORP) 2005. A register of the interests of Trustees is held in the Director-General's Office at the Museum and is available for inspection.

6.1 Corporate Governance

The framework for Corporate Governance in the Museum is based on the principle that the Trustees, as a non-executive Board, are collectively responsible for the 'general management and control' of the Museum, including risk management. The Board has delegated responsibility for monitoring risk management to its Audit Committee, which advises the Director-General and the Board on the adequacy of audit arrangements, risk management and internal control. Finally, under the provisions of 'Managing Public Money', the Director-General is personally responsible, as the Accounting Officer, for safeguarding public funds and assets, for the conduct of the staff, and for maintaining a sound system of internal control and risk management. A Corporate Governance Code was approved by the Board in September 2006.

6.2 Risk Management

A Risk Management System is embedded into the management structure of the Museum to support and inform the Statement on Internal Control required by HM Treasury. The Trustees' Audit Committee plays a leading role in advising on and overseeing the system. In order for the system to be effective, regular review and communication of the risks must be undertaken. This is achieved by:

- The identification of risks as an integral part of the business planning and project management processes
- An agreed and dynamic risk methodology for the whole organisation allowing risks to cascade upwards from department, through division to a corporate level
- The discussion of risk at all monthly team brief sessions across the organisation
- The incorporation of risk management at all levels into the quarterly stewardship reporting by all directors to the Director-General
- Quarterly review of the top-level strategic risks by the Museum's Senior Management Team at every meeting of the Trustees' Audit Committee and annually by the Board of Trustees
- Internal audit reviews of internal control and risk management at all branches
- The Audit Committee and the Main Board of Trustees approving the Strategic Risk Register

The Museum's Strategic Risk Register has nine outcome-focused risks. In addition, the Museum has a system of management checks which supports the system of internal controls and link to plans and risks. Reports against these checks are made to the Director-General by Divisional Directors every quarter.

6.3 Personnel Policies

The Imperial War Museum follows policy guidelines issued by the Cabinet Office about the employment of disabled people. It is an Equal Opportunity Employer. It has agreed statements of safety policy under section 2(3) of the Health and Safety at Work Act 1974.

At the end of March 2010, 2 per cent of staff considered themselves to have a limiting disability. With regard to diversity, 5 per cent of staff surveyed were Black or Minority Ethnic. The Museum workforce during 2009–10 was made up of (on average over the period) 54 per cent male and 46 per cent female employees. The Resource Team consists of three male directors and three female directors. The full Senior Management Team comprises six male Directors and three female Directors (inclusive of the Director-General).

The average number of staff sick days taken in 2009–10 was 7.1 days per member of staff, a reduction of 3 per cent in comparison to 2008–09 (when the average was 7.4 days). The average number of sick days compares favourably with the public sector where, according to the Chartered Institute of Personnel and Development's 2009 Absence Management Survey, the average was 9.7 days. If long-term sickness (21 days or more) is excluded, the Imperial War Museum average for 2009–10 falls to 4.9 days (again marking a reduction of 5 per cent on the result in 2008–09 when 5.2 days of short and medium sickness was recorded).

The Personnel Strategy of the Museum pivots on the need to deliver a flexible workforce and organisational structure that is creative, affordable and sustainable, ensuring that the Museum can make the best use of the knowledge and skills of its workforce.

It describes how the successful management and development of the Museum's workforce will deliver the *Fit for the Future* modernising and change agenda. Objectives include people management, such that professional and effective management of staff delivers the required organisational capacity and capability and employee wellbeing, key to organisational success and productivity.

6.4 Informing and Consulting Employees

Senior management communicates with staff through the preparation and circulation of an annually-updated and detailed corporate plan. The Director-General briefed teams across the Museum on the Plan during March 2010, providing an opportunity for questions and debate.

The Museum strives to ensure good internal communication by encouraging regular team, departmental and cross-divisional meetings. The Museum's intranet is regularly updated with relevant staff and corporate information and features a web-based forum for staff discussion.

A review of communication and consultation channels was undertaken during the year. As a result, a new structure has been introduced. Several different communication groups have been consolidated (previously Staff Council, the Electoral College and the Staff Forum) and replaced by local communication groups. Chaired by respective branch directors, the Branch Staff Consultation Forums (BSCFs) are also attended by staff, union and personnel representatives. The meetings take place every 8 weeks.

The monthly team brief system was also strengthened during the year, with briefing documents containing key information agreed at Senior Management Team meetings and distributed to all staff for use at team meetings. An internal web-based newsletter, *Radar*, is also produced in-house on a monthly basis.

The *Fit for the Future* review has involved consultation through numerous channels including a dedicated email address, an intranet discussion forum, written submissions via local postboxes and consultation groups.

6.5 Public Sector Payment Policy

The Museum has implemented the Confederation of British Industries' Prompt Payers Code. All suppliers are informed by standard letter of the Museum's payment procedure and the system for addressing complaints and disputes. The percentage of invoices paid promptly in 2009–10 was 79 per cent, compared with 70 per cent in 2008–09.

6.6 Personal data

There were no personal data related incidents to report for the period 2009–10.

7. Reference and Administrative Details of the Charity, the Trustees and Advisers

7.1 Addresses

Imperial War Museum London

Lambeth Road
London
SE1 6HZ

Churchill War Rooms

Clive Steps
King Charles Street
London
SW1A 2AQ

IWM Duxford

Duxford
Cambridge
CB22 4QR

HMS Belfast

Morgan's Lane
Tooley Street
London
SE1 2JH

Imperial War Museum North

Trafford Wharf Road
Trafford Park
Manchester
M17 1TZ

Website

www.iwm.org.uk

7.2 Principal Advisers

Solicitors

The Museum employs the Treasury Solicitor and commercial solicitors on an *ad hoc* basis.

Principal Bankers

National Westminster Bank Plc
Bishopsgate Corporate Business Centre
15 Bishopsgate
London EC2P 2AP

HM Paymaster General
Sutherland House
Russell Way
Crawley
West Sussex RH10 1UH

7.3 Audit

Under statute, the Comptroller and Auditor General is the principal auditor of the Museum's consolidated accounts for the year ended 2009–10. The audit fee in respect of this work was £40,500.

Auditors

Consolidated Accounts

Comptroller and Auditor General
National Audit Office
157–197 Buckingham Palace Road
London SW1W 9SP

So far as the Accounting Officer and the Board is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing his report, of which the auditor is unaware. Having made enquiries of the Board of Trustees and the Museum's auditor, the Accounting Officer has taken all the steps that she is obliged to take as Accounting Officer in order to make herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Imperial War Museum Trading Company Limited and Development Trust Auditors

Buzzacott
12 New Fetter Lane
London
EC4A 1AG

7.4 The Imperial War Museum Trading Company

The Imperial War Museum Trading Company Limited (registration number 3719634) was incorporated on 25 February 1999, and commenced trading on 1 April 1999. All of the issued share capital of the company is held by the Trustees of the Museum as a body corporate.

The principal activity of the Trading Company is the operation of the commercial and educational activities of the Museum, including retailing, corporate hospitality and the Duxford Air Shows.

The Directors of the Imperial War Museum Trading Company

Mr Tom Wright CBE (Chair)
Mr Keith Cameron (from 2 September 2009)
Mr Jon M Card ACA
Ms Diane Lees FMA FRSA
Miss Angela Godwin (to 30 September 2009)
Mr Bill Woodrow RA
Mr Guy Black

7.5 The Imperial War Museum Development Trust

The Imperial War Museum Development Trust was constituted by a Declaration of Trust dated 8 September 1969, most recently varied in June 2004. It is an exempt charity. The Trustees of the Imperial War Museum Development Trust are empowered to receive, hold and administer funds or other assets entrusted to them by grant, gift or bequest for purposes appropriate to the functions of the Trust. Their remit includes the development of longer-term resources for the Museum. The financial activities of the Trust are consolidated with those of the Museum in these financial statements.

The Trustees of the Imperial War Museum Development Trust

Air Chief Marshal Sir Peter Squire GCB DFC AFC DL DSc FRAes (Chairman)
Ms Diane Lees FMA FRSA (Director-General) ex officio
Lieutenant General Sir Christopher Wallace KBE DL
Mr Christopher Fisher
Sir Lawrence Freedman KCMG CBE FBA (to 14 December 2009)
Sir Francis Richards KCMG CVO

7.6 Director-General and Accounting Officer

The Director-General and Accounting Officer for the Museum is Diane Lees.

7.7 Delegation of Public Appointments

The appointment of Trustees is the responsibility of the Prime Minister and other ministers and authorities designated in the Imperial War Museum Acts. Those that are not ex officio appointments are made in accordance with procedures laid down by the Office of the Commissioner for Public Appointments and DCMS. The responsibility for the administration of Board member appointments made by the Prime Minister and the DCMS, up to final Ministerial decision, has been delegated to the Museum.

On appointment, a Trustee will receive a copy of the DCMS publication *Serving on the Boards of DCMS Public Bodies* as well as an induction pack from the Museum. The latter includes copies of the Corporate Plan, Annual Report & Account, the Code of Conduct, Financial Memorandum, HM Treasury's *Regularity & Propriety* and the NDPB Accounting Officer Memorandum. In addition, the Director-General invites each new Trustee to the Museum for a personal introduction.

7.8 Members of the Board of Trustees

The Board of Trustees of the Imperial War Museum

President:

His Royal Highness The Duke of Kent KG GCMG GCVO

Chairman:

Air Chief Marshal Sir Peter Squire GCB DFC AFC DL DSc FRAeS

Deputy Chairman:

Professor Sir Lawrence Freedman KCMG CBE FBA (to 14 December 2009)

Sir Francis Richards KCMG CVO* (from 15 December 2009)

Board Members:

Mr Guy Black

Mrs Ursula Brennan

Mr Christopher Fisher*

Professor Sir Miles Irving DSc FRCS*

Lieutenant General Sir John Kiszely KCB MC*

Dame Judith Mayhew Jonas DBE*

Sir John Scarlett KCMG OBE (from 23 December 2009)

Admiral The Lord West of Spithead GCB DSC

Professor Hew Strachan (from 1 March 2010)

Mr Nick Williams

Mr Bill Woodrow RA

Mr Tom Wright CBE

His Excellency Mr John Dauth LVO (Australian High Commissioner)

His Excellency Mr James Wright (Canadian High Commissioner)

His Excellency Mr Shiv Shankar Mukherjee (Indian High Commissioner)

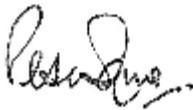
His Excellency Mr Derek Leask (New Zealand High Commissioner)

His Excellency Mr Wajid Shamsul Hasan (High Commissioner for Pakistan)

Her Excellency Dr Zola Skweyiya (South African High Commissioner)

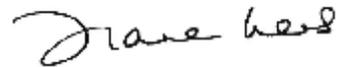
His Excellency Mr Nihal Jayasinghe (Sri Lankan High Commissioner)

* *Members of the Trustees' Audit Committee*



Air Chief Marshal Sir Peter Squire GCB DFC
AFC DL DSc FRAeS
Chairman of the Trustees

Date 13 July 2010



Diane Lees FMA FRSA
Director-General and Accounting
Officer

8. Remuneration Report

1. Remuneration Committee and Policy

The Board's Remuneration Committee meets annually to consider pay awards for the Director-General. The Committee comprises the Chairman and Deputy Chairman of the Board of Trustees and the Chair of the Audit Committee. The Director-General is eligible for a discretionary bonus of up to 15 per cent of which up to 2 per cent may be consolidated into pay as the annual rise. In addition the Committee receives details of the Senior Management Team pay. The Senior Managers are set objectives based on the Museum's business plans. The Director-General reviews their performance against these. They could be eligible for performance pay of up to 5 per cent of basic salary. Their pay is subject to benchmarking on a periodic basis.

2. Salary and Pension Entitlements

The audited salary and pension entitlements of senior staff with corporate responsibilities as at 31 March 2010 were as follows:

	Diane Lees Director- General	J Card Secretary and Director of Business and Governance	A Stoneman Director of Corporate Services
	£'000	£'000	£'000
Salary including performance pay	125-130	85-90	75-80
Prior year comparative salaries	60-65 (FTE* 125- 130)	90-95	75-80
Benefits in kind	4.89*	0	0
Prior Year Benefits in kind	4.89*	0	0
Real increase in pension at age 60	7.5-10	0-2.5	0-2.5
Real increase in lump sum at age 60	7.5-10	2.5-5	2.5-5
Total accrued pension at age 60 at 31 March 2010	25-30	15-20	30-35
Lump sum at age 60	35-40	45-50	90-95
Cash Equivalent Transfer Value (CETV) at 31 March 2009	266	278	506
Cash Equivalent Transfer Value at 31 March 2010	401	325	568
Employee contributions and transfers-in	2.5-5	0-2.5	0-2.5
Real increase in CETV as funded by employer	113	27	29

* The Director-General, Diane Lees, was appointed on 1st October 2009. The prior year salary comparative that is shown above also shows the full time equivalent (FTE) in brackets. As part of her role, she has sole use of a room for accommodation purposes within the Museum on a regular basis. The assessed benefit in kind reflects the frequency of use of this benefit, the value being based on comparable accommodation in the vicinity. No other benefits in kind were made available to the Director-General or senior management in the year.

The Director-General and Senior Managers have permanent contracts of employment with notice periods of three months. Other than those stated in the table above, no other benefits in kind were made attributable to them for the year. No severance or compensation payments were made and no payments were made to former senior managers. In the event of early termination of employment the provisions of the Principal Civil Service Pension Scheme would be followed. There were no payments to third parties for the services of senior managers at any time.

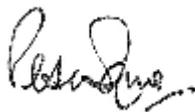
The Cash Equivalent Transfer Value (CETV)

The table above shows the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. A CETV is a payment made by a pension scheme or an arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouses' pension payable from the scheme. The CETV figures, and from 2003–04 the other pension details, include the value of any pension benefit in another scheme or arrangements and for which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

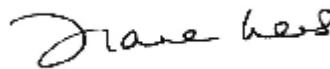
The real increase in the value of the CETV

The last line in the table reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



Air Chief Marshal Sir Peter Squire
GCB DFC AFC DL DSc FRAeS
Chairman of the Trustees

Date 13 July 2010



Diane Lees FMA FRSA
Director-General and Accounting
Officer

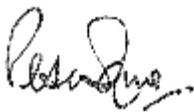
Statement of Trustees' and Director-General's Responsibilities

Under Section 9 (4) and 9 (5) of the Museums and Galleries Act 1992, the Board of Trustees is required to prepare a statement of accounts on an accruals basis for each financial year in the form and on the basis determined by the Secretary of State for the Department for Culture, Olympics, Media and Sport with the consent of the Treasury. The accounts are prepared to show a true and fair view of the Museum's financial activities during the year and of its financial position at the end of the year.

In preparing the Museum's accounts the Board of Trustees is required to:

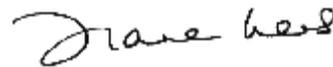
- 1 Observe the accounts direction issued by the Secretary of State (*) and the Financial Reporting Manual issued by HM Treasury;
- 2 Make judgements and estimates that are reasonable and prudent;
- 3 State whether applicable accounting standards and statements of recommended practice have been followed, and disclose and explain any material departures in the financial statements; and
- 4 Prepare the financial statements on the going concern basis, unless it is inappropriate to assume that the Museum will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport has designated the Director-General, Diane Lees, as the Accounting Officer for the Imperial War Museum. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances for which she is answerable and for the keeping of proper records and the safeguarding of Museum assets, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, issued by the Treasury and published in 'Managing Public Money'.



Air Chief Marshal Sir Peter Squire GCB DFC
AFC DL DSc FRAeS
Chairman of the Trustees

Date 13 July 2010



Diane Lees FMA FRSA
Director-General and Accounting
Officer

* a copy of which is available from the Director-General's Office, Imperial War Museum, Lambeth Road, London SE1 6HZ. A charge will be made for this.

Statement on Internal Control

Scope of responsibility

The Trustees and the Director-General, as Accounting Officer, have responsibility for maintaining a sound system of internal control that supports the achievement of the Imperial War Museum's policies, aims and objectives, whilst safeguarding the public funds and Museum assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned to her by HM Treasury in 'Managing Public Money', and specifically the Management Statement and Financial Memorandum between the Museum and the Department for Culture, Media and Sport.

The Museum has a three-year Funding Agreement with its government sponsor body, the Department for Culture, Media and Sport, which includes key performance indicators to assist the Department in meeting its Public Service Agreement targets and identifies the most significant risks to achieving the Museum's objectives. Progress against Funding Agreement indicators is monitored on a regular basis.

The Trustees, as a non-executive Board, are collectively responsible for the 'general management and control' of the Museum, including risk management. The Board has delegated responsibility for monitoring risk management to its Audit Committee, which advises the Director-General and the Board on the adequacy of audit arrangements, risk management and internal control.

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 only provide reasonable and not absolute assurance of effectiveness therefore. The system of internal control is based on an ongoing process designed to:

- Identify and prioritise the risks to the achievement of Museum policies, aims and objectives,
- Evaluate the likelihood of those risks being realised and the impact should they be realised,
- Manage them efficiently, effectively and economically,
- Ensure that the Museum discharges its duties regarding the proper stewardship of public funds and assets.

The system of internal control has been in place in the Imperial War Museum for the year ended 31 March 2010, up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

Strategic leadership of the system of risk management in the Museum is driven by the Senior Management Team together with the Director-General. From them the process is cascaded throughout the organisation. The effectiveness of the process is reviewed by the Trustees' Audit Committee every quarter and on an annual basis by the Main Board. In addition, the Main Board

is updated on progress relating to the highest risks whenever appropriate.

Risk management overall is viewed as a dynamic process which actively seeks to incorporate good practice from within and external to the sector, is responsive and current, and quick, clear and easy to document and report. The Trustees' Audit Committee has made suggestions for improvements throughout the year; specifically requesting a target for the reduction of any red risks and seeking a clearer method for the evaluation of residual risk through the introduction of a direction of travel.

The Risk and Control Framework

The risk management framework seeks to address the major governance, operational, financial, reputational and regulatory risks which might impact upon the Museum's core purposes and priorities.

The system is an integral part of the business processes of the organisation. The key elements of the framework are that:

1. Risk management should be undertaken in a proactive, integrated and dynamic way and should be built into all activity;
2. Risk management must be documented by all departments using appropriate recording mechanisms;
3. Internal Audit healthchecks and audit work will monitor progress and check for evidence of risk management;
4. Regular Quarterly Reports provide Directors with the mechanism by which to report against strategic risks and any other major risks;
5. Formal reviews by the Trustees' Audit Committee, the Senior Management Team and by Directors will include a review of the constituent risks as well as progress and the current evaluation. This review involves a consideration of opportunities;
6. The identification of Branch specific risks and opportunities will continue to be part of business planning. These will change during the year in response to circumstances and the current view of the highest priority ones should be reported in regular Quarterly Reports; and
7. The review of risks and opportunities should become a standard part of business operation

Risk is managed through an ongoing process of review and horizon scanning (that is, using a medium to longer term perspective, taking into account potential and anticipated political, social, economic, demographic, technological, environmental and legal change) in order to ascertain the degree of exposure and or opportunity. Of the highest priority risk areas, none are currently assessed to be at a critical level. They are grouped under the following strategic risks:

- Serious deterioration in financial resources – uncertainty around future government funding combined with a recessionary climate may impact on the financial position of the Museum. Capacity to generate income (through trading and commercial activity and fundraising) has a significant effect in the context of high fixed operational costs.
- Audience stagnates or declines – visitor numbers have been buoyant in spite of, or perhaps because of the economic downturn. However, in the longer term, it has been

recognised that the Museum must actively ensure that it remains relevant to new and changing audiences, hence the development of the *Fit for the Future* programme of change.

- Inefficient and outmoded infrastructure – the high level of fixed costs cannot be reduced in the absence of funded Facilities Management programmes and spend to save projects. Capital funding supports this activity. Web redevelopment will be an important factor in delivering increased e-commerce revenue.
- Loss or damage to Collection and other assets – poor storage conditions and documentation backlogs increase the degree of exposure with regard to accountability in terms of collections objects. Should this risk be realised, the impact on the reputation and profile of the Museum would be significant. The implementation of a new collections management system, projects to improve collections storage and estates master planning will mitigate this risk, together with the implementation of a revised acquisitions and disposal policy.
- Collection and scholarly expertise not developed – creative and dynamic research activity nourishes collections knowledge and programme development. Renewed emphasis has been placed on this activity through the implementation of a Research Strategy and the application for Independent Research Organisation status.
- Serious harm to people – the Health and Safety regime of the Museum is supported through ongoing training and the sharing of best practice. This area of operation is well managed, with clear policies and procedures in place.
- Staff motivation and productivity low – this would result in the Museum failing to meet stakeholder expectations, not meeting visitor or income targets and not delivering the organisational mission. The programme of change management, together with improved internal communication and a more integrated working approach, will provide clear focus and direction and support the implementation of a new working culture.
- Breach of laws, regulations and standards – this risk has been given significant attention by staff and Trustees. Clear approval processes have been implemented and the detailed corporate planning process has built transparency into resource allocation. Also, the implementation of an Information Security Policy has been supported by training across the organisation.
- Significant business interruption – the impact of risks such as terrorist action are mitigated through clear business continuity and disaster recovery planning. Modernisation activity including Information and Communication Technology development supports this work.

Each risk has a programme of action against it, for both the immediate and for the longer term, as well the identification of possible opportunities. Risk management is embedded into the activities of the organisation by:

1. Ongoing training across the organisation and regular review of the risk registers;
2. Encouraging feedback from Directors and Heads of Department on the way the risk management process is working in practice;

3. Incorporating risk management into the quarterly stewardship reports by Division and Branch Directors to the Director-General to provide an update of the work carried out;
4. Reviewing strategic risks, and progress against them, by the Museum's Senior Management team every quarter and by the Trustees' Audit Committee at each of their meetings; and
5. Integrating risk assessment into all key Museum business cases and project management regime.

Review of effectiveness

As Chairman of the Board of Trustees and Accounting Officer, we have responsibility for reviewing the effectiveness of the system of internal control, including the risks associated with information security. Our review is informed by the work of the Audit Committee, the internal auditors and the executive managers within the Imperial War Museum, who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letters and other reports. We have been advised on the implications of the result of our review of the effectiveness of the system of internal control by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

An outline of the specific work performed includes:

Internal Audit – the Museum has an Internal Audit Department, which operates within the government Internal Audit Standards. The Internal Audit Department submits regular reports and advice to the Accounting Officer, which includes the Head of Internal Audit's annual statement of assurance supporting the work performed during the year. In the year, the Head of Internal Audit resigned and the Assistant Head of Internal Audit has been promoted on an interim basis to ensure progress is maintained and managed. An external peer review was carried out and, following this, the Museum is now seeking to outsource the function to provide the necessary quality assurance and optimise value for money.

Included in the delivery of the strategy for the year were specific reviews of payroll and staff expenses with the reports presented in full to the Audit Committee. No significant issues have been raised. In the prior year a review of the security of personal data was carried out. The recommendations from this have now been implemented, including the introduction of an Information Security Policy. There have been no reportable personal data losses during the year.

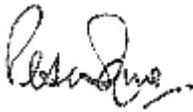
Audit Committee – the remit of the Audit Committee reflects HM Treasury and Cabinet Office guidance. The Committee has carried out a review of its own effectiveness relatively recently, informed by Internal Audit and in light of the revised HM Treasury Audit Committee Handbook, and has implemented improvements. The Committee's Terms of Reference were reviewed, revised and approved by the Board of Trustees. In addition the Committee is seeking to co-opt individuals with Accountancy and Compliance experience by the end of 2010.

Executive managers – Branch Directors review risks on a continual basis and report on the outcome to the Director-General on a quarterly basis. A series of checks is carried out to corroborate the effectiveness of controls. Each Branch Director has signed a Memorandum of Representation, which is their representation on the operation of governance procedures and internal controls, including controls on the security of personal information, in their areas of responsibility, and;

Board of Trustees – each member of the Board of Trustees provides an annual assurance statement that confirms she or he has no related party transactions or conflicts of interest which may compromise their position within the rules and procedures laid down by the government for the operation of a public body.

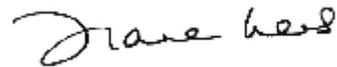
Actions taken with respect to serious internal control issues

The Museum has no serious internal control issues to report. Issues were identified last year relating to the consideration of eligible expenditure and obtaining appropriate approval from DCMS and HM Treasury for a lease transaction. In response, a number of improvements have been made to systems during this year to enhance project approval processes and achieve greater transparency in decision making, for both Trustees and Senior Managers. Specifically the Director-General has established a new team of relevant senior managers, the Resource Team, chaired by her, to oversee compliance matters and reach agreement on the specific expenditure priorities of the Museum and their funding. In addition the planning and project approval processes have been strengthened whilst revisions to the financial authority levels for senior staff in the organisation have been made, along with the re-circulation of guidance previously issued.



Air Chief Marshal Sir Peter Squire GCB DFC
AFC DL DSc FRAeS
Chairman of Trustees

Date 13 July 2010



Diane Lees FMA FRSA
Director-General and Accounting
Officer

IMPERIAL WAR MUSEUM

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 Imperial War Museum for the year ended 31 March 2010 under the Museums and Galleries Act 1992. These comprise the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board or Trustees, the Director-General and auditor

The Board of Trustees and the Director-General as Accounting Officer are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements, in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Olympics, Media and Sport with the consent of the Treasury, and for ensuring the regularity of financial transactions funded by Parliamentary grant and grant in aid. These responsibilities are set out in the Statement of Trustees' and Director-General's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited 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 and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Olympics, Media and Sport with the consent of the Treasury. I report to you whether, in my opinion, the information, which comprises: Strategic Objectives; Achievements and Performance; Plans for Future Periods; Financial Review; Structure, Governance and Management; and Reference and Administrative Details of the Charity, the Trustees and Advisers, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the incoming and outgoing resources funded by Parliamentary grant and grant in aid 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 Imperial War Museum 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 relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Imperial War Museum'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 Imperial War Museum's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This information comprises the Introduction and the unaudited part of the Remuneration Report. 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 Board of Trustees and the Director-General in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Imperial War Museum'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 and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the incoming and outgoing resources funded by Parliamentary grant and grant in aid 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 and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Olympics, Media and Sport with the consent of the Treasury, of the state of the Imperial War Museum and the Group's affairs as at 31 March 2010 and of the incoming resources and application of resources of the Group for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury; and

- information, which comprises the Strategic Objectives; Achievements and Performance; Plans for Future Periods; Financial Review; Structure, Governance and Management; and Reference and Administrative Details of the Charity, the Trustees and Advisers, included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

In my opinion, in all material respects, the incoming and outgoing resources funded by Parliamentary grant and grant in aid 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.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Date 15 July 2010

Consolidated Statement of Financial Activities for the Year ended 31 March 2010

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2010 £'000	Restated Total 2009 £'000
Incoming Resources					
<i>Incoming resources from generated funds</i>					
<i>Voluntary income</i>					
Grant-in-Aid	2a	19,963	4,200	24,163	23,888
External Funds	2b	595	4,845	5,440	2,411
Lottery Funding		-	820	820	951
Donated Objects and Services		-	441	441	134
		<u>20,558</u>	<u>10,306</u>	<u>30,864</u>	<u>27,384</u>
<i>Activities for generating funds</i>					
Income from Commercial activities	14	8,181	-	8,181	8,133
Fees		860	-	860	764
Royalties	14	761	-	761	753
Disposals of Assets		-	-	-	4
		<u>9,802</u>	<u>-</u>	<u>9,802</u>	<u>9,654</u>
<i>Investment Income</i>	3	141	48	189	552
		<u>30,501</u>	<u>10,354</u>	<u>40,855</u>	<u>37,590</u>
<i>Incoming resources from Charitable activities</i>					
Admissions		5,552	-	5,552	4,752
Total Incoming Resources		<u>36,053</u>	<u>10,354</u>	<u>46,407</u>	<u>42,342</u>
Resources Expended					
<i>Costs of generating funds</i>					
Fundraising and Publicity		1,900	289	2,189	2,859
Commercial Costs	14	5,495	12	5,507	5,300
		<u>7,395</u>	<u>301</u>	<u>7,696</u>	<u>8,159</u>
<i>Charitable Expenditure:</i>					
<i>Cost of activities in furtherance of the Charitable objectives</i>					
Education, Exhibitions & Visitor Services		13,466	3,220	16,686	16,977
Building Care and Preservation		5,445	7,456	12,901	14,790
Collections Management & Conservation		6,723	903	7,626	7,355
Purchases for the Collection		108	8	116	146
		<u>25,742</u>	<u>11,587</u>	<u>37,329</u>	<u>39,268</u>
<i>Governance Costs</i>		296	-	296	330
Total Resources Expended	5	<u>33,433</u>	<u>11,888</u>	<u>45,321</u>	<u>47,757</u>
Net incoming/(outgoing) resources before notional costs		<u>2,620</u>	<u>(1,534)</u>	<u>1,086</u>	<u>(5,415)</u>
Notional costs:					
Cost of capital	7	220	937	1,157	1,195
Net incoming/(outgoing) resources including notional costs		<u>2,400</u>	<u>(2,471)</u>	<u>(71)</u>	<u>(6,610)</u>
Reversal of notional costs		220	937	1,157	1,195
Net incoming/(outgoing) resources before transfers		<u>2,620</u>	<u>(1,534)</u>	<u>1,086</u>	<u>(5,415)</u>
Gross Transfer between funds	20	35	(35)	-	-
Net Incoming/(outgoing) Resources	4	<u>2,655</u>	<u>(1,569)</u>	<u>1,086</u>	<u>(5,415)</u>
before recognised gains and losses					
Gains/(losses) on Revaluation of Fixed assets		(465)	(4,007)	(4,472)	(3,290)
Depreciation on Revaluation of Fixed Assets		39	(25)	14	108
	8	<u>(426)</u>	<u>(4,032)</u>	<u>(4,458)</u>	<u>(3,182)</u>
Net Movement in Funds		<u>2,229</u>	<u>(5,601)</u>	<u>(3,372)</u>	<u>(8,597)</u>
Reconciliation of funds					
Fund Balances brought forward at 1 April		32,771	156,496	189,267	197,864
Fund Balances Carried Forward	20	<u>35,000</u>	<u>150,895</u>	<u>185,895</u>	<u>189,267</u>
at 31 March					

All operations of the Museum continued throughout both periods and no operations were acquired or discontinued in either period.

The Museum has no recognised gains and losses other than those shown above, and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 47 to 61 form part of these accounts

Consolidated and Museum Balance Sheet as at 31 March 2010

	Notes	Restated		Restated	
		Consolidated 2010 £'000	2009 £'000	Museum 2010 £'000	2009 £'000
Fixed Assets					
Tangible assets	8	178,735	185,539	178,489	185,293
Heritage Assets	9	3,325	3,174	3,325	3,174
Investments	14	-	-	2,600	2,600
		<u>182,060</u>	<u>188,713</u>	<u>184,414</u>	<u>191,067</u>
Current assets					
Stock	10	511	569	-	-
Debtors	11	2,000	2,217	1,749	2,385
Short Term Investments	12a	11,082	12,058	6,542	5,646
Cash at bank and in hand	12b	2,779	198	1,078	-
		<u>16,372</u>	<u>15,042</u>	<u>9,369</u>	<u>8,031</u>
Current Liabilities					
Creditors: amounts falling due within one year	13a	(4,535)	(6,150)	(4,167)	(5,876)
Net Current Assets		<u>11,837</u>	<u>8,892</u>	<u>5,202</u>	<u>2,155</u>
Total Assets Less Current Liabilities					
		<u>193,897</u>	<u>197,605</u>	<u>189,616</u>	<u>193,222</u>
Creditors: amounts falling due after more than one year	13b	(7,856)	(8,177)	(7,856)	(8,177)
Provisions for liabilities & charges	13d	(146)	(161)	(146)	(161)
		<u>(8,002)</u>	<u>(8,338)</u>	<u>(8,002)</u>	<u>(8,338)</u>
Net Assets		<u>185,895</u>	<u>189,267</u>	<u>181,614</u>	<u>184,884</u>
Represented by:					
Restricted Funds					
Restricted Funds	20	103,551	102,903	100,123	99,234
Restricted Funds Buildings Revaluation		47,344	53,593	47,344	53,593
		<u>150,895</u>	<u>156,496</u>	<u>147,467</u>	<u>152,827</u>
Unrestricted Funds:					
Designated Funds	20	15,077	14,803	14,970	14,696
Designated Funds Buildings Revaluation		13,084	13,888	12,974	13,778
		<u>28,161</u>	<u>28,691</u>	<u>27,944</u>	<u>28,474</u>
General Funds	20	6,839	4,080	6,203	3,583
Total Funds		<u>185,895</u>	<u>189,267</u>	<u>181,614</u>	<u>184,884</u>

Air Chief Marshal Sir Peter Squire GCB DFC AFC DSc FRAeS
Chairman of the Trustees

Diane Lees FMA FRSA
Director-General and Accounting Officer

Date 13 July 2010

The notes on pages 47 to 61 form part of these accounts

Consolidated Cashflow Statement for the Year ended 31 March 2010

	Notes	2010 £'000	Restated 2009 £'000
Net cash inflow from operating activities	22a	7,190	4,459
Returns on investments and servicing of finance			
Interest received		189	552
Interest element of finance lease rental payments		<u>(430)</u>	<u>(418)</u>
		(241)	134
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		<u>(5,061)</u>	<u>(1,616)</u>
		<u>(5,061)</u>	<u>(1,616)</u>
Cash inflow before financing and management of liquid resources		<u>1,888</u>	<u>2,977</u>
Financing and management of liquid resources			
Capital element of finance lease rental payments		(283)	(188)
(Increase)/decrease in short term deposits		976	(3,421)
Increase / (decrease) in cash in the year	22b	<u><u>2,581</u></u>	<u><u>(632)</u></u>

The notes on pages 47 to 61 form part of these accounts

Notes to the Financial Statements

I Accounting Policies

(a) Basis of accounting

The financial statements are prepared in accordance with the Accounts Direction given by the Secretary of State for Culture, Olympics, Media and Sport, with the approval of HM Treasury. The accounts comply with the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities (issued March 2005)", the Treasury's Financial Reporting Manual (FRM), the Charities Act and applicable accounting standards. The particular accounting policies adopted by the Trustees are described below.

The Museum is exempt from corporation tax on charitable activities under section 505 of the Income and Corporation Taxes Act 1998. Income arising from the activities of the trading subsidiary are gift aided to the Museum.

The financial statements have been prepared under the historical cost convention as modified for the inclusion of fixed assets at their value to the business by reference to current costs and of investments at market value on a going concern basis.

The statutory accounts are consolidated and represent the combined accounts of the Imperial War Museum, the Imperial War Museum Development Trust and the Imperial War Museum Trading Company Limited and have been consolidated on a line-by-line basis.

(b) Funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Museum. Some unrestricted funds are designated by the Trustees to the funding of long-term objectives of the Imperial War Museum, including initiatives for collections management and conservation, exhibitions replacement and management of the estate.

Restricted funds are funds subject to specific restrictions imposed by donors. Restricted funds and the purpose for which their income may be applied are detailed in note 20.

(c) Incoming resources

All income is recognised in the Statement of Financial Activities when the conditions for receipt have been met and there is reasonable assurance of receipt.

The following accounting policies are applied to Income:

Grant-in-Aid from the Department for Culture, Media and Sport

This is shown in the statement of financial activities in the year it is received.

National Lottery income

This is recognised as income when the conditions for its receipt have been met.

Donated objects and services

Items of a value above £10,000, given to the Museum free of charge are recognised as incoming resources at their estimated market value when receivable. If the items are not capitalised they are expensed.

External funds

These comprise grants, sponsorship and donations and are reported gross when receivable.

Investment Income

Investment income is accounted for when receivable. Tax recoverable is accounted for in the same period as the related income.

(d) Expenditure

Allocation of costs

Expenditure is classified under the principal categories of costs of activities in furtherance of the Charity's objectives and costs of generating funds.

Where possible, expenditure has been directly attributed to the activities to which it relates.

Support service costs, which comprise Directorate and Office services, Personnel, Finance and Planning, IT and Communications and Facilities Management are allocated between the activities on the basis of staff numbers.

Governance costs include expenses associated with the strategic management of the Museum, including the costs of Trustees meetings, and the costs of internal and external audit services.

Costs of generating funds

Costs of generating funds comprises fund-raising and publicity costs, being those costs incurred in seeking voluntary contributions for the Museum and in publicising it. Commercial costs and trading expenditure are those direct costs incurred in generating the income from commercial activities and trading.

VAT

Irrecoverable VAT is charged as a cost to the SOFA.

(e) Heritage Assets

The majority of the Museum's collections of works of art, objects and records have not been capitalised in the Balance Sheet due to uncertainty surrounding cost and reliability of valuations.

However, in accordance with the Treasury's Financial Reporting Manual (FRM), additions to the Collection since 1 April 2001 are capitalised and recognised in the Balance Sheet, at the cost or value of the acquisition, where such a cost or value is reasonably obtainable. Such items are not depreciated or revalued as the useful life of the asset is so long that the depreciation charge would be immaterial.

Heritage Assets of a value above £10,000, given to the Museum free of charge are recognised as incoming resources at their estimated market value when receivable. Heritage Assets purchased by the Museum above £2,000 are capitalised.

(f) Tangible Fixed Assets

Tangible fixed assets comprise expenditure on any item in excess of £2,000 provided it meets the following criteria: it has a useful life of at least 1 year; it is used in running the Museum; it is not bought for resale; and, it provides additional future benefits.

Depreciation is provided on all tangible fixed assets, other than freehold land, assets under construction and collection acquisitions, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life.

In accordance with Financial Reporting Standard 15 - *Tangible Fixed Assets*, where a fixed asset comprises two or more major components with substantially different economic lives, each component is accounted for separately for depreciation purposes and depreciated over its useful economic life. The buildings have three separable material components: Structure; plant and machinery; and fit-out; which have different remaining asset lives.

The useful economic lives, over which the assets are being depreciated are as follows:

Buildings & Runway - Structure	- between 10 and 84 years
Buildings - Plant & Machinery	- between 3 and 30 years
Buildings - Fit-Out	- between 3 and 30 years
Equipment	- 4 years
Permanent Exhibitions	- over the life of the exhibition

A full year of depreciation is provided for in the year of acquisition of an asset, whilst there is none provided in the year of disposal. Including assets at their value to the business by reference to current costs is achieved as follows:

Land & Buildings (Structure, Plant and Machinery and Fit-out) - by external professional valuation at least every five years and using appropriate indexation in the intervening years.

Equipment - equipment comprises IT/electronic items. As IT assets are low in value and have short lives, depreciated cost is deemed to be suitable proxy for current value and are therefore not subject to indexation.

Permanent Exhibitions - historic depreciated cost. Permanent Exhibitions have not been revalued as their current cost is equal to their actual cost, but the life of these assets are reviewed annually to reflect their true value.

Impairment reviews are only carried out if there is an indication that the recoverable amount of an asset is below the asset's net book value.

(g) Stocks

Stocks are stated at cost price or net realisable value, whichever is the lower.

(h) Leases

Assets held under finance leases, which are those where substantially all the risks and rewards of ownership of the asset have passed to the Imperial War Museum, are capitalised in the Balance Sheet and depreciated over the life of the lease. The interest element of the rental obligations is charged to the Statement of Financial Activities over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The Imperial War Museum holds material finance leases with EP3, The Bank of Scotland and Lombard North Central.

Rental costs in respect of operating leases are charged to the Statement of Financial Activities on a straight line basis over the life of the lease.

(i) Permanent Exhibitions

Capital expenditure on permanent exhibitions includes the cost of materials and externally contracted services. Allocations are made of additional related internal labour costs.

(j) Notional cost

In accordance with Treasury guidance, a notional cost of capital of 3.5% is charged in the Statement of Financial Activities in arriving at a net incoming (outgoing) resources figure. This is reversed so that no provision is included on the Balance Sheet.

(k) Imperial War Museum Trading Company Limited

IWM Trading Company Limited is a wholly owned subsidiary of the Trustees of the Imperial War Museum. It commenced trading on 1 April 1999. The authorised share capital of the company is 3,500,000 shares of £1 each, of which 2,600,000 have been issued. Under gift aid agreement all taxable profits from IWM Trading Company Limited are paid to the Imperial War Museum. A summary of the income and expenditure account is provided in Note 14.

(l) Imperial War Museum Development Trust

The Imperial War Museum Development Trust was constituted by a Declaration of Trust dated 8 September 1969, most recently varied in June 2004. It is an exempt charity. Trustees of the IWM Development Trust are empowered to receive hold and administer funds or other assets entrusted to them by grant, gift or bequest for purposes appropriate to the functions of the Development Trust. The financial activities of the Trust are consolidated within these financial statements. A summary of the SOFA is provided in Note 15.

(m) Foreign currencies

Assets and liabilities denominated in foreign currencies are recorded at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate prevailing at the time of the transaction. All exchange differences are taken to the Statement of Financial Activities.

(n) Pension Costs

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS). The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependents' benefits. The Museum recognises the expected costs of these elements on a systematic and rational basis over the period during which it benefits from the employees' services by the payment to the PCSPS of amounts calculated on an accruing basis. Liability for the payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, the Museum recognises the contributions payable for the year.

(o) Financial Instruments

Financial assets and financial liabilities, in respect of financial instruments, are recognised on the Museum's balance sheet when the Museum becomes a party to the contractual provisions of the instruments.

Financial assets consist of debtors and are recorded at their carrying values less any provision for bad or doubtful debts.

Financial liabilities consist of creditors. Creditors that fall due within one year are recorded at their carrying values. Creditors that fall due after one year are also recorded at their carrying values which is deemed to be fair value.

(p) Cash and liquid resources

Funds placed on money market deposit for more than one day are defined as liquid resources. Funds held in cash or in current or call accounts are defined as cash.

2a Grant in Aid

£24,163K of Grant in Aid (Department for Culture, Media and Sport RfR 1) has been received during the year (2008/09 £23,888K). This represents 53% of the annual resources expended in running the organisation. The balance of funding needs, including most capital improvements, is delivered from resources that are self-generated. £4,200K(2008/09 £4,150) of the Grant in Aid was for refurbishment and renewals of buildings, plant and equipment and the digitisation programme.

2b External Funds	2010	2009
	£000's	£000's
Grants and Donations	5,322	2,350
Sponsorship	57	56
Legacies	61	5
	5,440	2,411

External funds of £5,440K relates to the Imperial War Museum (£4,404K) the Imperial War Museum Trading Company (£300K) and the Imperial War Museum Development Trust of (£736K).

3 Investment income	2010	2009
	£000's	£000's
Interest receivable	189	552
	189	552

The interest receivable is on cash and short term deposits.

Interest of £189K relates to the Imperial War Museum (£51K) the Imperial War Museum Trading Company (£7K) and the Imperial War Museum Development Trust (£131K).

		2010 £000's	2009 £000's
4 Net incoming resources before transfers			
is stated after charging:			
Auditors remuneration	National Audit Office - Imperial War Museum consolidated accounts	41	36
	National Audit Office - additional fee for prior year	6	-
	Buzzacott LLP - Imperial War Museum Development Trust	8	6
	Buzzacott LLP - Imperial War Museum Trading Company	13	11
	Other Services - Buzzacott LLP - Tax Advice in relation to Imperial War Museum Trading Company	1	5
	Hire purchase on equipment	62	78
	Operating leases - Equipment	142	137
	Operating leases - Land and Buildings	296	287
	Interest payable on finance lease	430	418
	Depreciation of owned assets	6,425	6,387
	Depreciation of assets held under finance leases	497	506
	Release of provision for bad debts	(3)	(1)

National Audit Office did not provide any non-audit services.

	Staff Costs £000's	Other Costs £000's	Depreciation £000's	2010 Total £000's	2009 Restated £000's
5 Total resources expended					
Costs of generating funds					
Fundraising and Publicity	1,120	1,050	19	2,189	2,859
Commercial Costs*	1,974	3,533	-	5,507	5,300
	3,094	4,583	19	7,696	8,159
Costs of activities in furtherance of the Museum's objectives					
Education, Exhibitions & Visitor Services*	10,368	4,358	1,960	16,686	16,977
Building Management	426	7,826	4,649	12,901	14,790
Collections Management & Conservation	5,432	1,900	294	7,626	7,355
Purchases for the Collection	-	116	-	116	146
	16,226	14,200	6,903	37,329	39,268
Governance Costs**	175	121	-	296	330
Total Resources Expended	19,495	18,904	6,922	45,321	47,757

* For 2009, commercial and education costs have been restated to reflect the reclassification of £1,773,839 education costs previously shown under commercial as Charitable Expenditure.

Resources Expended are shown after eliminations on consolidation of transactions between the Imperial War Museum, the Imperial War Museum Development Trust and Imperial War Museum Trading company of £6,517K (2008/09 £7,219K).

** Governance Costs		2010 £000's	2009 £000's
Internal audit		83	117
External audit		69	53
Staff costs		96	119
Other strategic costs		48	41
		296	330

5a Division of direct and indirect expenditure	Allocated Support		2010 Total £000's	2009 Total Restated £000's
	Direct Costs £000's	Costs £000's		
Costs of generating funds				
Fundraising and Publicity	1,959	230	2,189	2,859
Commercial Costs	5,507	-	5,507	5,300
	7,466	230	7,696	8,159
Charitable activities				
Education, Exhibitions & Visitor Services	12,961	3,725	16,686	16,977
Building Care and Preservation	12,543	358	12,901	14,790
Collections Management & Conservation	5,097	2,529	7,626	7,355
Purchases for the Collection	116	-	116	146
	30,717	6,612	37,329	39,268
Governance	520	(224)	296	330
Total Resources Expended	38,703	6,618	45,321	47,757

Allocated Support costs relate to the Museum's Directorate, Human Resource, Finance and Planning, Information Technology and Communication and Facilities Management functions, which are stated below in note 5b.

5b Allocation of support

	Directorate & Office Services £000's	Human Resources £000's	Finance & Planning £000's	IT & Communica- tion £000's	Subtotal 2010 £000's
Costs of generating funds					
Fundraising and Publicity	5	13	20	42	80
	5	13	20	42	80
Charitable activities					
Education, Exhibitions & Visitor Services	65	156	713	529	1,463
Building Care and Preservation	1	4	6	12	23
Collections Management & Conservation	29	75	132	320	556
Purchases for the Collection					-
	95	235	851	861	2,042
Governance	1	-	-	-	1
	101	248	871	903	2,123

	Facilities Management £000's	Depreciation £000's	Support salary costs £000's	Allocated support costs Total 2010 £000's
Allocation of support (continued)				
Costs of generating funds				
Fundraising and Publicity	20	17	113	230
	20	17	113	230
Charitable activities				
Education, Exhibitions & Visitor Services	277	218	1,767	3,725
Building Care and Preservation	6	5	324	358
Collections Management & Conservation	119	104	1,750	2,529
Purchases for the Collection				-
	402	327	3,841	6,612
Governance	-	-	(225)	(224)
	422	344	3,729	6,618

Support costs have been allocated to the above activities on the basis of staff numbers.

6 Staff Costs	2010 £000's	2009 £000's
Salaries and Wages	15,392	15,342
Temporary / Agency Staff	199	325
National Insurance	1,107	1,102
Superannuation	2,638	2,746
Early Retirement and Severance costs	134	18
Provision for early retirement	25	10
	19,495	19,543

Pensions

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. IWM is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2009-10, employers' contributions of £2,635,752 were payable to the PCSPS (2008-09 £2,745,913) at one of four rates in the range 16.7 to 24.3 (2008-09 17.1 to 25.5) per cent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. From 2010-11 the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2009-10 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees may opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £2,137 were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. No employer contributions were paid to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees during the year.

Contributions due to the partnership pension providers at the balance sheet date were £194. Contributions prepaid at that date were nil.

From 30 July 2008, employees may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium or classic plus); or a 'whole career' scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium, classic plus** and **nuvos**. Benefits in **classic** accrue at the rate of 1/80 th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits in respect of service from October 2002 calculated as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic, premium** and **classic plus** and 65 for member of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

Number of Employees

The following number of employees, including the Accounting Officer, received remuneration (which includes bonus) within the ranges below:

	2010 No	2009 No
£60,001 - £70,000	7	6
£70,001 - £80,000	3	3
£80,001 - £90,000	2	3
£90,001 - £100,000	1	2
£100,001 - £110,000	-	-
£110,001 - £120,000	-	-
£120,001 - £130,000	1	-

The number of staff paid above £60K to whom retirement benefits are accruing under defined contribution schemes is nil and under defined benefit schemes is 14.

Please see the Remuneration report on page 33 of the Annual Report for more details of senior staff costs.

The number of employees (this is the full time equivalent), analysed by function was:

	Permanent Staff	Temporary Staff	Managerial Staff	Capitalised Staff Costs	2010 Total No of staff	2009 Total No of staff
Education, Exhibitions & Visitor Services	303	3	7	-	313	318
Building Management	7	3		-	10	10
Collections Management & Conservation	146	2	2	-	150	162
Trading / Commercial / Educational	87	1	1	-	89	86
Fundraising & Publicity	24	-	1	-	25	32
Management and administration of the Charity	2	-		-	2	3
	569	9	11	-	589	611

The Managerial Staff are the members of the Museum's Senior Management Team, which consists of the Director-General and all the Branch Directors.

Trustees

The Chairman and Board of Trustees received no remuneration for their services during 2009/10. Travel and subsistence expenses paid to seven Trustees amounted to £7,961 (2008/09 £10,389 paid to seven Trustees).

The Trustees are appointed for periods of up to 4 years and may be reappointed for one further 4 year term.

Ex-gratia payments

During the year the Museum made no material ex-gratia payments.

7 Notional cost of capital

Notional cost of capital £1,157K (2008-09 £1,195K) is calculated as 3.5% (2008-09 3.5%) of the average capital employed by the Museum in the year, excluding grants, donations and assets funded by them, and assets treated as part of the collections.

8 Consolidated Tangible Fixed Assets	Land Freehold and Leasehold £000's	Structure £000's	Plant & Machinery £000's	Fit-Out £000's	Assets Under Construction £000's
Cost/valuation at 1.4.09	21,410	104,972	31,961	16,134	262
Additions	825	675	159	-	2,124
Transfers between categories	-	-	19	-	(19)
Revaluation	(1,399)	(5,635)	3,586	(897)	-
Disposals	-	-	-	-	-
Value at 31.3.10	<u>20,836</u>	<u>100,012</u>	<u>35,725</u>	<u>15,237</u>	<u>2,367</u>
Depreciation at 1.4.09	-	2,098	1,492	894	-
Provided in year	-	1,721	1,502	894	-
Depreciation due to revaluation	-	(207)	321	(93)	-
Disposals	-	-	-	-	-
Depreciation at 31.3.10	-	<u>3,612</u>	<u>3,315</u>	<u>1,695</u>	-
Net Book Value at 31.3.10	<u>20,836</u>	<u>96,400</u>	<u>32,410</u>	<u>13,542</u>	<u>2,367</u>
Net Book Value at 1.4.09	<u>21,410</u>	<u>102,874</u>	<u>30,469</u>	<u>15,240</u>	<u>262</u>

Tangible Fixed Assets (continued)	Exhibitions £000's	Equipment £000's	Assets held under Finance Lease £000's	Total £000's
Value at 1.4.09	24,210	4,760	9,564	213,273
Additions	209	733	-	4,725
Transfers between categories	-	-	-	-
Revaluation	-	-	(127)	(4,472)
Disposals	(497)	(31)	-	(528)
Value at 31.3.10	<u>23,922</u>	<u>5,462</u>	<u>9,437</u>	<u>212,998</u>
Depreciation at 1.4.09	17,354	3,541	2,355	27,734
Provided in year	1,608	700	497	6,922
Depreciation due to revaluation	-	-	(35)	(14)
Disposals	(348)	(31)	-	(379)
Depreciation at 31.3.10	<u>18,614</u>	<u>4,210</u>	<u>2,817</u>	<u>34,263</u>
Net Book Value at 31.3.10	<u>5,308</u>	<u>1,252</u>	<u>6,620</u>	<u>178,735</u>
Net Book Value at 1.4.09	<u>6,856</u>	<u>1,219</u>	<u>7,209</u>	<u>185,539</u>

Of the total Net Book Value of £178,735K, £178,489K relates to the Museum and the remainder, £246K, relates to the Development Trust.

On 12 October 2001 the Imperial War Museum entered into a finance lease for the current accommodation of the Cabinet War Rooms, for additional space, and for refurbishment of the space. The landlord is EP3 Ltd. Rent is payable until 2030/31. Cost £6,175K.

In March 2008 the Imperial War Museum entered into a finance lease for the corporate Fire and Security project. The lease is with the Bank of Scotland. Rent is payable until 2013/14. Cost £823K, Accumulated Depreciation £353K, Net Book Value £470K.

In March 2009 the Imperial War Museum entered into a finance lease for the corporate fire and security project. The lease is with Lombard North Central. Rent is payable until 2014/15. Cost £626k, Accumulated Depreciation £179k, Net Book Value £447.

The Lambeth Road (or Southwark) site and other properties, apart from HMS Belfast, were originally valued as at 31 March 1989 by the Chief Valuer's Department of the Inland Revenue. The Cabinet War Rooms, part of the basement of the South Block Treasury Building converted in 1938, was deemed to be of nil market value. The sites were revalued on 31 March 2008 by external professional valuers Gerald Eve, in accordance with the Royal Institute of Chartered Surveyors guidance notes.

In accordance with Financial Reporting Standard 15 - *Tangible Fixed Assets*, buildings are split between structure, plant and machinery and fit-out. Each of the major components has substantially different economic lives.

Property	Title	Net Book Value at 31 March 2010 £000's	Basis of valuation
Lambeth Road, London SE1	Long leasehold	61,294	Depreciated replacement cost
All Saints Annexe, Austral Street, London SE11	Freehold	1,911	Existing use
Duxford Airfield, Cambridgeshire	Freehold	67,634	Depreciated replacement cost

Ickleton Film Store, Cambridgeshire	Leasehold	4,587	Depreciated replacement cost
IWM North, Manchester	Leasehold	25,304	Depreciated replacement cost

9 Heritage Assets

£000's

Cost/valuation at 1.4.09	3,174
Additions	151
Disposals	-
Value at 31.3.10	<u>3,325</u>

The Museum acquires donated objects by gift, bequest and from the translation of long term loans for the collections into permanent acquisitions. Objects wholly or partially donated to the Museum in 2009/10 were valued at £79K comprising assets and equipment capitalised in the Museum's Balance Sheet (2008/09 £50K).

The net book value at 31 March 2010 represents fixed assets for:

	Charitable activities £000's	Other activities £000's	Total £000's
9a Fixed and Heritage Assets			
Land & Buildings	163,188	-	163,188
Exhibitions	5,308	-	5,308
Equipment	1,252	-	1,252
Assets under Construction	2,367	-	2,367
Acquisitions	3,325	-	3,325
Assets held under Finance Lease	6,620	-	6,620
Total	<u>182,060</u>	<u>-</u>	<u>182,060</u>

10 Stock

Stock consists of retail goods and Imperial War Museum Publications

	Group 2010 Total £000's	Group 2009 Total £000's	Museum 2010 Total £000's	Museum 2009 Total £000's
11a Debtors				
Amounts falling due within one year				
Trade debtors	490	440	33	38
Other debtors	228	509	137	170
Amount owed by Imperial War Museum Development Trust	-	-	136	314
Amount owed by Imperial War Museum Trading Company Ltd	-	-	126	545
VAT debtor	383	401	598	557
Prepayments and accrued Income	914	885	720	762
Provision for bad debts	(15)	(18)	(1)	(1)
Total Debtors falling due within one year	<u>2,000</u>	<u>2,217</u>	<u>1,749</u>	<u>2,385</u>

Group - Accrued Income comprise £140K from DCMS/Wolfson Fund due to Explore History project and £115k from DCMS/DCSF due to Education programmes. £147K from the Churchill Centre for the Churchill Museum and Cabinet War Rooms.

Museum - Debtors falling due within one year - £136K due from the Imperial War Museum Development Trust relates to funding provided for: the PSRE project, £16K; the American Air Museum at Duxford, £30K and £42K for the Churchill Museum and Cabinet War Rooms. The Trading Company is indebted to the Museum by £126K which relates to the balance of Gift Aid profit for the year and the outstanding amounts due for rent overheads and staff and other costs.

	Group 2010 Total £000's	Group 2009 Total £000's	Museum 2010 Total £000's	Museum 2009 Total £000's
11b Intra-Government Debtor Balances				

Balances with other central government bodies
Big Lottery Fund

-	177	-	177
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DCMS	255	-	153	-
Heritage Lottery Fund	22	25	22	25
HM Revenue & Customs	408	452	623	608
East of England Development Agency (EDDA)	27	60	27	60
Visit Britain	1		1	
	713	714	826	870

12a Short Term Investments	Imperial	Imperial	IWM	2010 Total £000's	2009 Total £000's
	War Museum	War Museum Development Trust	Trading Company Limited		
Short Term Deposits	6,542	4,540	-	11,082	12,058
Total	6,542	4,540	-	11,082	12,058

12b Cash at Bank and in hand	Imperial	Imperial	IWM	2010 Total £000's	Restated 2009 Total £000's
	War Museum	War Museum Development Trust	Trading Company Limited		
Commercial bank balance and cash in hand	1,078	1,545	156	2,779	198
Total	1,078	1,545	156	2,779	198

The 2008/09 figure for Cash at Bank and in hand has been restated from £11,608K to £198K to show liquid resources - Short Term Deposits as a separate item £12,058K and Cash creditor £648k.

13a Creditors	Group	Restated	Museum	Restated
	2010 Total £000's	Group 2009 Total £000's	2010 Total £000's	Museum 2009 Total £000's
Amounts falling due within one year				
Trade Creditors	789	916	718	870
Amount owing to Imperial War Museum Development Trust	-	-	-	-
Amount owing to Imperial War Museum Trading Company Ltd	-	-	-	-
Other Creditors	629	664	620	658
Cash at Bank*	-	648	-	648
Obligations under finance lease	287	282	287	282
Accruals and deferred income	2,830	3,640	2,542	3,418
Total creditors falling due within one year	4,535	6,150	4,167	5,876
13b Amounts falling due after more than one year				
Obligations under finance lease	6,868	7,155	6,868	7,155
Deferred Income - operating lease	988	1,022	988	1,022
Total creditors falling due after more than one year	7,856	8,177	7,856	8,177
Total creditors	12,391	14,327	12,023	14,053

*The negative balance results from timing differences on cash management. At no time is the balance at the bank actually overdrawn.

As at 31 March 2010 the Museum had no significant intra-Government Balances.

13c Obligations under Finance Leases

At 31 March 2010 the Imperial War Museum had commitments under Finance leases as set out below:

	2010	2010	2010	2009
	Building	Exhibitions	Total	
	£000's	£000's	£000's	£000's

Finance lease obligations: Payments due				
Within one year	207	80	287	282
in the second to fifth year	918	457	1,375	1,220
in more than five years	-	5,493	5,493	5,935
	<u>1,125</u>	<u>6,030</u>	<u>7,155</u>	<u>7,437</u>

	Balance as at 01/04/2009	Additions in year	Provision utilised	Balance as at 31/03/2010
	£000's	£000's	£000's	£000's
13d Provisions for liabilities & charges				
Early retirement costs	161	25	(40)	146
Amounts falling due within one year	-	-	-	37
Amounts falling due after more than one year	-	-	-	109
Total Provisions				<u>146</u>

Under the rules of the Principal Civil Service Pension scheme the early retirement of staff is permitted with the agreement of the museum. The museum bears the costs of retirement benefits for the period from the member of staff's retirement up to their normal retirement age under the schemes rules. The total pension liability up to the normal retirement age of each member of staff affected is charged to the statement of financial activities and recognised as a provision in the year in which the employee ceases employment. The provision is released each year to fund the pension paid until the date at which the employee would normally have retired.

14 IWM Trading Company Limited

The IWM Trading Company provides educational services to the Museum and performs the commercial activities of retailing, catering, corporate hospitality, commercial events and temporary exhibitions ticketing.

Profit and Loss Account	2010 £000's	2009 £000's
Turnover	8,242	8,177
Cost of Goods Sold	<u>(2,396)</u>	<u>(2,218)</u>
Gross Profit	5,846	5,959
Other Operating Income		
Fees Receivable	857	763
Royalties	761	753
External Funds	<u>1,710</u>	<u>1,800</u>
	9,174	9,275
Other Operating Charges	<u>(4,885)</u>	<u>(4,902)</u>
Indirect Costs	<u>(1,295)</u>	<u>(1,322)</u>
Operating Profit	2,994	3,051
Interest Payable	-	(93)
Interest Receivable	7	21
Profit	3,001	2,979
Amount paid to the Museum under Gift Aid	<u>(3,001)</u>	<u>(2,979)</u>
Profit on ordinary activities after Gift Aid	<u>-</u>	<u>-</u>

Reconciliation of results of the trading company to the consolidated Statement of Financial Activities

Turnover	8,242	8,177
Intercompany transactions	<u>(61)</u>	<u>(44)</u>
Trading Income per SOFA	8,181	8,133
Fees Receivable	857	763
Intercompany transactions	<u>-</u>	<u>-</u>
Included in Fees income per SOFA	857	763
Royalties	761	753
Royalties per SOFA	761	753
External Funds	1,710	1,800
Intercompany transactions	<u>(1,410)</u>	<u>(1,410)</u>
Included in External Funds per SOFA	300	390
Cost of Goods Sold	2,396	2,218
Other Operating Charges	4,885	4,902
Intercompany transactions	<u>(32)</u>	<u>(35)</u>
Included in Commercial Costs (£5,507), Education (£1,728) and Governance (14K) per SOFA	7,249	7,085
Indirect Costs	1,295	1,322
Intercompany transactions	<u>(1,295)</u>	<u>(1,322)</u>
	<u>-</u>	<u>-</u>

Interest Payable included in other Operating Charges	-	93
<i>Intercompany transactions</i>	-	(93)
	-	-
Interest Receivable	7	21
<i>Intercompany transactions</i>	-	-
Included in Investment Income per SOFA	7	21

Balance Sheet	2010	2009
	£000's	£000's
Current Assets	1,309	1,578
Current Liabilities	(700)	(969)
Creditors: amounts falling due after more than one year	-	-
Net Assets	609	609
Called up share capital	2,600	2,600
Profit and loss account	(1,991)	(1,991)
Capital and Reserves	609	609

The future plans of the Company forecast significant growth.

The authorised share capital of the Imperial War Museum Trading Company Limited was increased to 3,500,000 of £1 shares on 17th March 2009. The Trading Company issued an additional 2,500,000 shares of £1 each, which were purchased by the Imperial War Museum on 18th March, taking its total holdings to 2,600,000 shares of £1 each.

The Financial Statements of the Trading company have been prepared on a going concern basis.

15 IWM Development Trust

Statement of Financial Activities	2010	2010	2010	2009
	Unrestricted	Restricted	Total	Total
	£000's	£000's	£000's	£000's
Incoming Resources	117	763	880	1,415
Resources Expended				
Charitable Activities	(11)	(973)	(984)	(1,647)
Net movement in funds	106	(210)	(104)	(232)
Fund balances brought forward at 1 April 2009	2,804	3,572	6,376	6,608
Fund balances carried forward at 31 March 2010	2,910	3,362	6,272	6,376

Reconciliation of results of the Development Trust to the consolidated Statement of Financial Activities

Incoming Resources	880	1,415
<i>Intercompany transactions</i>	(13)	(13)
Included in External funds and Investment income	867	1,402
Charitable Activities	984	1,647
<i>Intercompany transactions</i>	(946)	(1,631)
Included in Resources Expended per SOFA	38	16

Balance Sheet	2010	2010	2010	2009
	Unrestricted	Restricted	Total	Total
	£000's	£000's	£000's	£000's
Fixed Assets	246	-	246	248
Current Assets	2,674	3,502	6,176	6,448
Current Liabilities	(10)	(140)	(150)	(320)
Net Assets	2,910	3,362	6,272	6,376
Funds	2,910	3,362	6,272	6,376

The Imperial War Museum does not recharge the Imperial War Museum Development Trust for any costs incurred as they are both charities.

16 Capital commitments

At the balance sheet date, outstanding capital commitments, authorised by the Board of Trustees but not yet contracted, amounted to some £4,279K(2008/09 £854K) which relates to the HMS Belfast entrance project £1,500k; South East Block £891k; IWM North Big Pictue Digitisation £400k; IWM Duxford new security and fire systems £650k.; Lord Ashcroft Gallery project - Main Exhibitions £828k.

At the balance sheet date, outstanding capital commitments contracted but not provided, amounted to some £1,518K which relates to the replacement of Scenic Lifts £558k; Explore History Project £242k; Churchill Museum and Cabinet War Rooms new entrance project £108k; Lord Ashcroft Gallery project - Enabling Works £524k.; Corporate security and fire systems £86k.

17a Commitments Under Operating Leases

At 31 March 2010 the Imperial War Museum had annual commitments under non cancellable operating leases as set out below:

	2010 Land and other Buildings £000's	2009 Land and other Buildings £000's	2010 Equipment £000's	2009 Equipment £000's
Operating Leases which expire:				
Within one year	88	58	1	2
In the second to fifth years inclusive	14	16	136	122
Over five years	195	213	-	-
	297	287	137	124

17b Commitments Under Hire Agreements

At 31 March 2010 the Imperial War Museum had annual commitments under non cancellable hire agreements as set out below:

	2010 Equipment £000's	2009 Equipment £000's
Hire agreements which expire:		
Within one year	-	2
In the second to fifth years inclusive	60	58
Over five years	-	-
	60	60

18 Contingent Liabilities

There are no contingent liabilities

19 Post Balance Sheet Events

There were no Post Balance Sheet events requiring disclosure in or adjustment to the accounts.

On May 24th 2010 the Imperial War Museum was advised by the Department for Culture, Media and Sport that its Grant in Aid in 2010/11 had been reduced by 3% equating to approximately £1m. The Museum has made the adjustments to its in year budgets necessary to deliver the required expenditure reduction

The accounts were authorised for issue by the Accounting Officer and the Board of Trustees on the date given on the audit certificate.

	At 01 April 2009 £000's	Income £000's	Expenditure £000's	Revaluations £000's	Transfers £000's	At 31 March 2010 £000's
20 Consolidated Statement of funds						
Unrestricted funds						
<i>Designated funds:</i>						
Buildings, Collections, Equipment & Exhibitions	14,786	1,422	(1,131)	-	-	15,077
Buildings Revaluations	13,888	-	(378)	(426)	-	13,084
Collections	17	91	(108)	-	-	-
Total designated funds	28,691	1,513	(1,617)	(426)		28,161
General funds	6,071	34,540	(31,816)	-	35	8,830
IWM Trading Company Reserve	(1,991)	-	-	-	-	(1,991)
	4,080	34,540	(31,816)		35	6,839
Total unrestricted funds	32,771	36,053	(33,433)	(426)	35	35,000
Restricted funds						
Buildings, Collections, Donated Objects Equipment	99,237	3,756	(3,352)	-	294	99,935
Buildings Revaluations	53,593	-	(2,217)	(4,032)	-	47,344

Tied Funds	92	5,835	(6,293)	-	617	251
Museum restricted funds	152,922	9,591	(11,862)	(4,032)	911	147,530
IWMDT Redevelopment Appeal	738	22	-	-	-	760
IWMDT Tied Donations	2,836	741	(26)	-	(946)	2,605
Total restricted funds	156,496	10,354	(11,888)	(4,032)	(35)	150,895
Total funds	189,267	46,407	(45,321)	(4,458)	-	185,895

Funds of £946K have been transferred from the Imperial War Museum Development Trust Tied Donations to the Museum to fund related project expenditure, including £128K for the AirSpace project at Duxford; £306K for the American Air Museum in Britain operational costs at Duxford; £94K for the Churchill Museum and Cabinet War Rooms; £168K for Holocaust Education and £147K for the Public Sector Research Exploitation funded project.

The deficit on the IWM Trading Company reflects the advance payment of the profit payment under Gift Aid due to the Imperial War Museum (see note 14).

Funds of £35K have been transferred from Unrestricted funds to Restricted funds to cover eliminations on consolidation of transactions

The Unrestricted Buildings, Collections, Equipment and Exhibitions fund £15,077K ,Buildings revaluation £13,084K and the Restricted Buildings, Collections, Donated objects, Equipment and Exhibitions fund £99,935K , Buildings revaluation £47,344K, represent the Net Book Value of the Tangible Fixed Assets and Heritage Assets less the Assets held under Finance leases £175,440K.

Designated funds comprise assets funded by the Museum, including capital building works, collections, equipment and exhibitions. Restricted funds comprise funds received specifically for expenditure on such assets. These include the American Air Museum and AirSpace at IWM Duxford, IWM North, the Cabinet War Rooms expansion project and the Churchill Museum, the redevelopment of IWM London and the Holocaust exhibition.

Imperial War Museum Development Trust Redevelopment Appeal are funds donated for the redevelopment of the Museum at IWM London.

Imperial War Museum Development Trust Tied Donations comprise funds donated for the application to specific projects. These include the AirSpace at IWM Duxford, the Churchill Museum and the Holocaust exhibition at IWM London.

	Unrestricted funds £000's	Restricted funds £000's	Total 2010 £000's
21 Analysis of group net assets between funds			
Fund balances at 31 March 2009 are represented by:			
Tangible Fixed Assets	34,781	147,279	182,060
Investments	-	-	-
Net Current Assets	7,233	4,604	11,837
Long Term Creditors	(7,014)	(988)	(8,002)
Total net assets	35,000	150,895	185,895

22 Cash flow information

(a) Reconciliation of changes in resources to net inflow from operating activities

	2010 £000's	2009 £000
Net incoming resources before revaluations	1,086	(5,415)
Investment Income	(189)	(552)
Interest element of finance lease rental payments	430	418
Loss on disposal of Tangible fixed assets	149	2
Depreciation charge for the year	6,922	6,893
Decrease in stocks	58	114
Decrease in debtors	217	94
(Decrease)/Increase in creditors	(1,483)	2,905
Net cash inflow from operating activities	7,190	4,459

(b) Analysis of Cash Flows

	2010 £000's	2009 £000's
Increase/(decrease) in cash in the period	2,581	(632)
(Decrease)/Increase in liquid resources in the period	(976)	3,421
Cash flow arising from decrease/(increase) in finance lease	283	(439)
Movement in net debt in the period	1,888	2,350
Net funds at 1 April	4,818	2,468
Net funds at 31 March	6,706	4,818

	Restated 1-April 2009 £000's	Cash flow £000's	31-March 2010 £000's
(c) Changes in net debt/funds			

Cash at bank and in hand	198	2,581	2,779
Liquid resources - Short Term Deposits	12,058	(976)	11,082
Finance Lease	(7,438)	283	(7,155)
Net funds	4,818	1,888	6,706

23 The role of financial instruments

FRS 29, *Financial Instruments: Disclosure*, requires disclosure of the role which financial instruments have had during the period, in creating or changing the risks the museum faces in undertaking its activities.

The following disclosures relate to the whole group.

Credit, liquidity or market Risk

Grant-in-Aid from the Department for Culture, Media and Sport comprises 52% of total incoming resources. The remaining amount is funded via self generated income, which tends to fluctuate around historically predictable performance. The majority of financial instruments relate to contracts to buy non-financial items in line with the Museum's expected purchase and usage requirements. As a result, the Museum is exposed to some credit, liquidity or market risk.

The Museum is exposed to credit risk of £490K of trade debtors - however this risk is not considered significant as major customers are familiar to the Museum. Bad and doubtful debts are provided for on an individual basis.

The Museum has sufficient unrestricted funds to cover its current liabilities.

Cash is held by the Museum's bankers and invested in compliance with the Trustees' approved policy to spread risk and impose minimum credit ratings for institutions. The Museum has not suffered any loss in relation to cash held by bankers.

Interest Rate Risk

100% of the museum's financial assets carry nil or fixed rates of interest. The museum is not therefore exposed to significant interest rate risk.

The following table shows the interest rate profile of the Museum's financial assets:

Interest Rate Profile	Fixed rate financial assets £000	Non- interest bearing financial assets £000	Weighted average interest rate	Weighted average period for which rate is fixed
As 31 March 2010				
Sterling	13,828	33	1.55	190 Days
	<u>13,828</u>	<u>33</u>		
As 31 March 2009				
Sterling	11,593	15	1.32	63 Days
	<u>11,593</u>	<u>15</u>		

The book value equals the fair value for all assets held.

Foreign Currency Risk

The Museum's exposure to foreign currency risk is not significant. The IWM Development Trust has cash on deposit in US Dollars at 31 March 2010 of \$24k.

24 Related Party Transactions

The Imperial War Museum is a statutory non-departmental public body sponsored by the Department for Culture, Media and Sport (DCMS).

DCMS is regarded as a related party. During the year the Museum has had various material transactions with the Department.

The Imperial War Museum received grants from the Heritage Lottery Fund (HLF) and the Big Lottery Fund (BLF) for which the DCMS is also recognised as the parent body.

The costs of a celebratory dinner held to mark the retirement of the former Director-General Sir Robert Crawford, attended by Trustees past and present, were fully reimbursed by Trustees and donors.

During the year, the museum had significant related party transactions with the following bodies:

Related Party	Amount Purchased	Amount Sold	Donations/ Grants Received	Year end balance Debtor/ (Creditor)

	£'000	£'000	£'000	£'000
Visit Britain	4	-	-	1
Friends of the Imperial War Museum	-	-	30	-
American Air Museum in Britain	-	-	306	35
The Churchill Centre	-	-	148	148
Gerry Holdsworth Special Forces Charitable Trust	-	-	20	-

The nature of these related parties is as follows:

Tom Wright, a trustee of the Museum, is also a Director of Visit Britain. During the year the Museum paid Visit Britain in respect of membership fees, forum/conference fees and attendance at trade fairs.

Diane Lees, the Director-General is also a member of The Council of The Friends of the Imperial War Museum (FIWM). During the year the FIWM made a donation towards the cost of the Explore History project at IWM London.

The Director-General, Diane Lees and the Chairman of Trustees of the IWM, Air Chief Marshal Sir Peter Squire, are Vice President and President respectively of the American Air Museum in Britain (AAMiB). During the year the Museum received donations from the AAMiB to support the operational expenditure of the American Air Museum, including educational activities, maintenance and conservation.

The Director-General Diane Lees is a trustee of The Churchill Centre (TCC). During the year the Museum received donations from TCC to support the operational expenditure of the Churchill Museum, including educational activities, maintenance and conservation.

The Director-General Diane Lees is a trustee of the Gerry Holdsworth Special Forces Charitable Trust. The sister of a trustee of the IWM, Sir Francis Richards, is also a trustee of the Gerry Holdsworth Special Forces Charitable Trust. During the year the Holdsworth Trust made a grant of £20K to the Imperial War Museum.

25 Losses, Special payments and Gifts.

Costs falling into the category of losses, special payments and gifts were below the level currently £250,000 at which they need to be reported separately.



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