

MUSEUMS AND GALLERIES ACT 1992

Account, of the Imperial War Museum prepared pursuant to Museums and Galleries Act 1992, c. 44, para. 9(8), for the year ended 31 March 2000, together with the Report of the Comptroller and Auditor General thereon. (In continuation of House of Commons Paper No. 846 of 1998–99).

Presented pursuant to Act 1992, c.44, para 9(8).

Imperial War Museum Account 1999–2000

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 24 OCTOBER 2000

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Foreword and Annual Report

Background Information

- 1 The Imperial War Museum was founded in 1917 to record the Great War and the contribution of the peoples of the Empire to it. It was formally established by Act of Parliament in 1920 and first opened to the public in the Crystal Palace in July of that year. The Museum moved to its present site in Southwark in 1936. Its remit was extended in 1939 to include the Second World War and in 1953 to include all aspects of all conflicts in which the forces of Britain or the Commonwealth have been involved since August 1914.

The Imperial War Museum is thus the national museum of twentieth century conflict. It illustrates and records all aspects of modern war, and of the individual's experience of war, whether allied or enemy, service or civilian, military or political, social or cultural. Its rôle embraces the causes, course and consequences of conflict and it has an essentially educational purpose.

The Museum's collections comprise works of art, which include over 15,000 paintings, drawings and sculptures and 30,000 posters; objects ranging from aircraft, armoured fighting vehicles and naval vessels to uniforms, badges, personal equipment and medals and decorations; documents, both British and foreign; printed books comprising a national reference library of over 155,000 items; 120 million feet of cine film and over 6,500 hours of video tape; over 5 million photographs and photographic negatives and transparencies, and some 32,000 recorded hours of historical sound recordings.

The Imperial War Museum is consequently, in addition to its conventional museum rôle, also a major national art gallery, a major national archive of written and audio-visual records, and a research centre. Its activities include display, education, publishing, research, trading, conferences, as well as the acquisition, documentation, study and conservation of collections.

The Museum has acquired three further major branches; Duxford Airfield in Cambridgeshire which opened to the public in 1976; HMS *Belfast* for which the Trustees assumed responsibility in 1978; and the Cabinet War Rooms in Whitehall which the Trustees opened to the public in 1984, and for which they assumed full responsibility in 1989. In addition, the Museum has a purpose-built film store on the Government site at Hayes, Middlesex and, since 1986, an annexe to Lambeth Road housing mainly the audio-visual records departments at the former All Saints Hospital in Austral Street, London SE11. The Imperial War Museum is now a multi-branch national museum on six sites, five of which are open to the general public (one by appointment), and all of which are integral elements of the Museum. Construction of a further branch, IWM for the North, began in January 2000 on a site in Trafford, Greater Manchester.

Constitution and Funding

- 2 The Imperial War Museum is an independent, statutory, corporate, public body 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) and twenty-one other Trustees (seven of whom are appointed by Commonwealth Governments). The Trustees' chief executive officer is the Director-General who is also the Accounting Officer. The Museum is partly funded by Grant-in-Aid from the Department for Culture, Media and Sport. Other sources of funding are derived from the Museum's various trading activities, external funds and the joint operations of the Museum and Cambridgeshire County Council at Duxford Airfield managed by the Duxford Executive Panel. The names of the Trustees are set out in the Legal and Administrative Details section of this report.

The Trustees' Aims

- 3 The Board's general aims are to provide for and encourage the study and understanding of the history of modern conflict by scholars and general public alike now and in the future by the following means:
 - (i) Maximising access, including as far as possible remote access by electronic means, to the collections for research, education, private interest, publication and so forth.
 - (ii) The mounting of attractively designed permanent and temporary displays exploiting the richness of the collections and using modern display techniques to inform, educate, stimulate and entertain the general visitor as well as those with specialised interests.
 - (iii) Programmes of formal educational activities for schoolchildren and students arranged in collaboration with schools and colleges at all the Museum's public sites and in schools. The Trustees place a very high priority on the Museum's educational rôle vis-à-vis present and future generations of young people. They believe this to be at the heart of the Museum's *raison d'être*.
 - (iv) Contributing to the study of the history of modern war through research, publishing, lectures, film shows, events and conferences and by providing historical advice and information to the public.
 - (v) The documentation of the collections to sound scholarly standards.
 - (vi) A programme of acquisitions geared to ensuring that the collections are comprehensive in their coverage of the Museum's field, well balanced, and up-to-date.

Strategic Plans

- 4 The Board's practical plans for the immediate future are:
 - (i) To improve the quality and extent of accommodation for the display and storage of the collections by refurbishing and, where appropriate extending, existing buildings at Duxford Airfield and the All Saints Annexe.
 - (ii) To staff, house and equip the conservation programme sufficiently to assure more rapid progress in the programmes of preservation of collections under greatest threat, viz nitrate film, textiles, aircraft and other large objects stored out of doors, and works on paper.

- (iii) To complete inventories of the collections, produce scholarly catalogues and indexes using the latest information retrieval and data processing techniques and achieve the widest possible public access to them and the information and images they contain by electronic as well as physical means.
- (iv) To provide services for the comfort and enjoyment of visitors including shops, restaurants, lavatories and cloakrooms, information, site transport and so on of the standard now expected at major tourist sites.
- (v) To maximise revenue through vigorous marketing of the Museum's four public sites and through an enterprising approach to the trading activity.
- (vi) To ensure that as many schools as possible are able to benefit from its very popular educational service and that the service continues to be fully linked to all relevant aspects of the National Curriculum.

In carrying out these plans the Trustees will seek maximum value for money in using the human and financial resources at their disposal, through applying the principles of efficiency and effectiveness in its sectors and in encouraging partnership with others

Specific Goals

- 5 The Board's specific goals for the immediate future are:

Lambeth Road

The *Holocaust* exhibition opening in June 2000 and the *Victims of War* exhibition, which will open in 2001.

A revised scheme for the construction of the All Saints Annexe containing an extended basement for plant room purposes (to permit future expansion on the upper level), external project management and additional utility connection fees. The total cost of the scheme is just under £6m with funding currently from the IWM Trust's redevelopment appeal fund and Museum self-generated funds, although the possibility of utilisation of an application of the Private Finance Initiative is also being explored.

A full exhibition programme with a permanent exhibition opening on the life campaigns and generalship of the Field Marshal The Viscount Montgomery of Alamein in 2002, major temporary exhibitions opening each year (*Women*, the *1940 House*, and *Camouflage*) with the exception of 2002 when the "Hands On" permanent display also opens (subject to external funding of £200k), and a major art retrospective every other year.

The provision of funds to address problems within the Department of Documents accommodation identified by the Public Records Office audit.

Duxford Airfield

The opening of the Land Warfare Hall which has been extended to provide purpose-built climatically controlled accommodation for Field Marshal Montgomery's Campaign Caravans and to increase space for post-1945 exhibits.

Commencement of the redevelopment of Hangar 1, dependent on the achievement of external funding.

The acquisition of a Heinkel bomber at a cost of £100k over five years.

HMS Belfast

Continuance of the programme to improve displays, exhibitions, and to the appearance and presentation of the ship, as well as to increase visitor numbers.

Cabinet War Rooms

To maintain the successes in recent years. In addition further investment will be provided to develop educational activities. Plans will be effected to expand the site and mount a permanent exhibition on Churchill as war leader. These will move ahead now that approval of the HM Treasury PFI project has been given and will be fully externally funded. (see section 6.3).

IWM for the North

The construction of the project, finalisation of the funding package, and the opening of the new site in the spring of 2002. The capital will be met wholly from externally raised funds.

The Collections

Developments will be focused on *access*, with the concentration on improving remote access and streamlining physical access, *excellence*, through improving the use of the systems and resources for the management of the collections, and *accommodation*, by realising the building projects fundamental to the objectives of the whole Group. Part of this will be the relocation of the nitrate film preservation unit from its current location site at Hayes.

Education

To maintain and increase the number of children using the formal education services, notably at Lambeth Road, where new educational facilities were available from February 2000.

The development of the new Holocaust Education service at Lambeth Road.

The extension of the Museum's education outreach programmes and development of adult education facilities in conjunction with plans for life-long learning.

Trading Company

The redesign and fit out of the Lambeth Road shop (funded by increased revenue) and investment in a new Electronic Point Of Sale (EPOS) system.

The Trustees will strive to maintain high standards of visitor service, increase attendance, and vigorously expand trading, sponsorship and other income-generating activities.

Review of Activities and Achievements in 1999-2000

6 Notable aspects for the year were as follows:

6.1 Funding

Grant-in-aid

The grant-in-aid for 1999–2000 was £12.149m; comprising a baseline grant of £10.822m; £486,913 for the extension of free admission to children at all sites of the Museum from 1 April 1999; £640,000 for the dry-docking of HMS *Belfast*; and an additional £200,000 towards the development of digitising and conserving the collections, educational outreach and developing the All Saints Annexe. This is to be compared with the previous year's baseline settlement of £10.573m.

Trading Receipts

These are detailed in the Key Financial Targets in Note 24 to these accounts.

Donations, Grants and Sponsorship

£8,593,000 has been raised from this source by the Museum, and Trust combined compared with £8,435,000 in 1998–99.

By far the most significant elements received by the Museum have been the contribution of £4,345,764 towards the Stage 3 Redevelopment works at Lambeth Road provided by the Heritage Lottery Fund and the £2,062,320 from Trafford Metropolitan Borough Council, the European Regional Development Fund and other donors towards the Imperial War Museum for the North project. Other major components have been: donations of £199,000 towards Phase 2 of the American Air Museum at Duxford and £144,000 towards the purchase and conservation of a B-24 Liberator aircraft to hang in the Museum, both from the fundraising campaign; a bequest from the Margaret Henry Estate of £116,825 to set up a fund to provide long term support for the American Air Museum at Duxford; commercial donations of £83,505 towards the development of Hangar 1 at Duxford; funding of £150,000 from the Spirit of Normandy Trust and £100,000 from the Garfield Weston Charitable Trust as contributions towards the extension of the Land Warfare Hall at Duxford. The Friends of the Imperial War Museum contributed £8,000 towards a new educational video for HMS *Belfast*, £7,079 for a visitor information point at Lambeth Road and £3,000 for computer equipment to provide access for blind and partially sighted readers to some of the collections in the Museum's Library.

6.2 Lambeth Road Renovation Scheme

Practical completion of the building was achieved and officially handed over to the Museum on 20 September 1999. The new Education Centre, as part of the Stage 3 Redevelopment, was opened to schools in February 2000.

6.3 Exhibitions, events and other significant achievements by site

Lambeth Road:

1999–2000 has seen record attendances (491,784) at Lambeth Road, drawn by the wide publicity the Museum has received during year, and the variety of exhibitions held.

The major exhibition for 1999 “*From the Bomb to the Beatles*”, which opened at the end of March 1999, continued to run with much critical and public acclaim, and a variety of events were held in conjunction with it throughout the year. “*Spitfire Summer*”, a sixtieth anniversary exhibition chronicling the experiences of ordinary people living through the events of 1940, opened on 18 February 2000 and is also proving very popular with visitors.

There has been an active programme of art exhibitions including the extensively and favourably reviewed *CRW Nevinson* exhibition which featured over one hundred and forty works of art spanning Nevinson’s career, and had a noticeable impact on gallery attendances which were significantly higher during the period of display from October to January; and “*Signs of the Times: Political Posters in Central and Eastern Europe 1945–1995*”, which is a selection of over one hundred posters from Central and Eastern Europe, and the former Soviet Union, examining the relationship between the state, the artist and the cultural product in Communist Europe, and opened on 24 February 2000.

Events, designed to complement the programme of special exhibitions and to attract both visitors and publicity have included regular film shows, children’s activities and history evenings.

A restricted teaching programme was in operation during the autumn term to enable the Education Office to transfer to the new Education Centre provided by the Stage 3 of the Redevelopment. A normal service resumed at the end of February when the Centre was opened to schools. So far, numbers have been good, with capacity bookings for most days.

Cabinet War Rooms

Attendances at the site have risen to 291,063, which exceeds last year’s record year (280,608) by 3.7%. This is attributed to continued improvements introduced in the public service, with concomitant increases in word of mouth recommendation, greater publicity and more widespread recognition, especially among American visitors to London.

The special exhibition *Churchill: The War Years*, comprising items lent by Churchill College, Cambridge, continued throughout the year. The original items will be replaced every four months for purposes of conservation and to enable the display to cover a wide variety of subjects relating to Churchill’s wartime life and achievements. Those covered to date are Churchill and his Generals, The Winston—Clementine Wartime Correspondence and The Big Three.

Agreement has been reached with HM Treasury and its Private Sector Partner, Exchequer Partnership, in respect of permission to take over the Courtyard Rooms and the Cabinet War Rooms Annexe, and a contract has been signed covering the lease, rent, service charges and method statement. The latter sets out the terms under which the developer will maintain the Museum's services and will endeavour to keep interference with the operation of the site to a minimum during the period of refurbishment. This is the successful culmination of six years' work on the part of the Museum.

Duxford Airfield

The airfield was Highly Commended by the East of England Tourist Board in the 1999 England for Excellence Awards.

The American Air Museum, opened in 1997 by Her Majesty the Queen, received two further awards during the year, the first from The Concrete Society and the second from the organisers of the Celebration of Construction Achievement, which was arranged to find the best Lottery funded projects built to celebrate the Millennium.

The Founding Members Room of the American Air Museum was completed during the year and is now available to visitors from the USA.

The extension of the Land Warfare Hall was started in October with a groundbreaking ceremony attended by HRH The Duke of Kent. Construction will be completed on time, and to budget, and handed over to the Museum in May 2000.

Planning permission has been granted for a new hangar next to the motorway to be occupied by the Aircraft Restoration Company, one of Duxford's main private owners, and Historic Flying Ltd, a company restoring Spitfires currently based at Audley End. The two companies will provide the £330,000 required to build the hangar in return for a period of rent-free occupation.

Other notable developments in 1999-2000 included:

- a highly successful air show programme which attracted over 68,000 visitors, and made the most of the unique relationship with private collectors and operators of historic aircraft.
- a continuing very high level of conservation activity—Duxford is now one of the largest centres for historic aircraft restoration in the world.
- a range of marketing and access initiatives, notably the successful scheme of a free bus service from Cambridge city centre and railway station which has proved to be extremely popular, with 13,907 passengers carried in the financial year.
- continued growth in the range and usage of educational services.
- extensive upgrading of the public site and facilities to the standards visitors expect of one of the leading museums of its kind in the world.

HMS *Belfast*:

From 1 June 1999, for six weeks, the ship was closed for dry-docking. She slipped from her moorings under tow on 4 June and arrived in the Naval Base, Portsmouth, on 7 June after a day's delay at Gravesend made necessary by high winds in the Channel. Inspection of the hull below the waterline showed that it is in excellent condition. Repairs were limited to five weeping blanking plates which had been welded over the ship's underwater machinery openings between the late 1960s and the last dry-docking in 1982. The opportunity was taken to remove about 700 tons of water ballast contaminated by Furnace Fuel Oil, and to repair the onboard structure of the visitor gangway. Existing coatings on the hull, above and below the waterline, were removed by high pressure grit blasting. They were replaced by state of the art epoxy paint. Above the waterline the wartime camouflage pattern was reinstated. A life expectancy of at least 25 years is expected of these coatings.

The work, performed by Fleet Support Limited, Portsmouth, took a week longer than estimated. The resulting additional costs, outside the fixed-price contract, were met from the project's contingency reserve.

HMS *Belfast* re-berthed in the Pool of London on 12 July and was reopened to the public on 15 July. A "Welcome Back Party" for the public was held on 17 July when over 13,000 visitors came onboard.

The publicity for the dry-docking of the ship gave a boost to the recently formed HMS *Belfast* Association, which now has over 300 members. Admiral Sir Jeremy Black, the former Trustee, is their President. The Association played a leading rôle in cheering the ship on her way from London to Portsmouth and many members were interviewed by the media about their service onboard the ship.

The new floodlighting for the upper superstructure was successfully installed in time for the Millennium celebrations and formally commissioned by Sir Donald Gosling on the evening of 20 December. The entire cost of this project has been met by a generous contribution of £20,000 from Sir Donald Gosling, and a grant of £13,500 from the Pool of London Partnership.

A new technical explanatory video illustrating the operation of the ship's torpedo armament was installed during the year.

Imperial War Museum for the North:

The Imperial War Museum of the North project will provide a stimulating new cultural resource for the North of England, embracing all ages and backgrounds. It will boost cultural, educational, leisure and economic development and will be a significant contribution to the City Pride Partnership scheme. Through its location and funding it will re-generate an area of Greater Manchester, specifically creating jobs in an area of high unemployment and developing the local economy.

The team for the new Museum was set up during the year, and based in London at All Saints. The project received final approval from DCMS in November 1999 and a groundbreaking ceremony was led by the Secretary of State, on 5 January 2000. Construction is now well underway and progressing at a steady rate.

6.4 Curatorial Activities

It has been a year of worthwhile acquisitions of benefit to all the IWM collections, three-dimensional and archival. Acquisitions purchased have been of necessity modest rather than spectacular and have tried to achieve a spread across the various collections. The inadequacy of grant-in-aid funds places a heavy constraint and a high degree of selectivity on such activities.

Major acquisitions of the year were the arrival of two aircraft at Duxford Airfield: the Mitsubishi A6M3 Zero arrived at the Airfield on 23 June, having been purchased from a private owner in the USA for £45,000. It is on display in the American Air Museum in its existing condition to portray a derelict machine until a restoration proposal sympathetic to its condition is decided. The consolidated B-24 Liberator arrived at Duxford, in a disassembled state, on 28 June 1999, having been shipped by air, by the US Air Force, from its previous location in Texas to RAF Mildenhall. A detailed survey and work plan preparation was carried out initially before in depth restoration began. It was acquired by exchange with the USAF Museum for a Spitfire Mark Vc which the IWM purchased with the help of a donation of \$500,000 from the Ford Motor Company.

Works of art purchased include: Anglo Dutch by the artist John Tunnard for £42,000, of which 50% of the cost was met by a grant from the National Art Collections Fund. Three-dimensional objects include: a model of the Royal Naval Logistics and Supply Landing ship *Sir Galahad*, (£4,113), built by Swan Hunter Ship builders; the George Cross awarded to Lieutenant-Colonel Mahmood Khan Durrani, Indian State Forces, later Pakistan Army in 1946 for "outstanding courage, loyalty and fortitude" whilst a prisoner of war in Malaya 1942-44 (£8,600), for inclusion in the VC/GC Room. Interesting collections of documents include: two volumes of a journal kept by C Reuben Smith while serving as a volunteer with the New Armies during the First World War (£800), recording his service with the 7th Battalion, the East Kent Regiment, which provides an excellent insight into Smith's reactions to the war and life in the trenches. Collections of photographs included: the Museum's first images of the Kosovo conflict purchased from two freelance photographers, Kevin Weaver (£750) and Pier Paulo Cariglia (£1,390).

Notable gifts and transfers include: works of art; the painting *Guns of 11th Field Regiment RA in action with Robcol, Ruweistat Ridge, El Alamein, July 1942*, which has been on long term loan since 1993, presented by the artist Cyril Mount; among three dimensional items; a challenger MK1 Main Battle Tank donated by the MOD, which is now on display in the Land Warfare Hall at Duxford; a Ugandan kettle drum used to beat the "V" for Victory Morse code signal for BBC European Service Broadcasts to listeners in occupied countries; and the greatcoat of Admiral Sir Frederick Parham, who commanded HMS *Belfast* in 1942-44. Collections of documents include the papers of Vice Admiral Sir Trevelyhan Napier, who commanded light cruiser forces in the Grand Fleet almost throughout the First World War; and the papers of Major General C M Maltby, which cover his appointment as GOC Hong Kong in 1941 and his time as a prisoner of war in Japanese hands following the surrender of the colony. Sound acquisitions include: nine veterans of the First World War, all aged over 100; and the actor Warren Mitchell on his life in a London Jewish family which took in refugees. Collections of photographs included; a photograph album containing pictures of Mary Ranger's

service with the Women's Land Army in Surrey, detailing the land girls' work, living conditions and recreational activities.

Audio visual acquisitions include; 38 reels of film shot by Flying Officer Norman Littlejohn, while serving first with RAF 17 Squadron in 1931, and then with 203 Flying Boat Squadron in the Middle East in the early 1930s, received from the National Film and Sound Archive, Canberra.

6.5 Conservation

Work on the final section of the papers of General Sir Ivor Maxse held by the Department of Documents has been completed by the Conservation Department of the British Library Oriental and India Office Collections. This major conservation project has been undertaken in stages since 1996 to a total cost of some £15,300. Much of the remaining conservation work has concentrated on items required for the *Holocaust*, *Spitfire Summer*, *Korea* and *Go To It!* exhibitions. The arrival of the B-24 Liberator and Zero aircraft at Duxford, and the degree of conservation work necessary on both, have affected conservation work at the Airfield. Both acquisitions were externally funded and much of the work on the B-24 will also be paid for by continuing donations from the US fundraising campaign.

A re-assessment of the nitrate programme (carried out by the new Head of Preservation) has led to a conclusion that although the collection of nitrate is now much larger than when copying started in the mid-1960s, the rate of acquisition has slowed to a trickle and the programme has achieved a very substantial inroad into the problem. However, treatment of the remaining collection will still require significant resource for the next 10 years at current levels of funding.

6.6 Documentation

The accumulation of data continues to make reasonable progress. Important initiatives for achieving greater accessibility of information to staff and to the public are making progress.

Cataloguing has achieved most targets for the year, with the catalogue of orders, medals and decorations being completed. Additionally a major project has been completed to greatly widen access to the collections databases. Although incomplete in the coverage of the collections, this nonetheless offers a powerful and effective finding aid for approximately sixty users, curators, non-curators and members of the public engaged in research. This is the first step towards widening access further, through an intranet and then internet. Procurement of the hardware and software to set up an intranet is underway.

The Photograph Archive is carrying out a data audit of its collections information following the rationalisation of their structure. More than half the 150,000 records have been cleaned, refined, standardised and, in many cases, expanded. It is also progressing on a pilot image project to digitise 2000 photographs and link them to existing documentation.

6.7 National Inventory of War Memorials

With the benefit of a grant from the National Heritage Memorial Fund of £156,000 for three years from 1 April 1998, the project has been able to set the framework in place to achieve its objective, a central archive of information about Britain's 50-60,000 war memorials. This year, the project has prioritised its information-gathering exercise (it now has a network of about 200 volunteers) over its computerisation of data. It has achieved a 45% completion level. Although the data-input fell short of the projected target, the rate of input and information gathering accelerated markedly during the year, with the increasing use and help of office volunteers. The Supervisory Committee has accepted that, given this rate of progress, the project will overrun its original completion date of March 2001 but will nonetheless be completed within that calendar year.

6.8 Electronic Access

The IWM website (www.iwm.org.uk) was the first "web-site of the week" chosen by the *24 Hour Museum*, the latter being the Campaign for Museums and *mda* (Museum Documentation Association) project to provide a gateway with sophisticated navigation aids and supporting material to museums in the UK.

The website was re-launched at the "Switched-on" exhibition at Olympia at the end of November. The benefits of the re-launch have been the tripling of traffic in the first quarter of 2000. The site has received some 1.5 million page hits over the course of the financial year, with the duration of visits now averaging at just over 8 minutes.

The Museum now uses a different methodology of counting hits to that used in 1998-99. They are now counted in terms of the number of pages accessed and exclude the image files on those pages. This avoids a hugely inflated figure and is consistent with how other national museums are presenting their figures.

The site has continued to develop and is becoming dynamic and responsive to opportunity. It now has over 300 pages. Major additions have included extensions to material on Duxford and HMS *Belfast*, pre-publicity for the Holocaust exhibition, information on Imperial War Museum for the North, and an on line exhibition of the work of Mervyn Peake, whose war-time drawings influenced his work on the novel *Gormenghast* (linked to the BBC transmission of the series). Publicity and information about current exhibitions such as Spitfire Summer is ongoing and an interactive 360 degree view of the permanent displays in the atrium and mezzanine is proving its worth in providing a "taster" for prospective visitors and potential clients for corporate hospitality. Other features include a search facility, which is proving extremely popular, emphasis on educational facilities at all sites and a limited experiment with facilities for ordering retail products.

A Curator with Leeds Industrial Museum, undertook a six week placement with the Web Manager under the Sharing Museum Skills Scheme. The result was the production of a new web exhibition "Sinews of War", covering the theme of workers and production during the Second World War.

The IWM has taken advantage of the potential of electronic partnerships in exhibition, education and in specialist information dissemination. The IWM sees the Web site as its main tool in reaching out to a global audience, offering assistance to the educational community, networking and undertaking partnerships with the international museums and similar institutions and widening sources of revenue.

6.9 Public Use of the Collections

The IWM has one of the most extensive services of any national museum in the provision of access to its “behind the scenes” collections. This derives from its traditional policy of ready access to its enormous archival holdings of documents, film, photographs and sound recordings and its specialist library in addition to the more conventional reserve collections of works of art and exhibits. Its rôle as a national repository for film, photographs and certain categories of documents is recognised in the Public Record Act. Hence, use of the reference collections is open to all, the general public, the academic, the educationalist and the commercial customer. Usage is currently running at some 14,000 visitors and 80,000 enquiries per annum.

A new leaflet “The Collections: An access guide” was published in the early part of the year. This presents information on the content of all the collections, supported by illustrations, with a brief indication of the displays at all sites and a summary of the Museum’s history.

The Department of Printed Books has taken measures to raise its profile. Aware of the Museum’s growing popularity as a source for family history, it took part in the Genealogical Society’s Family History Fair in April. It held a very successful Family History day at the IWM in November when a series of beginners’ guides to researching family history of ancestors who were in the Army, Royal Navy, Merchant Navy and Royal Air Force was launched. The Commonwealth War Graves Commission also participated.

6.10 Performance Indicators and financial targets

As part of its three year funding agreement with DCMS, the Museum has identified a number of performance measures relating to its aims. Details of actual results against targets are provided in Annex B to this foreword, with key financial targets included in note 24 to the accounts.

Review of Financial Position and Salient Features of the Accounts

7. Total incoming resources for the year have increased by £1.469m (5.2%) compared to last year. Income from self-generated funds increased by £0.380m (2.1%), after taking into account the re-imburement of free child admission now included in the grant-in-aid.

These increases include: increases in the performance of the Collections Group by 14%; income from admissions by 6% at Lambeth Road and by 8% at the Cabinet War Rooms; and Corporate Hospitality income generated by HMS *Belfast* increasing by 12%. Retail sales at the American Air Museum shop at Duxford were £164k in the first full year of its operation. In addition, sales at the Hanger 1 shop increased by 14% on the previous year.

Operating expenditure continues to be very tightly controlled with budgets cash limited to previous year amounts. In total it is 4.4% higher than last year. However, if the costs of the dry-docking of HMS *Belfast* are excluded, the increase is only 1.5%.

The excess of income over expenditure for the year, excluding any expenditure on capital improvements, is £7.523m compared to £7.006m last year. This includes income received or designated in the year to fund current and future capital projects of £9.290m. Expenditure on such capital projects was £10.3m for the year whilst outstanding contractual commitments amount to £17.9m at 31 March 2000. These needs, together with the further capital requirements of the Museum, will be met from a combination of the specific funds already held or contracted for, together with continued income generation from trading and fundraising.

Freehold and long leasehold properties were re-valued by professional external valuers for the first time since 1986 as at 31 March 1999. The resultant valuation has been revised in 1999-2000, in accordance with the *Construction Output Price Index for public buildings other than housing (2.65%)* for Land and All Saints buildings, and the *Tender Building Cost Price (2.04%)* for Lambeth Road and Duxford buildings. This has produced an overall increase during the year of £1.272 million.

The Imperial War Museum Trading Company

- 8 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 activities of the Museum, including retailing, corporate hospitality and the Duxford air days, of the Imperial War Museum. The financial activities of the Trading Company are combined with those of the Museum in these financial statements.

The Imperial War Museum Trust

- 9 The Imperial War Museum Trust was constituted by a Declaration of Trust dated 8 September 1969 and is an exempt charity. The Trustees of the Imperial War Museum 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. The names of the Trustees are set out in the Legal and Administrative Details section of this report. The financial activities of the Trust are combined with those of the Museum in these financial statements.

The Friends of the Imperial War Museum and Volunteers

- 10 The work of the Museum is also supported by the Friends of the Imperial War Museum which was established in 1986 to advance the education of the public by rendering support to the Museum (registered charity no 294360). The organisation has no legal link with the Trustees of the Museum. Amongst other activities the Friends provide guided tours to visitors.

In addition valuable support is also received from volunteers in other areas. At Duxford the volunteer contribution by the members of the Duxford Aviation Society has now reached the equivalent of more than 20 full time posts. This largely supports the conservation programme, as well as providing free-guided tours to visitors and the operation of the information centre.

At Lambeth Road, the Collection Departments have received around 1,800 hours of support in 1998–99, chiefly for cataloguing work, whilst the success of the National Inventory of War Memorials project is dependent on volunteer help. The work contributed to this project currently equates to more than 70 full time posts in one year.

- Corporate Governance** 11 The practices and procedures of the Museum comply with the requirements of HM Treasury’s “Government Accounting” and the Financial Memorandum issued by the Department for Culture, Media and Sport (DCMS), which is the Museum’s sponsor department in relation to public funds, setting 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 the DCMS.

Since 1 July 1995 Trustees have been required to subscribe to a Code of Practice based on models supplied by the Cabinet Office (Office of Public Service). A Trustees’ Audit Committee, conformable with this, held its first meeting in November 1995 and has subsequently met twice a year, reporting to the Board at its September Meeting. In the wake of guidance from HM Treasury, following the publication of the recommendations from the Turnbull Committee, the Committee has decided to meet three times a year in future, from the year 2000–01 onwards. The Board’s Remuneration Committee has met annually since 1996 to consider pay awards for the Director-General.

Since the creation of the Commission for Public Appointments in 1995, appointments to the Board have been subject to its code of practice. A register of the pecuniary interests of Trustees is held in the Director’s Office at the Museum and is available for inspection by appointment. A Staff Code of Conduct, conformable with Cabinet Office requirements, and agreed with the DCMS, was issued in June 1997.

The Museum adopts a formal approach to stewardship reporting to provide input to the Director-General’s statement on internal financial control. This comprises a standard form of checks that are to be carried out and reported on. Reports are made, by each Head of Division and Department, to the Director-General every six months, including a summary of the checks performed. Evidence, including working papers, is maintained by each report maker and available for audit.

The Museum is taking steps to implement the recommendations of the Turnbull Committee, as required by the Treasury. The main impact of these is the provision by the Director-General of a statement regarding the effectiveness of the Museum’s system of internal controls. The Board of Trustees monitors the Director-General’s discharge of internal control duties through its Audit Committee. HM Treasury will require compliance by the year 2001–02. The Museum is developing a risk management regime as an integral part of this.

- Disabled Persons and Employee Involvement** 12 (a) The Imperial War Museum follows policy guidelines issued by the Cabinet Office about the employment of disabled people.
- (b) The Imperial War Museum is an Equal Opportunity Employer. It has agreed statements of safety policy under section 2(3) of the Health and Safety at Work etc. Act 1974. Senior management communicates with staff through the preparation and circulation of annually updated corporate plans, regular heads

of department meetings and through the machinery of the Staff Consultative Council and its General Purposes Committee and the Departmental Health and Safety Committee as well as informal meetings, internal memoranda, staff notices and regular newsletters.

- (c) During the year, the Imperial War Museum set up a Museum Steering Group on Disability, which is dedicated to the development, communication and implementation of best practice policies for ensuring a corporate culture that gives disabled persons an equal opportunity of enjoying the full benefits of working at or visiting the Museum. The group will oversee the implementation of the recommendations of the disabled access audit that has been conducted recently.

Energy and Environment

13 The Museum has well-established programmes for:

- reducing energy and water consumption;
- maximising the recycling of waste and the use of recycled material;
- purchasing environmentally friendly products;
- minimising atmospheric pollution; and
- encouraging economic use of all non renewable resources by staff, visitors and contractors.

During the course of 2000–01 the Museum will further review these programmes with a view to determining their efficiency and establishing areas for improvement across the entire estate.

The Museum will also implement a “Green Travel Plan” that promotes a greener, cleaner travel choice for official and staff home to work journeys and reduces wherever possible reliance on private cars.

Public Sector Payment Policy

14 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. Some problems were encountered in the process of upgrading to a year 2000 compliant financial system, which resulted in 91% of invoices being paid promptly in 1999–2000 in comparison with 96% in 1998–99.

Year 2000 Compliance

15 Final preparations for dealing with the Y2K problem were made during November and December 1999 and on 4 January 2000 the Museum was pleased to be able to advise the Department for Culture, Media and Sport that all computer and other systems were fully functional; that all four public branches of the Museum were open at the published times on 1 January; and that monitoring of the systems would continue to ensure that there were no latent problems. Only one minor problem was subsequently identified with a software package, for which a solution was devised.

Over the Millennium weekend, revised opening times were agreed for 31 December and 1 January: Lambeth Road and Cabinet War Rooms closed three hours early

(3pm) and Duxford Airfield one hour early (3pm) on 31 December, and on 1 January Lambeth Road opened one hour later (11am) and Duxford and HMS *Belfast* opened two hours later (12 noon).

The outstanding action of the Year 2000 working group was to monitor systems to ensure that the leap year was recognised. No detrimental effects were encountered on 29 February 2000.

The total cost to the Museum of compliance is estimated to have been £50,000.

To the Future

- 16** The Museum looks to the future with great enthusiasm, building on the successes of the past, the breadth and wealth of its collections and the talent and commitment of its staff.

In the immediate future it will further increase access to the collections with the opening of the new branch in the North and the enlargement to the Collections Centre at All Saints. It will extend the range and volume of education activities. It will also seek to reach a greater and wider audience, both physically and virtually. It will strive to constantly improve as an organisation, to be more efficient and effective, and provide opportunities for the staff who work for it. It has further plans for key developments at Duxford and the Cabinet War Rooms, to digitise the collections and to replace and replenish the current range of exhibitions.

The Museum will pursue these goals within the limited funding that is available to it, seeking to generate further income from all current sources and to develop new ones.

Robert Crawford
Director-General and Accounting Officer

28 July 2000

Annex A

LEGAL AND ADMINISTRATIVE DETAILS

The Board of Trustees of the Imperial War Museum	1	<p>HRH The Duke of Kent (President) Professor R J O'Neill (Chairman) Mr I M H Smart (Deputy Chairman) Miss Kate Adie General Sir Peter de la Billiere (to April 1999) Sir John Coles (from September 1999) Air Chief Marshal Sir Joseph Gilbert (A) Mr Roger Jackling Miss Jyoti Munsiff (from November 1999) Rabbi Julie Neuberger (from May 1999) Mr D R W Silk (A) Major-General George Sinclair Admiral Sir Jock Slater (from August 1999) Sir William Purves (A) The Lady Vaizey His Excellency Mr Philip Flood His Excellency The Hon Roy MacLaren His Excellency Mr Lalit Mansingh (to February 2000) His Excellency Mr Nareshwar Dayal (from March 2000) His Excellency Mr Paul East His Excellency Mr Main Riaz Shamee (to November 1999) His Excellency Dr Akbar Ahmed (from November 1999) Her Excellency Cheryl Carolus His Excellency Dr Lal Jayawardene</p> <p>(A) = Member of the Trustees' Audit Committee</p>
The Directors of the Imperial War Museum Trading Company	2	<p>Air Chief Marshall Sir Joseph Gilbert (appointed March 1999) (Chairman) Mr J M Card (appointed March 1999) (ACA) Mr R W K Crawford (appointed March 1999) Miss A Godwin (appointed March 1999) Mr I M H Smart (appointed March 1999) The Lady Vaizey (appointed March 1999)</p>
The Trustees of the Imperial War Museum Trust	3	<p>Professor R J O'Neill (Chairman) ex officio Mr R W K Crawford (Director-General) ex officio Sir William Purves Mr D R W Silk Mr I M H Smart The Lady Vaizey Mr Geoffrey Marsh (to July 1999)</p>

Addresses	4 Imperial War Museum Lambeth Road London SE1 6HZ Cabinet War Rooms Clive Steps King Charles Street London SW1A 2AQ Duxford Airfield Duxford Cambridge CB2 4QR HMS Belfast Morgans Lane Tooley Street London SE1 2JH Website www.iwm.org.uk
Auditors	5 Comptroller and Auditor General National Audit Office 157-197 Buckingham Palace Road London SW1W 9SP
Bankers	6 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
Investment managers	7 Chiswell Associates Limited No.4 Chiswell Street London EC1Y 4UP
Solicitors	8 The Museum uses the Treasury Solicitor and commercial solicitors on an ad hoc basis.

Annex B

PERFORMANCE INDICATORS

The Museum has identified a number of measures relating to its aims. Actual outturn results are provided below against planning targets, together with comparisons for the two previous years, and targets for one further year. Key financial targets are disclosed in note 24 to the accounts.

Target Definition	1997-98		1998-99		1999-2000		2000-01
	Target	Actual	Target	Actual	Target	Actual	Target
1. Visitor Numbers (000s):							
Cabinet War Rooms	250,000	257,000	240,000	280,579	260,000	291,063	280,000
Duxford Airfield	395,000	407,000	410,000	402,523	410,000	401,382	410,000
HMS <i>Belfast</i>	205,000	201,000	215,000	215,099	193,000	187,981	220,000
Lambeth Road	450,000	485,000	440,000	475,902	460,000	491,784	505,000
Total	1,300,000	1,350,000	1,305,000	1,374,103	1,323,000	1,372,210	1,415,000
2. Educational visits							
Students and teachers in booked parties using the Museum's educational facilities, including gallery tours:							
Cabinet War Rooms	13,000	14,223	13,000	15,816	14,000	18,186	15,000
Duxford Airfield	30,295	31,417	32,000	30,377	34,000	41,109	35,000
HMS <i>Belfast</i>	18,400	16,333	17,600	19,624	15,900	17,209	17,800
Lambeth Road	80,000	81,326	80,000	80,962	80,000	76,908	90,000
Total	141,695	143,299	142,600	146,779	143,900	153,412	157,800
3. Service to Visitors							
Visitor Satisfaction: Very satisfied visitors (overall) (%)							
	80	84	80	85	80	80	80
4. Use of the collections							
4.1 Website							
Number of hits to the Museum website (millions)							
	—	—	4	0.8	1	1.5	1.1
4.2 Users of the collections							
Consisting of readers, visitors, and enquirers (000s)							
	86.9	87.0	85.5	87.7	90.2	94.1	92.1

Notes

1. HMS *Belfast* was closed for dry docking from 1 June to 14 July 1999. In addition London Bridge Underground station was closed from July through to the beginning of September.

Accessibility has been improved at Duxford by the introduction of a free bus service from Cambridge to Duxford earlier this year. The figure for Duxford in 2000-01 includes one extra air show.

1999-2000 has seen record attendances at both Lambeth Road and the Cabinet War Rooms.

2. The Museum aims to maintain and increase the number of children using its formal education services, notably at Lambeth Road, where new educational facilities were opened in February 2000.

3. The benchmark percentage across all other Museum and Gallery sites polled by Mori for "visitors that are very satisfied overall" is 54%.

4. It should be noted that the annual target has now been revised from 5 million to 1 million for 1999-2000 to reflect a different methodology of counting of hits. The results of the re-launch of the web site in November 1999 are now fully evident and traffic in the first quarter of 2000 has tripled. The site has received some 1.5 million page hits over the course of the financial year, with the duration of visits now averaging just over 8 minutes.

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 for each financial year in the form and on the basis determined by the Secretary of State for the Department of Culture, 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:

- observe the accounts direction issued by the Secretary of State*, including the relevant accounting and disclosure requirements, and apply them on a consistent basis;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, and disclose and explain any material departures in the financial statements;
- 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 of Culture, Media and Sport has designated the Director-General as the Accounting Officer for the Imperial War Museum. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, issued by the Treasury and published in Government Accounting.

Robert Crawford

Director-General and Accounting Officer

28 July 2000

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

Statement on the System of Internal Financial Controls

My review of the effectiveness of the system of internal financial control is informed by the work of the internal auditors, the Audit Committee, which oversees the work of the internal auditor, the executive managers within the Museum who have responsibility for the development and maintenance of the financial control framework, and comments made by the external auditors in their management letter and other reports. Revised systems established to provide the basis for more formal and comprehensive responses from executive management are in operation.

The Imperial War Museum has an internal audit unit, which operates to standards defined in the Government Internal Audit Manual. The work of the internal audit unit is informed by an analysis of the risk to which the Museum is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the Board's Audit Committee and approved by me. At least annually, the Head of Internal Audit (HIA) provides me with a report on internal audit activity in the Museum. The report includes the HIA's independent opinion on the adequacy and effectiveness of the Museum's system of internal financial control.

The system of internal financial control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Board of Trustees of the Museum;
- regular reviews by the Board of periodic and annual financial reports which indicate financial performance against the forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- as appropriate, formal project management disciplines.

The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

As Accounting Officer, I am aware of the recommendations of the Turnbull Committee and I am taking steps to comply with the Treasury's requirement for a statement of internal control to be prepared for the year ended 31 March 2002, in accordance with guidance to be issued by them.

Robert Crawford
Director-General and Accounting Officer

28 July 2000

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on pages 24 to 48 under the Museums and Galleries Act 1992. These financial statements have been prepared under the historic cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 30 to 34.

Respective responsibilities of the Trustees, the Director and Auditors

As described on page 21 the Trustees and the Director-General of the Imperial War Museum as Accounting Officer, are responsible for the preparation of financial statements and for ensuring the regularity of financial transactions. The Trustees and Director-General are also responsible for the preparation of the Foreword and Annual Report. My responsibilities as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view, and are properly prepared in accordance with the Museums and Galleries Act 1992 and directions made by the Secretary of State for Culture, Media and Sport thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword and Annual Report on pages 1 to 20 is not consistent with the financial statements, if the Imperial War Museum has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on page 22 reflects the Imperial War Museum's compliance with Treasury guidance 'Corporate Governance: statement on the system of internal financial control'. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

Basis of opinion

I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures and regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees and the Director in the preparation of the financial statements, and of whether the accounting policies are 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 are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure, income and resources 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.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Imperial War Museum and of the Group at 31 March 2000 and of its incoming resources and application of resources, including its income and expenditure, and cash flows, for the year then ended and have been properly prepared in accordance with the Museums and Galleries Act 1992 and with the directions made thereunder by the Secretary of State for Culture, Media and Sport; and
- in all material respects the expenditure, income and resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

29 August 2000

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

Consolidated Summary Income and Expenditure Account for the year ended 31 March 2000

	2000 £000	1999 £000
Total Incoming Resources	29,899	28,430
Resources Expended	<u>(22,376)</u>	<u>(21,424)</u>
 Total Surplus for the year	 7,523	 7,006
Less Incoming Resources applied to Capital Expenditure	(7,013)	(6,417)
 Operating Surplus/(Deficit) before Depreciation	 <u>510</u>	 <u>589</u>

1. "Incoming Resources" is all the sources of income accruing to the year, whether for current or capital purposes, as shown in the Statement of Financial Activities.

2. "Resources expended" is the sum of current expenditure and depreciation charged on capital expenditure, as shown in the Statement of Financial Activities.

3. "Incoming resources applied to Capital Expenditure" is income designated to capital expenditure, less depreciation charged in the year. The total income for 1999-2000 is £9,290,282 comprising National Lottery funding from the Heritage Lottery Fund for the Stage 3 Development at Lambeth Road and the Holocaust Exhibition of £4,345,764 and £609,908 from external funds. Other external funding comprised chiefly of £2,062,280 for the Imperial War Museum for the North, £83,505 for the Hangar 1 upgrade project, £783,052 for the Land Warfare Hall Exhibition £205,117 for the American Air Museum, £144,924 for the IWM Trust Redevelopment Appeal, £58,896 for capital projects. In addition Trustees applied £996,836 of unrestricted income to capital expenditure projects (see note 19). Total depreciation is £2,277,249 (see note 8).

The notes on pages 30 to 48 form part of these accounts.

Consolidated Statement of Financial Activities for the year ended 31 March 2000

		Unrestricted Funds £000	Restricted Funds £000	Total 2000 £000	Total 1999 £000
	Notes				
Incoming Resources					
Grant-in-Aid	2	12,149	—	12,149	10,573
Income from Commercial activities	13	3,833	—	3,833	—
External Funds		10	4,237	4,247	3,812
Admissions		3,495	—	3,495	3,925
Lottery Funding		—	4,346	4,346	4,623
Book, Collections and Reproduction sales		186	—	186	2,226
Catering and Function Hire		—	—	—	656
Special Events		—	—	—	870
Royalties		727	—	727	596
Investment Income	3	197	439	636	813
Fees		268	—	268	334
Donated Objects		—	—	—	—
Disposals		12	—	12	2
Total Incoming Resources		20,877	9,022	29,899	28,430
Resources Expended					
<i>Direct Charitable Expenditure:</i>					
Education, Exhibitions & Visitor Services		6,624	391	7,015	7,570
Building Management		2,796	1,021	3,817	4,406
Collections Management & Conservation		4,554	181	4,735	4,080
Support Services		2,048	—	2,048	1,909
Purchases for the Collection		217	143	360	423
		16,239	1,736	17,975	18,388
<i>Other Expenditure</i>					
Book, Collections and Reproduction costs		32	—	32	1,605
Fundraising and publicity		1,110	26	1,136	1,073
Commercial costs	13	2,868	—	2,868	—
Management and administration of the Charity		365	—	365	358
Total Resources	5	20,614	1,762	22,376	21,424

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total 2000 £000	Total 1999 £000
Total Resources Expended	5	<u>20,614</u>	<u>1,762</u>	<u>22,376</u>	<u>21,424</u>
Notional costs:					
Cost of capital	7	<u>1,335</u>	<u>4,034</u>	<u>5,369</u>	<u>4,530</u>
Net incoming/(outgoing) resources after notional costs		(1,072)	3,226	2,154	2,476
Reversal of notional costs		<u>1,335</u>	<u>4,034</u>	<u>5,369</u>	<u>4,530</u>
Net Incoming/(outgoing) Resources		<u>263</u>	<u>7,260</u>	<u>7,523</u>	<u>7,006</u>
Surplus/(Deficit)	4				
Gains on Revaluation of Fixed assets	9	582	995	1,577	11,864
Depreciation on Revaluation of Fixed Assets		(6)	(15)	(21)	0
		<u>576</u>	<u>980</u>	<u>1,556</u>	<u>11,864</u>
Net Movement in Funds		<u>839</u>	<u>8,240</u>	<u>9,079</u>	<u>18,870</u>
Fund Balances brought forward at 1 April 1999		<u>21,823</u>	<u>63,106</u>	<u>84,929</u>	<u>66,059</u>
Fund balances carried forward at 31 March 2000	19	<u>22,662</u>	<u>71,346</u>	<u>94,008</u>	<u>84,929</u>

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

The Museum has no recognised gains and losses and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 30 to 48 form part of these accounts.

Consolidated Balance Sheet as at 31 March 2000

	Notes	2000 £000	1999 £000
Fixed Assets			
Tangible assets	8	82,206	72,935
Investments	9	2,614	4,926
		84,820	77,861
Current assets			
Stock		645	534
Debtors	10	4,346	2,713
Less provision for Bad Debts		(10)	(10)
		4,336	2,703
Cash at bank and in hand		8,282	7,793
		13,263	11,030
Current Liabilities			
Creditors: amounts falling due within one year	11	(3,865)	(3,647)
Net Current Assets		9,398	7,383
Total Assets Less Current Liabilities		94,218	85,244
Creditors: amounts falling due after more than one year	11	(210)	(315)
Net Assets		94,008	84,929
Represented by:			
Funds			
Restricted Funds	19	71,346	63,106
Unrestricted Funds:			
Designated Funds	19	22,636	21,795
General Funds	19	26	28
Total Funds		94,008	84,929

The notes on pages 30 to 48 form part of these accounts.

Robert Crawford
Director-General and Accounting Officer

28 July 2000

Museum Balance Sheet as at 31 March 2000

	Notes	2000 £000	1999 £000
Fixed Assets			
Tangible assets	8	82,041	72,768
Investments		100	—
		82,141	72,768
Current assets			
Stock		64	534
Debtors	10	5,462	2,477
Less provision for Bad Debts		(10)	(10)
		5,452	2,467
Cash at bank and in hand		253	2,752
		5,769	5,753
Current Liabilities			
Creditors: amounts falling due within one year	11	(3,676)	(3,637)
Net Current Assets		2,093	2,116
Total Assets Less Current Liabilities		84,234	74,884
Creditors: amounts falling due after more than one year		(210)	(316)
Net Assets		84,024	74,568
Represented by:			
Funds			
Restricted Funds	19	64,206	55,230
Unrestricted Funds:			
Designated Funds	19	19,792	19,310
General Funds	19	26	28
Total Funds		84,024	74,568

The notes on pages 30 to 48 form part of these accounts.

Robert Crawford
Director-General and Accounting Officer

28 July 2000

Cash Flow Statement for the year ended 31 March 2000

	Notes	2000 £000	1999 £000
Net cash inflow from operating activities	21	7,680	9,229
Returns on investments and servicing of finance			
Interest Received		573	734
Interest element of finance lease rental payments		(58)	(58)
Dividends Received		51	57
Taxation Recoverable		12	22
		578	755
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(10,280)	(7,106)
Purchase of investments		(779)	(329)
Proceeds from sales of investments		3,395	1,199
		(7,664)	(6,236)
Cash inflow/(outflow) before financing		594	3,748
Financing			
Capital element of Finance lease rental payments		(105)	(105)
(Decrease)/Increase in cash in the year	21	489	3,643

The notes on pages 30 to 48 form part of these accounts.

Notes to the Financial Statements

Accounting Policies 1(a) Basis of accounting

The financial statements are prepared in accordance with the Accounts Direction given by the Secretary of State for Culture, Media and Sport, with the approval of Treasury. The accounts comply with the requirements of the Statement of Recommended Practice "Accounting by Charities" and applicable accounting standards. The particular accounting policies adopted by the Trustees are described below.

The statutory accounts are consolidated and represent the combined accounts of the Imperial War Museum, the Imperial War Museum Trust and the Imperial War Museum Trading Company Limited.

(b) Accounting convention

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.

(c) Fund accounting

The Museum's accounts are a consolidation of a number of individual funds which divide into distinct categories and which are defined as follows:

Restricted funds

Restricted funds represent income received which is allocated by the donor for specific purposes. The restricted funds and the purposes for which their income may be applied are:

- American Air Museum in Britain—funds raised from the Heritage Lottery Fund and private donors towards the building of the Museum at the IWM Duxford site.
- Redevelopment Stage 3—funds raised from the Heritage Lottery Fund and other donors towards Stage 3 of the development of the Imperial War Museum, Lambeth Road, including the Holocaust exhibition.
- Imperial War Museum for the North—funds raised from Trafford Borough Council and other donors towards the creation of a new branch of the Imperial War Museum in Trafford, Manchester.
- Hangar 1—funds raised from private donors for the expansion of the current facilities at Duxford.
- Land Warfare Hall—funds raised from private donors for an extension to the Hall at Duxford and an exhibition about Field Marshal Viscount Montgomery of Alamein.

- Collections acquisitions—funds secured from donors towards the acquisition of items for the Collection.
- Vested property—the value of the Imperial War Museum’s estate.
- Capital works and equipment—restricted funds raised specifically for and applied to the purchase of equipment, permanent exhibitions and building works.
- Revenue—restricted funds raised specifically for and applied mainly to conservation and temporary exhibitions.
- Imperial War Museum Trust Tied Donations—funds donated to be applied to the American Air Museum and Land Warfare Hall at Duxford Airfield, conservation of aircraft at Duxford, the redevelopment of HMS *Belfast* and for the new Holocaust exhibition at Lambeth Road.
- Imperial War Museum Trust Redevelopment Appeal—funds donated for the redevelopment of the Museum at Lambeth Road.

Unrestricted funds

Designated funds are amounts which have been put aside from unrestricted funds at the discretion of the Trustees, and comprise funds for the development of the Museum, in conjunction with the restricted funds, which are therefore not available for other purposes, as well as funds to meet the existing commitments made by the Museum.

General unrestricted funds represent unrestricted income which is expendable at the discretion of the Trustees in the furtherance of the objects of the Museum. Such funds may be held in order to finance both working capital and capital investment.

(d) 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 to which it relates.

National Lottery income from the Heritage Lottery Fund

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

Gifts in kind and donated items

Items given to the Museum collections are recognised as incoming resources at their estimated market value when receivable. See note 23.

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.

(e) Expenditure

Allocation of costs

Expenditure is classified under the principal categories of charitable and other expenditure. It comprises staff costs, other direct costs and depreciation. Expenditure has been directly attributed to the activities to which it relates.

Direct charitable expenditure

Direct charitable expenditure includes all expenditure directly related to the objects of the Museum and comprises the following:

- Collections management and conservation
- Education, exhibitions and visitor services
- Purchases for the collection
- Building management

Support services, which comprise services and facilities provided in support of the Museum's charitable objectives, including furnishings, telephone, information technology, financial and personnel services and training.

Other expenditure

Other expenditure comprises fund-raising and publicity costs, being those costs incurred in seeking voluntary contributions for the Museum and in publicising it. Management and administration costs are those incurred in connection with the management of the Museum's assets, organisational administration and compliance with constitutional and statutory requirements. Commercial costs and trading expenditure are those direct costs incurred in generating the income from Commercial activities and trading.

(f) Tangible Fixed Assets

Tangible fixed assets comprise expenditure on any item in excess of £2,000 (except £500 in the case of Information Technology equipment) provided it meets the following criteria: it has a useful life of at least 4 years; 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 and assets under construction, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings — over 20 to 50 years

Leasehold buildings — over the lease term, up to a maximum of 50 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 — by external professional valuation every five years and using the appropriate indices in the intervening years.

Equipment — Equipment comprises IT/electronic items. As indexation is likely to accelerate the writing down of these assets it has been decided not to index the assets as the current useful life of 4 years is deemed to be appropriate.

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.

The difference between historic depreciation and current cost depreciation is disclosed after Net Incoming/(outgoing) Resources in the Statement of Financial Activities.

(g) Investments

Investments are stated at market value. It is the Museum's policy to keep valuations up to date such that when investments are sold there is no gain or loss arising. As a result the Statement of Financial Activities includes only those unrealised gains and losses arising from the revaluation of the investment portfolio throughout the year. Disclosure is made in note 9 of the difference between the historical cost and the sale proceeds of the investments sold during the year.

(h) Stocks

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

(i) Collections purchases

The Museum's collections of works of art, objects and records have not been capitalised in the balance sheet as they are considered to be inalienable. Purchases for the collections are charged as direct charitable expenditure in the year of acquisition.

(j) Pensions

The employees of the Imperial War Museum are members of the Principal Civil

Service Pension Scheme to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. For 1999–2000 superannuation rates ranged from 12 to 18.5% (DAO 8/94) and contributions of £1,065,086 (1998–99: £980,000) are payable to the Paymaster General.

(k) 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 their useful lives. 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 Barclays Mercantile for the Showscan Dynamic Motion Theatre.

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.

(l) 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.

(m) Duxford Executive Panel

Income and expenditure relating to the Duxford Executive Panel, a joint venture between Cambridgeshire County Council and the Trustees of the Imperial War Museum, is included with the Museum's Income and Expenditure (Note 12).

(n) Notional cost

In accordance with Treasury guidance, a notional cost of capital is charged in the Statement of Financial Activities in arriving at a net incoming resources figure. This is reversed so that no provision is included on the balance sheet.

(o) 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 1,000,000 shares of £1 each, of which 100,000 have been issued. Under a profit shedding Deed of Covenant all taxable profits from the IWM Trading Company Limited are paid to the Imperial War Museum. A summary of the income and expenditure account is provided in Note 13.

2 £12,149,000 of "Grant in Aid" (Department for Culture, Media and Sport Class X Vote 1) has been received during the year (1998-99: £10,573,000). The money is utilised for some running costs and collection purchases. The balance of this expenditure, and all capital improvements are funded from self-generated resources. The Grant in Aid in 1999-2000 included £640,000 for the dry-docking of HMS *Belfast*, £486,913 as compensation to permit free entry of children at all branches, and £200,000 for collections and IT projects.

Investment Income	3	2000	1999
		£000	£000
Interest Receivable		573	734
UK Fixed Interest		16	15
UK Equities and Overseas Equities		35	42
Tax Recoverable		12	22
		636	813

Interest of £572,951 divided between the Imperial War Museum (£100,000) the Imperial War Museum Trading Company (£21,796) and the Imperial War Museum Trust (£451,155). All other investment income is the Imperial War Museum Trust.

The total of Incoming Resources does not include transactions between the Imperial War Museum and the Imperial War Museum Trust of £2,957,085 (1998-99: £1,457,264), nor transactions between the Imperial War Museum and the Imperial War Museum Trading Company of £1,701,804.

Net incoming resources before transfers	4		2000	1999
			£000	£000

is stated after charging:

Auditors remuneration: Imperial War Museum	22	22
Imperial War Museum Trust	4	5
Imperial War Museum Trading Company	6	—
Lease rental payments on land and buildings	112	113
Hire agreements on equipment	71	69
Interest payable on finance lease	58	58

Resources expended does not include transactions between the Imperial War Museum and the Imperial War Museum Trust £2,957,085 (1998–99: £1,457,264), nor transactions between the Imperial War Museum and the Imperial War Museum Trading Company of £1,701,804.

Total Resources Expended	5		Other direct costs	Depreciation	2000 Total	1999 Total
		Staff costs	£000	£000	£000	£000
Education, Exhibitions and Visitor Services		4,792	1,452	771	7,015	7,570
Building Management		229	2,261	1,327	3,817	4,406
Collections Management and Conservation		2,751	1,893	91	4,735	4,080
Support Services		974	1,001	73	2,048	1,909
Purchases for the Collection		—	360	—	360	423
		8,746	6,967	2,262	17,975	18,388
Trading			26	6	32	1,605
Fundraising and Publicity		322	811	3	1,136	1,073
Commercial Costs		553	2,315	—	2,868	—
Management and Administration of the Charity		266	94	5	365	358
		9,887	10,213	2,276	22,376	21,424

Staff costs	6		2000	1999
			£000	£000
Salaries and Wages			8,249	8,013
National Insurance			573	600
Superannuation			1,065	980
			9,887	9,593

The Chairman and Board of Trustees received no remuneration for their services during 1999–2000. Expenses reimbursed to the Trustees amounted to £3,378 (1998–99: £4,375).

The Trustees are appointed for terms of up to 5 years.

The salary and pension entitlements of the Director General of the Imperial War Museum were as follows:

Mr Robert Crawford <i>Director General</i>	
Age	54
Salary, including performance related bonus, at 31 March 2000	86,067
Real increase in annual value of pension at 60	911
Total annual value of accrued pension at 60 at 31 March 2000	30,030

The Director General's total actual emoluments comprise a salary of £74,744 (1998-99: £72,401) a performance related bonus of £11,073 (£8,518) and £250 (£250) taxable benefits. The Director General is a member of the Principal Civil Service pension scheme. The employer's contribution to the scheme amounted to the equivalent of 18.5 per cent of the Director General's salary. He is provided with a flatlet within the museum. His contract is for a period of five years from 1 October 1995, which can be renewed subject to satisfactory performance.

Pension benefits are provided through the Principal Civil Service Pension Scheme. This is a statutory scheme which provides benefits on a "final salary" basis at a normal retirement age of 60. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition a lump sum equivalent to 3 years' pension is payable on retirement. Members pay a contribution of 1½% of pensionable earnings. Pensions increase in payment in line with the Retail Prices Index. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill-health. In this case pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

The following number of senior employees received remuneration within the ranges below:

	2000 No	1999 No
£40,001-£50,000	13	14
£50,001-£60,000	2	2
£60,001-£70,000	1	—
£70,001-£80,000	—	—
£80,001-£90,000	1	1

The average number of employees, analysed by function was:

	2000 No	1999 No
Education, Exhibitions and Visitor Services	227	213
Building Management	9	11
Collections Management and Conservation	118	119
Support Services	35	35
Airfield Services	3	2
Trading/Commerical	23	21
Fundraising and Publicity	19	13
Management and Administration of the Charity	5	6
	<u>439</u>	<u>420</u>

Notional Cost of Capital

7 Notional cost of capital is calculated as 6% of the average capital employed by the Museum in the year.

Tangible Fixed Assets

8

	Land and Buildings £000	Exhibitions £000	Equipment £000	Assets Under Construc- tion £000	Assets held Under Finance Lease £000	Total £000
Value at 1 April 1999	59,828	7,833	2,576	10,181	1,051	81,469
Additions	3,892	48	326	6,034	—	10,300
Transfers between Fixed Assets	8,477	—	—	(8,477)	—	—
Net Revaluation	1,273	—	—	—	—	1,273
Disposals	—	—	(30)	—	—	(30)
Value at 31 March 2000	<u>73,470</u>	<u>7,881</u>	<u>2,872</u>	<u>7,738</u>	<u>1,051</u>	<u>93,012</u>
Depreciation at 1 April 1999	11	5,673	2,140	—	710	8,534
Provided	1,307	323	306	—	341	2,277
Transfers between Fixed Assets	—	—	—	—	—	0
Net Revaluation	21	—	—	—	—	21
Disposals	—	—	(26)	—	—	(26)
Depreciation at 31 March 2000	<u>1,339</u>	<u>5,996</u>	<u>2,420</u>	<u>0</u>	<u>1,051</u>	<u>10,806</u>
Net Book Value at 31 March 2000	<u>72,131</u>	<u>1,885</u>	<u>452</u>	<u>7,738</u>	<u>0</u>	<u>82,206</u>
Net Book Value at 1 April 1999	<u>59,817</u>	<u>2,160</u>	<u>436</u>	<u>10,181</u>	<u>341</u>	<u>72,935</u>

Land and Buildings assets of £163,576 belong to the Imperial War Museum Trust. The Imperial War Museum Trading Company Limited has no Fixed Assets.

£3,959,758 of the assets under construction relate to the Holocaust Exhibition which is funded from the Heritage Lottery Fund, external donations and the Museum's own resources.

The asset held under Finance Lease, the flight simulator at Duxford, has been fully written down in the year.

The Lambeth 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 1999 by external professional valuers in accordance with the Royal Institution of Chartered Surveyors guidance notes. This valuation did not include the Stage 3 Redevelopment as these works were in progress at the time.

Property	Title	Indexed Value at 31 March 2000 £000	Value at 31 March 1999 £000	Basis of Valuation
Lambeth Road, Southwark	Leasehold	28,274	27,700	Depreciated Replacement Cost Basis
All Saints Annexe, Austral Street, Lambeth	Freehold	1,232	1,200	Existing use Basis
Duxford Airfield, Cambridgeshire	Freehold	31,417	30,750	Depreciated Replacement Cost Basis

The net book value at 31 March 2000 represents fixed assets for:

	Land and Buildings £000	Exhibitions £000	Equipment £000	Assets under construction £000	Assets held under finance Lease £000	Total £000
Charitable activities	72,131	1,885	440	7,738	—	82,194
Other activities	—	—	12	—	—	12
Total	72,131	1,885	452	7,738	0	82,206

Fixed Asset Revaluations (Tangible and Investments)

	2000 £000	1999 £000
Tangible Fixed Assets (a)	1,252	11,762
Investments (b)	304	102
Fixed Assets Revaluations	1,556	11,864

	Unrestricted Funds £000	Restricted Funds £000	Total 2000 £000	1999 £000
(a)				
Land and Buildings:				
Net Book Value prior to revaluation	13,721	57,158	70,879	48,055
Net gain on revaluation (above)	273	979	1,252	11,762
	<u>13,994</u>	<u>58,137</u>	<u>72,131</u>	<u>59,817</u>
(b)				
Quoted investments:				
Market value at 1 April 1999	2,059	2,867	4,926	5,695
Less: Disposal proceeds	(528)	—	(528)	(1,199)
Add: Acquisition at cost	603	—	603	474
Net gain on revaluation (above)	304	—	304	102
Cash Investments:				
Movement	176	(2,867)	(2,691)	(146)
Market value at 31 March 2000	<u>2,614</u>	<u>0</u>	<u>2,614</u>	<u>4,926</u>
Historical cost at 31 March 2000	<u>1,687</u>	<u>—</u>	<u>1,687</u>	<u>4,345</u>
Unrealised investment gains at 31 March 2000	927	0	927	581
Investment gains based on historic costs	133	0	133	312

All investments are listed on a recognised stock exchange. The assets and cash are analysed as follows:

	2000 £000	1999 £000
Cash Investments	176	2,867
Investment Assets in the UK	1,788	1,700
Investment Assets outside the UK	650	359
	<u>2,614</u>	<u>4,926</u>

Debtors	10				2000	1999
		Imperial War Museum	Imperial War Museum Trust	IWM Trading Company Limited	Total £000	£000
Trade Debtors		184	—	171	355	303
Other Debtors		2,712	157	—	2,869	1,338
Tax Recoverable		1,002	4	—	1,006	889
Prepayments and Accruals		78	34	4	116	183
		<u>3,976</u>	<u>195</u>	<u>175</u>	<u>4,346</u>	<u>2,713</u>

The figure of £4,345,989 does not include debtors of £273,789 due to the Imperial War Museum from the Imperial War Museum Trust, nor does it include debtors of £1,211,988 due to the Imperial War Museum from the Imperial War Museum Trading Company.

£1,163,949 of other debtors relates to amounts owed by the National Heritage Lottery Fund for Redevelopment Stage 3 and the Holocaust Exhibition at Lambeth Road, £364,000 from Trafford Borough Council, £1,040,795 from Peel Holdings for the Imperial War Museum for the North. The figure from the Imperial War Museum Trust is chiefly for the Montgomery Collections Appeal, Redevelopment Stage 3 and the Holocaust Exhibition.

Creditors	11				2000	1999
		Imperial War Museum	Imperial War Museum Trust	IWM Trading Company Limited	Total £000	£000
Amounts falling due within one year:						
Trade Creditors		1,807	—	23	1,830	2,837
Other Creditors		11	—	148	159	60
Obligations under finance lease		105	—	—	105	105
Accruals		1,753	10	8	1,771	645
		<u>3,676</u>	<u>10</u>	<u>179</u>	<u>3,865</u>	<u>3,647</u>
Amounts falling due after more than one year:						
Obligations under finance lease		210	—	—	210	315
		<u>3,886</u>	<u>10</u>	<u>179</u>	<u>4,075</u>	<u>3,962</u>

The figure of £4,075,298 does not include creditors of £273,789 due from the Imperial War Museum Trust to the Imperial War Museum and £1,211,988 due from the Imperial War Museum Trading Company to the Imperial War Museum.

£561,185 of trade creditors relate to the IWM North project, of which £488,911 is due to Sir Robert McAlpine, the main contractor for the construction of the building; £220,656 of trade creditors relate to Duxford's Land Warfare Hall extension, of which £201,020 is due to the main contractor, John Sisk.

£592,766 of accruals relates to amounts due to Trafford Metropolitan Borough Council from funds owed by Peel Holdings Ltd.

Duxford Executive Panel (see note 1(m))	12	2000	1999
		£000	£000
Incoming Resources			
Admissions		1,033	1,235
Catering and Function Hire		204	195
Fees		182	208
External Funds		291	176
Special Events		877	870
Investment Income		31	58
		<u>2,618</u>	<u>2,742</u>
Resources Expended			
Accommodation and Works	275		300
Airfield Services	58		84
Airshows	493		459
Commercial Services	17		24
Duxford Development Programme	25		20
Duxford Development Simulator	205		233
Education	25		22
Exhibitions	77		222
Exhibitions—contribution	19		—
Health and Safety	5		5
Management Services	16		20
Marketing	196		196
Office Services	87		97
Recruitment Costs	14		—
Training	15		—
Visitor Services	217		209
Salaries	873		850
		<u>2,617</u>	<u>2,741</u>
Net Incoming Resources—Surplus		<u>1</u>	<u>1</u>
Fund Balances brought forward at 1 April 1999		—	—
Surplus		<u>1</u>	<u>1</u>

In accordance with the agreement with Cambridgeshire County Council the Imperial War Museum has forwarded them the above financial information for the year ending 31 March 2000.

IWM Trading Company Limited	13	2000
		£000
Income and Expenditure Account		
Sales		2,308
Retail Sales		322
Catering commission		331
Corporate hospitality		877
Special events		3,838
Cost of goods sold*		1,314

Gross Profit	<u>2,524</u>
Other operating income	
Fees receivable	193
External Funds	<u>1</u>
	<u>2,718</u>
Other operating charges*	<u>1,567</u>
Operating Profit	1,151
Interest receivable	<u>22</u>
Profit	1,173
Amount covenanted to Museum	<u>1,173</u>
	<u>—</u>

Turnover of £3,837,648 includes £4,276 of sales from the Trading Company to the Museum which is eliminated on consolidation giving £3,833, 371 as net commercial income.

Fees receivable of £193, 241 and External funds of £979 have been included in “Fees” and “External Funds”. Other income and costs have been shown as “Investment Income” and “Commercial Costs” respectively, in the Statement of Financial Activities.

Commercial Costs* of £2,880,748 includes £12,292 of transactions between the Museum and Trading Company which is eliminated on consolidation giving £2,868,456 as net commercial costs.

Financial Commitments

14 At the balance sheet date, outstanding capital commitments amounted to some £17,938,000 of which £16,590,000 relates to the construction of the Imperial War Museum for the North.

Commitments Under Leases and Hire Agreements

15 At 31 March 2000 the Imperial War Museum had annual commitments under leases and hire agreements as set out below.

	2000	1999
	Exhibitions	Exhibitions
	£000	£000
Finance lease obligations—payments due within:		
One year	105	105
Two to five years	210	315
More than five years	—	—
	<u>315</u>	<u>420</u>

	2000	1999
	Land and other Buildings £000	Land and other Buildings £000
Operating Leases which expire:		
Within one year	42	43
In the second to fifth years	—	—
Over five years	70	70
	<u>112</u>	<u>113</u>
	2000	1999
	Equipment £000	Equipment £000
Hire Agreements which expire:		
Within one year	1	1
In the second to fifth years	65	45
	<u>66</u>	<u>46</u>

**Lambeth Road
Redevelopment
Stage 3**

- 16 The Lambeth Road Redevelopment Scheme includes a new Education and Conference Centre and the Holocaust Exhibition. The Trustees of the National Heritage Memorial Fund awarded the Museum a grant of £12.6 million in December 1996, which is to be matched by other Museum resources of £4.2 million. The development was opened by Her Majesty the Queen on 6 June 2000.

**Contingent Liabilities
and Post Balance Sheet
Events**

- 17 Apart from potential liabilities for taxation relating to past trading activities there are no material contingent liabilities at 31 March 2000.

**American Air Museum
in Britain**

- 18 The American Air Museum in Britain (AAMIB) is incorporated in the United States as an organisation for the purpose of fund raising. The aim is to raise funds both in the UK and the US for the Museum at the IWM Duxford site dedicated to the role of the United States Air Forces in World War II and US air power in post World War II period. It is a tribute to the 50,000 US Airmen who gave their lives in World War II and provides a source of education and information on US air power for future generations. The financial statements of the American Campaign are prepared with an accounting period ending 31 December and are separately audited. The AAMIB, as an organisation, is separate from the IWM Trust, but remits money to the IWM Trust in the UK as restricted donations to meet future expenditure on the project.

At 31 December 1999 the combined balance on the two accounts of the AAMIB in the United States bank accounts was \$117,848 (£72,971). During the year £693,181 was transferred to the IWM Trust.

Statement of funds 19

	At 1 April 1999 £000	Income £000	Expend- iture £000	Net Investment Gains/losses £000	Transfers £000	At 31 March 2000 £000
Unrestricted funds						
<i>Designated funds:</i>						
Capital expenditure fund	14,516	997	(738)	—	160	14,935
Revaluation Reserve	2,681	—	(54)	273	—	2,900
Collection purchases fund	12	100	(217)	—	111	6
Other commitments	2,100	—	—	—	(149)	1,951
Museum designated funds	19,309	1,097	(1,009)	273	122	19,792
Imperial War Museum Trust						
General funds	2,318	93	(35)	303	—	2,679
Imperial War Museum Trust						
Capital expenditure fund	168	—	(3)	—	—	165
Total designated funds	21,795	1,190	(1,047)	576	122	22,636
<i>General Museum revenue funds</i>	28	19,687	(19,567)	—	(122)	26
Total unrestricted funds	21,823	20,877	(20,614)	576	0	22,662
Restricted funds						
American Air Museum in Britain	9,798	—	(203)	—	205	9,800
Revaluation Reserve—AAMIB	2,408	—	(48)	245	—	2,605
Redevelopment Stage 3	7,964	4,346	(257)	—	1,600	13,653
IWM North	418	2,062	—	—	—	2,480
Hangar 1	70	84	—	—	—	154
Land Warfare Hall	0	—	—	—	783	783
Private funds for capital projects	1,816	35	(147)	—	24	1,728
Revaluation Reserve Private funds for capital project	270	—	(5)	28	—	293
Vested Property	26,082	—	(386)	—	—	25,696
Revaluation Reserve—Vested Property	6,403	—	(96)	707	—	7,014
Collection purchases	—	25	(143)	—	118	—
Private funds for Current Expenditure	—	260	(477)	—	217	—
Museum restricted funds	55,229	6,812	(1,762)	980	2,947	64,206
Imperial War Museum Trust						
Redevelopment Appeal	2,494	145	—	—	—	2,639
Imperial War Museum Trust						
Tied Donations	5,383	2,065	—	—	(2,947)	4,501
Total restricted funds	63,106	9,022	(1,762)	980	0	71,346
Total funds	84,929	29,899	(22,376)	1,556	0	94,008

Designated capital committed at 1 April 1999 of £160,000 has been expended during the year. A transfer of this amount has been made to the capital expenditure fund from designated other commitments.

Trustees have designated a further £10,500 towards the future commitments of the Museum.

Analysis of Group Net Assets Between Funds	20	Unrestricted Funds £000	Restricted Funds £000	Total 2000 £000
Fund balances at 31 March 2000 are represented by:				
Tangible fixed assets		17,999	64,206	82,205
Investments		2,614	—	2,614
Net current assets		2,259	7,140	9,399
Long term creditors		(210)	—	(210)
Total net assets		22,662	71,346	94,008

**Cash Flow
Information**
21(a) Reconciliation of changes in resources to net inflow from operating activities

	2000 £000	1999 £000
Net incoming resources before revaluations	7,523	7,006
Investment Income	(636)	(813)
Interest element of finance lease rental payments	58	58
(Gain)/loss on sale of Tangible fixed assets	4	—
Historical Depreciation	2,277	2,851
(Increase)/Decrease in stocks	(111)	(46)
(Increase)/Decrease in debtors	(1,633)	(779)
Increase/(Decrease) in creditors	198	952
Net cash inflow from operating activities	7,680	9,229

(b) Reconciliation of net cash flow to movement in net funds

Increase in cash in the period	489	3,643
Movement in net funds in the period	489	3,643
Net funds at 1 April 1999	7,793	4,150
Net funds at 31 March 2000	8,282	7,793

(c) Analysis of net funds

	1-April 1999 £000	Cash Flow £000	31-March 2000 £000
Cash at bank and in hand	7,793	489	8,282
Net funds	7,793	489	8,282

Related Party Transactions

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

The Department for Culture, Media and Sport 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 National Heritage Memorial Fund (NHMF) for which the Department is also regarded as the parent Department.

None of the Trustee board members, key managerial staff or other related parties has undertaken any material transactions with the Museum during the year.

The Imperial War Museum has borrowed and or lent works of art and exhibits to the following organisations during the financial year 1999–2000, which have the Department for Culture, Media and Sport or other Government Departments as a parent body:

Arts Council
 The Tate Gallery
 British Museum
 Victoria and Albert Museum
 Public Record Office
 Merseyside Maritime Museum
 National Museums and Galleries of Wales
 National Maritime Museum
 National Museum of Science and Industry
 National Film Theatre
 Royal Armouries
 The National Museums and Galleries on Merseyside.

Donated Objects

- 23 The Museum acquires donated objects by gift, bequest and from the translation of long-term loans into permanent acquisitions. However objects wholly or partially donated to the Museum in 1999–2000 to form part of its collections were deemed to have no significant financial value (1998–99 £0).

Key Financial Targets	24	Target Definition	1997-98		1998-99		1999-2000	
			Target	Actual	Target	Actual	Target	Actual
		Admissions income (All sites)						
		Income per visitor (£)	2.80	2.76	2.80	2.86	2.88	2.90
		Income (£000)	3,616	3,721	3,645	3,925	3,878	3,982
		Operating profit from shops and mail						
		order/as % of turnover	20%	25%	21%	25%	21%	25%
		Sales per visitor (£)	1.32	1.33	1.34	1.44	1.60	1.68
		Proportions of Self-generated Funds to Grant, excluding donations remaining in the IWM Trust.						
		(Self-generated/Grant %)						
		Total Turnover*	55/45	56/44	57/43	59/41	62/38	62/38
		Current Costs and Purchases	39/61	39/61	44/56	43/57	40/60	58/52
		Capital Expenditure	100/0	100/0	100/0	100/0	100/0	100/0
		Self-generated funds as %-age of Grant	121	127	160	145	165	162

*1999-2000 Target adjusted to take into account the timing of receipts from HLF for the Stage 3 redevelopment at Lambeth Road.

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