

Imperial War Museum Annual Report and Accounts 2007/08

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CORRECTION

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO
THE HOUSES OF PARLIAMENT**

Page 52

July 2008

This date should read:

16 July 2008

17 July 2008

London: The Stationery Office

IMPERIAL WAR MUSEUM LONDON



CHURCHILL MUSEUM
and CABINET WAR ROOMS



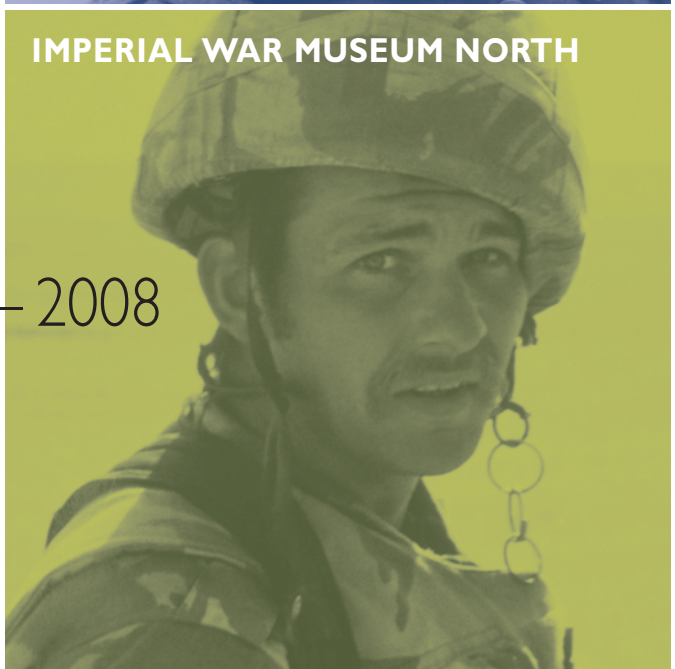
HMS BELFAST



IMPERIAL WAR MUSEUM DUXFORD



IMPERIAL WAR MUSEUM NORTH



ANNUAL REPORT AND ACCOUNT 2007–2008



www.iwm.org.uk



IMPERIAL WAR MUSEUM

Annual Report and Account 2007–2008

Ordered by the House of Commons to be printed on 17 July 2008

Annual Report and Accounts for the year ending 31 March 2008

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London

**IMPERIAL WAR MUSEUM LONDON
CHURCHILL MUSEUM AND CABINET WAR ROOMS
HMS BELFAST**

Cambridge

IMPERIAL WAR MUSEUM DUXFORD

Manchester

IMPERIAL WAR MUSEUM NORTH



1.1 Vision, Goal, Mission and Values

Our vision

is to be the world's premier museum of modern conflict

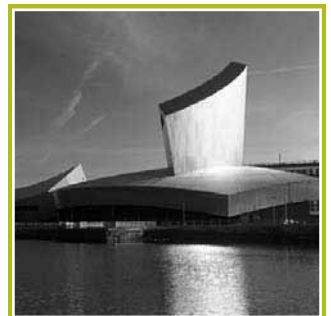
Our goal

is to enrich people's understanding of the causes, course and consequences of modern war

Our mission

is to enable people to have an informed understanding of modern war and its impact on individuals and society by:

- ◆ Creating stimulating learning opportunities and inspiring visitor experiences that are relevant to twenty-first century audiences and draw on unique Collections and historical expertise
- ◆ Collecting, studying and interpreting objects, images and records illustrating conflicts involving Britain, the Commonwealth and their allies, from the build-up to the First World War to the present day, and people's personal experience of them
- ◆ Providing worldwide access to its Collections and expertise through innovative outreach and web-based programmes as well as at its five branches
- ◆ Developing partnerships that extend the Imperial War Museum's networks and complement its status as a national institution of international renown



Our values

Authority

A reliable source of authentic evidence on every aspect of modern war

Integrity

Information presented accurately and objectively

Quality

The highest possible standard of service, facilities, procedures and operations

Accessibility

Access to knowledge and Collections provided when, and in the way, people want

Creativity

Resources applied creatively to imaginative and innovative displays, programmes and experiences

Community

Services driven by the needs and aspirations of today's diverse audiences, physical and virtual

Accountability

Commitment to transparent reporting and achieving maximum value from all resources

1.2 Strategic Objectives for 2007–2008

The Museum delivered strategic plans organised around four corporate priorities aligned to the long-term strategic objectives identified through the IWM 2020 planning process: access and income, efficiency, stewardship and modernisation. The focus of activity was on the modernisation of a number of systems and processes to support the efficient operation of the Museum, together with increased access to its services and collections, audience development, effective stewardship and staff development. This work was underpinned by an ongoing drive for excellence and sustainability.

2.1 Overview

Key Performance Indicators

	2006–07 actual	2007–08 actual	2007–08 target* CP07
Total number of visits to the Museum (excluding virtual visits)	1,956,069	1,999,331	1,978,000
Number of children aged 15 and under visiting the Museum	547,647	550,208	605,000
Number of children aged 15 and under in on- and off-site organised educational sessions	299,756**	315,576	288,000
Total number of website visits	9,969,128	10,233,745	8,500,000
Net income from admissions,*** trading, fees and royalties (£)	7,114,000	7,528,000	7,915,000

* Targets stated in IWM Corporate Plan 2007–11

** Figure rebased to account for revised counting methodology at one branch of the Museum

*** Net income definition agreed with DCMS for the Funding Agreement 2005. This is the income of these specific activities less direct expenditure, including salaries.

The Museum welcomed almost two million visitors to its branches over the year and more than ten million visitors to its website. Almost a third of visitors to the Museum were children (28 per cent). Virtual visitors have increased by 3 per cent year-on-year, reflecting the importance of online services and information. A wide range of content is now available on the website, including learning resources and exhibition microsites.

In terms of visitors from lower socio-economic groups, the total proportion of NS-SEC 5-8 UK adults during 2007–08 was 21 per cent. The Museum continues to deliver audience development and diversification strategies across the branches; black and minority ethnic visitors made up 4 per cent of UK adult audiences over the year. The Museum published an *Equality Strategy* outlining the organisation's focus on promoting equality of opportunity and the delivery of workforce diversity as well as enabling participation and access to the widest possible audiences. The Action Plans underpinning the strategy detail how these objectives will be achieved.

A major piece of long-term strategic planning was completed with the publication of the final IWM 2020 Report, examining how the Museum will respond to the challenges and opportunities presented over the next 15 years and beyond. Clearly articulating the role and remit of the Museum, these plans lay the foundations for masterplanning work across its estate. The Corporate Plan 2008–11 is thus aligned to the organisational vision, mission and goal articulated through the IWM 2020 process. (See the section *Plans for Future Periods* of this report for further information.)

During 2007–08, considerable focus was given to visitor research, with a detailed tranche of qualitative work undertaken in order to investigate key themes and inform long-term planning. Research methodologies used to profile users at all branches were changed with the implementation of a rolling programme, designed to generate a more accurate reflection of our visitors and gain greater understanding of visitor motivation. IWM London front of house was upgraded to streamline and improve the admissions process and improve visitor services. Front of house was

also remodelled at IWM North to improve the visitor experience and create additional space for daytime corporate hospitality.

The year has seen progress in the delivery of an exciting modernisation and change agenda, which seeks to ensure that the Museum remains relevant to audiences now and in the future. Major Information and Communication Technology investment-funded improvements to both the technical infrastructure and digital storage capacity will underpin substantial web improvements as well as the development of the Museum's e-business capability. Digital development is also of importance in order to facilitate the enhancement of both ways of working and business processes.

The Museum will seek to renew Accreditation status in 2010 and has continued to drive projects to support this work. Substantial progress has been made with regard to the management and care of Collections with the acquisition of new Collections, Library and Digital Asset Management systems. Data migration has commenced; it is anticipated that the system will be fully populated with Collections data by the end of 2008–09. Ongoing documentation and digitisation programmes have been delivered in order to support public learning and access programmes, as well as revenue generation activity. Funding for several important research projects has been successfully secured. A major tranche of display conservation work was achieved through the completion of phase one of the *On the Case* project at IWM London.

The Museum was awarded 'Strategic Commissioning' Funding from the Department for Culture, Media and Sport and the Department for Children, Schools and Families to support ongoing community outreach learning programmes at IWM London, IWM Duxford and IWM North.

The success of *Their Past Your Future*, a UK-wide education project led by the Imperial War Museum in partnership with the Museums, Libraries and Archives Council England, National Library of Wales, Northern Ireland Museum Council and Scottish Museums Council, and supported by the Big Lottery Fund, continued during the year with commemorative study visits to Northern France, Canada, Thailand and Australia. The project aims to increase young people's understanding and appreciation of history, national identity, commemoration, civic participation and responsibility through learning programmes, engaging with veterans and eyewitnesses of conflict, historic sites, and with primary sources from UK museums, libraries and archives. The project, established in 2004, explores the impact of conflict on people and places from the First World War to today.

In terms of buildings and accommodation, the first phase of the fire and security system upgrade was completed with the commissioning of a new system at IWM London. The completion of the project will see the total replacement of current installations across the branches of the Museum. The Museum successfully met Efficiency Delivery Plan targets for the financial year. Major savings were achieved through the implementation of a revised Facilities Management contract at IWM London, IWM Duxford and IWM North with the added advantage of building in a gainshare agreement (delivered through a performance measurement framework). Streamlined procurement, utilising buying frameworks and through aggregating demand, successfully delivered cash savings, for example in ICT hardware, utilities and print buying.



THE GREAT BARRIER
USA AND THE YOUNG FREEDOM

2.2 Exhibitions

The Museum presented a lively and engaging temporary exhibitions programme across the branches to complement its permanent displays. Personal experiences of war and wartime life remain at the core of programming. The Museum is committed to mounting excellent temporary exhibitions which engage diverse audiences, both existing and new. Subjects are presented and interpreted in a stimulating way, making use of up-to-date technology where appropriate.

Exhibitions at IWM London included *Camouflage*, examining the impact of camouflage on modern warfare and its adoption into popular culture; *The Falklands 25th Anniversary Exhibition*, exploring the conflict through the testimony and personal memorabilia of those involved, from politicians and service personnel to Falkland Islanders and journalists; *Journeys of Change*, focusing on the role of the Commonwealth in the Second World War and developed by groups of young people participating in an outreach learning project; *Weapons of Mass Communication: War Posters* (left), looking at iconic posters from the Museum's collection; and *My Boy Jack* (below), a small exhibition telling the story of the close relationship between Rudyard Kipling and his son John, whose life was cut tragically short in the trenches during the First World War.



The Museum commissioned the artwork *Queen and Country*, by Turner Prize-winner Steve McQueen, which commemorates British service personnel killed in the war in Iraq. Displayed at IWM London, the installation takes the form of a series of postage stamp sheets featuring photographic portraits of individual men and women who have lost their lives in the conflict. The work was purchased by the National Arts Collection Fund and donated to the Museum. A major rehang of the Imperial War Museum's collection of British art culminated in the opening of *Breakthrough*, a display incorporating outstanding artworks from the official art schemes of both world wars and significant non-official and contemporary works.



At the Churchill Museum and Cabinet War Rooms, a small display, *Churchill and the Press*, explored Churchill's use of the media, whilst *Dig for Victory* (right), a temporary display, complemented the allotment and activity undertaken outside in St James's Park. On HMS Belfast, *Eyewitness Falklands* used photographs to explore the personal memories of key participants in the events of the conflict. At IWM Duxford, the new *AirSpace* exhibition (above left) was further enhanced through the installation of sculpture, drawing and photography by the artist-in-residence.

The exhibitions programme at IWM North included *The Animals' War* (above middle and right), transferred from IWM London and charting the story of all creatures great and small caught up in twentieth century conflicts; *Life and Freedom: Experiences of War and Independence*, marking the sixtieth anniversary of the independence of India and the foundation of Pakistan; *Remembered*, a collection of photographs of memorials, cemeteries and graves of some of the Commonwealth War Graves Commission sites around the world; and *Contact: George Rodger's War Photographs*, exploring the life and work of an extraordinary photographer who captured many aspects of modern warfare.





hahaha, hahaha, hahaha, hahaha
hahaha hahaha

WAR AND PEACE

IMPERIAL WAR MUSEUM
JULY 2007

Chou Song

ILDERTON
PRIMARY SCHOOL

2.3 Learning and Access

Learning is at the core of the Imperial War Museum's mission and is central to the IWM 2020 vision and goals. The strategy for formal, informal and outreach learners, as well as for staff development, is aligned to *Inspiring Learning for All*. High-quality on-site learning programmes are complemented by innovative and stimulating outreach learning provision. The changing needs of diverse audiences, including black and minority ethnic (BME) and lower socio-economic groups (NS-SEC 5-8), remain core to Museum learning activity and are built into programming.

Partnerships are central to the delivery of high-impact learning projects. The Museum is one of nine partners participating in the *Rethinking Disability Representation* project, which seeks to develop new approaches to the interpretation and representation of disability. As a result of work undertaken, a series of education sessions for secondary schools (*Conflict and Disability*), have been successfully developed and delivered at IWM London. The *National Museums Online Learning Project* is a partnership project with nine national museums and galleries seeking to improve the use of web content, targeting school and lifelong learner audiences. For the Imperial War Museum, the project provides a primary and cost-effective means by which to expand online learning and make use of Web 2.0 interactivity for children in formal education and for adults. The project also complements the broader web development aims of the Museum.

Community work is embedded in both core activity and the project work undertaken across the branches of the Museum. Community learning activities, supported by Community Development posts at all of the branches and specifically targeted at local intergenerational audiences, both on-site and through outreach, have included *Meet the Veterans* days at IWM Duxford and work with learners in *The Children's War* exhibition at IWM London. The Museum continues to seek to engage with local communities in a meaningful and sustainable way. 'Strategic Commissioning' funded projects have successfully delivered against this aim. *Journeys of Change*, conducted in partnership with the George Padmore Institute and Lambeth Archives, involved young people from African and Asian communities using the Museum Collections at IWM London to research the involvement of their communities in the Second World War. *Partners in Time*, at IWM Duxford, involved working with local Essex museums. The programme targeted children and adults from schools in the highest areas of economic deprivation in the region, providing tailored educational visits for groups and continuing professional development training for teachers. At IWM North, the *Moving Minds* partnership project involved working with young people and veterans to create a sustainable online network of podcasts, blogs and other resources exploring the theme of identity.

The Museum continues to place a high priority on working with veterans and volunteers and of meeting the needs of adult learners. *Veterans North*, for example, is a programme which engages with a pro-active group of veterans, prepared to share their stories, contribute to the development of learning resources, participate in learning sessions, add to the Museum Collections and enhance the content of exhibitions. Sustainable, long-term partnerships have been created through working with, and producing resources, in collaboration with young people and veterans and the programme is closely aligned to lifelong learning activity across the Museum.

Each Museum branch has provided unique activities based on their strengths – for example, technology at IWM Duxford and Holocaust education at IWM London. The Museum continues to meet the requirements of the National Curriculum for formal learners, as well as delivering informal learning activities inspired by branch events and exhibitions in order to engage children, young people and families at weekends and during the school holidays.

The Collections Division also made a significant contribution to the Museum’s learning programme through the provision of seminars, lectures and conferences, a number of family history days and participation in the *London Open House Weekend*.

	2006–07 actual	2007–08 actual	2007–08 target **
Learners in on-site educational programmes	467,984	441,202	450,800
Learners in outreach educational programmes	410,542	437,055	371,000
Children in on- and off-site educational programmes	299,756*	315,576	288,000

* From 2006 – 07 children are measured as those 15 years and under. Note that 2006 – 07 child learners have been rebased to account for revised counting methodology implemented at one branch of the Museum.

** Target as stated in Corporate Plan 2007 – 11



2.4 Collections

2007–08 has seen a considerable level of acquisitions activity. Notable acquisitions, made chiefly by way of gifts, have included 11 Soviet-era Russian posters and seven North Korean propaganda poster artworks; a pair of very rare thigh-length fleece-lined Royal Flying Corps aviator's boots dating from 1918; several uniform and flag items belonging to Major-General Roy Urquhart CB DSO; and an interview with Wing Commander Guy Gibson VC dating from 1943.

Overall visitors and enquiries to Collections numbered almost 68,000, a decrease of 17 per cent on the previous year. This reflects an increase in the usage of online self-service mechanisms to facilitate enquiries as well as the positive impact of a centralised enquiry service in managing user queries, which often straddle several departments of the Museum. Collections Online users, visiting the website in order to explore the Museum's Collections, totalled over 270,000 during the course of the year.

With regard to conservation activity, the first phase of a three-year Accreditation-driven project, *On the Case*, to conserve and document items on display at IWM London, has been completed in the First and Second World War Exhibitions. As a result, some 4,500 objects have been conserved.

A Documentation Strategy has been agreed and progress has been made in addressing documentation backlogs within the Collections. The cataloguing of the Gianfranco Moscati Collection, the largest single donation of Holocaust-related material to the Museum, was completed during 2007 – 08 and a website published.

A Museum-wide masterplanning exercise, linked to IWM 2020 strategic objectives, has commenced. Planning for the South East Block redevelopment has also started. The project will result in significant storage condition improvements for a large proportion of the Museum's Collection.

The Museum has been successful in bids for external funding to support important developments in Collections research. Public Sector Research Exploitation (PSRE) funding, provided to assist public sector organisations maximise the return on research activities and build sustainable business, has supported the digitisation programme. Digitised material reflects the more widely used parts of the Collection and demonstrates its range. Documentation upgrades complement this activity, improving access for online users.

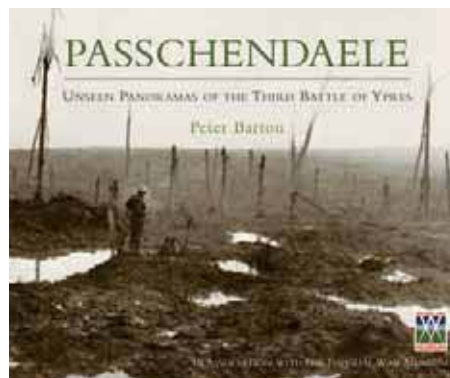
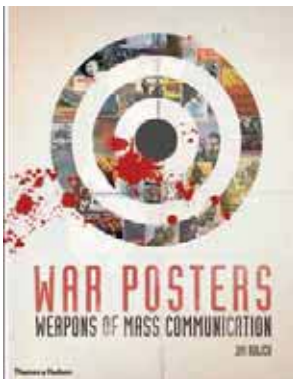
Work to develop the *Your History* offer, which seeks to improve facilities for public access to the Collections and give visitors wider opportunities to engage with Collections, has continued. At IWM North, an online enquiry service has been piloted, linking users to London-based curatorial expertise. Access to Collections at IWM London through the *Your History* project is being taken forward in the context of overall business planning.

The NM@C project in partnership with Chatham Historic Dockyard Trust and the National Maritime Museum has made good progress. Restoration of the Smithery building has been completed and funding for the building and exhibition fit-out stages of the project secured, including a Heritage Lottery Fund grant.

2.5 Publications

The following books have been published in association with the Museum:

- ◆ *Wise Eating in Wartime* (IWM)
- ◆ *Forgotten Voices of the Falklands* by Hugh McManners (Ebury)
- ◆ *Young Voices* by Lyn Smith (Penguin)
- ◆ *The British Army*, with an introduction by Sir Max Hastings (Cassell)
- ◆ *The World Wars* by Paul Dowswell, Ruth Brocklehurst and Henry Brook (Usborne)
- ◆ *Kitchener's Army* by Peter Simkins (Pen & Sword)
- ◆ *Forgotten Voices of the Blitz* and *The Battle for Britain* (paperback editions) by Joshua Levine, (Ebury)
- ◆ *War Posters: Weapons of Mass Communication* by Dr Jim Aulich (Thames and Hudson)
- ◆ *War on the Home Front: 1939-1945* by Juliet Gardiner (Carlton)
- ◆ *Lest we Forget* by Max Arthur (Ebury)
- ◆ *Forgotten Voices of the Second World War* (illustrated edition) by Max Arthur (Ebury)
- ◆ *War Machines: Tanks* by Simon Adams (Watts)
- ◆ *War Machines: Aeroplanes* by Simon Adams (Watts)
- ◆ *War Machines: Ships* by Simon Adams (Watts)
- ◆ *War Machines: Artillery* by Simon Adams (Watts)
- ◆ *Posters and Propaganda in Wartime* by Ruth Thompson and Daniel James (Watts)
- ◆ *Entertaining Eric* by Maureen Wells (Ebury)
- ◆ *Passchendaele: Unseen Panoramas of the Third Battle of Ypres* by Peter Barton (Constable)



2.6 Events

A full programme of events was delivered during the year, including gallery talks, lectures and history evenings, across all of the branches of the Museum.

National Veterans' Day was marked in June with free admission to the charging branches and special events for senior citizens – those who were 'alive in 1945'. A picnic was held by Churchill Museum and Cabinet War Rooms in St James's Park, attended by local schoolchildren and veterans representing different local groups and associations.

At IWM London, a panel discussion focusing on the media's response to the Falklands conflict was chaired by BBC journalist and broadcaster Peter Snow. A symposium entitled *Publicity, Propaganda and the Public: the spirit and direction of outdoor advertising in conflict* was held, linking to the *Weapons of Mass Communication: War Posters* exhibition. The presentation of two Victoria Cross medals (below left) by the families of Thomas Esmonde VC and Eugene Esmonde VC was marked by a special event. Holocaust Memorial Day saw a talk delivered by two *Kindertransport* refugees and a programme of music by the Solaris Quartet (below middle). The United Nations International Day of Peace was marked by a performance given by the Choir of London and the Farnham Youth Choir. A reunion of former refugees to this country was inaugurated by former Imperial War Museum Chairman, Field Marshal The Lord Bramall. The event was attended by over 100 refugees who fought for the British Forces during the Second World War. Celebrations to mark the twentieth anniversary of the Friends of the Museum was attended by guests including Sir Trevor MacDonald and Richard Holmes. The launch of the Museum's Corporate Membership Scheme was marked by a panel discussion about the Falklands War chaired by Sir Peter Squire.

The Churchill Museum and Cabinet War Rooms events programme highlights included *Dig for Victory* family activities (below right), linking to Green City Week and Healthy Living Week. The Churchill Lecture series continued with high-profile speakers including Professor David Cannadine, Robert Fisk and Professor Richard Overy. The refurbishment of the corporate hospitality space, the Harmsworth Suite, was marked by an evening launch event.







HMS *Belfast* hosted the award of the half-millionth Veterans Badge by Derek Twigg MP, Minister for Veterans and Under Secretary of State for Defence. In March, the Ship marked the seventieth anniversary of her launch with a day-long programme of events (above left). Guest of honour was the Lord Mayor of Belfast and the proceedings, including a ceremony of rededication of the Ship's bell and a gun salute, were presided over by the Trustee, Admiral the Lord West of Spithead.

IWM Duxford hosted a series of successful Air Shows over the course of the year (above middle). The tenth anniversary of the American Air Museum was marked with a ceremony to unveil and dedicate the new Wall of Honor. Concorde Day, held in April to celebrate 30 years of Concorde at IWM Duxford, provided visitors with the opportunity to interact with former pilots, engineers and staff associated with this iconic aircraft.

IWM North marked its fifth anniversary with a lunch hosted by the Chairman and attended by guests, including regional agency representatives, local politicians and major funders. The world premiere of the specially-commissioned piece of music, *Music, Space, Reflection* by Simon Bainbridge, in response to Daniel Libeskind's building, was performed by the London Sinfonetta in April (above right). The branch also presented *Shattered Sounds: Musical Reflections and Responses to War*. Performed by Royal Northern College of Music, the piece comprised a unique performance of music, poetry, drama and projections. The full events programme also included a successful Family History event over the Remembrance weekend in November.

2.7 Awards



IWM Duxford won the Large Visitor Attraction of the Year category in the 2007 Regional Enjoy England Awards for Excellence in the Eastern Region. The branch was later awarded the Gold Medal in the Large Visitor Attraction of the Year category of VisitBritain's national Enjoy England Awards for Excellence. The *AirSpace* exhibition (above left) has been entered into the European Museum of the Year Award.

The Somme Theatre Project (above middle), a collaborative community education partnership project between IWM London and the Old Vic Theatre, won the Best Heritage Project category in the National Lottery Awards 2007. The HMS *Belfast* sleepover project, *Kip on a Ship*, (above right) was nominated in the Educational category of the Lottery Awards. The Learning team at HMS *Belfast* also received the Educational Award presented by the Historic Naval Ships Association.

2.8 Key Supporters in 2007–2008

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

During the year, major support was received from:

The 29th May 1961 Charitable Trust
The Eric Anker-Peterson Charity
The Art Fund
Associated Newspapers
BAE Systems
Bulldog Trust
The Charles Hayward Foundation
The Clore Duffield Foundation
Marshall P Cloyd
The DCMS Wolfson Foundation Museums and Galleries Improvement
Department for Innovation, Universities and Skills
Fleming Family and Partners
Friends of IWM
GE Aviation Systems
Derek and Margaret Hathaway
The Headley Trust
The History Channel
Keltbray
Microsoft Research Ltd
Ogilvy Group UK
The Paul Hamlyn Foundation
PetPartners plc
The PF Charitable Trust
The Pilgrim Trust
The Steinberg Charitable Trust
The Rothermere Foundation
Smiths Group plc
The Wellcome Trust

2.9 Diversity

The Museum is committed to promoting equality, valuing diversity and combating unfair treatment. An *Equality Strategy* has been published covering cultural diversity, gender equality and disability. Public consultation has been invited via publication on the Museum's website. The Strategy describes how the Museum will promote equality and outlines measurable targets to monitor progress in terms of staff and visitor diversity and equality. It is underpinned by three Action Plans describing specific activity to promote each of the three strands of work.

An Equality Monitoring Group, headed by the Director of Corporate Services, drives forward and develops the Museum's *Equality Strategy* by a process of involvement and consultation with all the relevant internal and external stakeholders. The remit of the Group is also to monitor the implementation of Action Plans for diversity and equality in all areas of the Museum's work, including exhibitions, collections, learning, interpretation, audience participation, recruitment, and workforce development and management.

2.10 Environmental Sustainability

The Museum has published a *Sustainable Development Policy* and an *Environmental Strategy for Sustainable Development* outlining its commitment to reducing the impact of the organisation's operations on the environment and reducing its carbon footprint. Targets have been developed to raise the profile of the green agenda, monitor our progress, and support the engagement and motivation of our stakeholders and staff to conserve natural resources.

2.11 The Friends of the Imperial War Museum

The work of the Museum is also supported by the Friends of the Imperial War Museum (registered charity no. 294360), which was established in 1986 to advance the education of the public by rendering support to the Museum. The organisation has no legal link with the Trustees of the Museum. Amongst other activities, the Friends provide guided tours for visitors. IWM Duxford also receives valuable help from the Friends of Duxford. In addition, there are two not-for-profit organisations based in the United States: The Churchill Centre, which, inter alia, provides financial support for the Churchill Museum and Cabinet War Rooms, and the American Air Museum in Britain, which contributes to the funding of the American Air Museum at IWM Duxford.

2.12 Volunteers

Volunteers make a significant, diverse and complementary contribution to the operation of the Museum. The implementation of dynamic volunteer programmes across the branches of the organisation has served to strengthen community links.

As of March 2008, the Imperial War Museum was receiving support from 1,048 volunteers, contributing almost 21,000 days over the year, equivalent to over 77 full-time posts. Volunteer roles include conservation and technical support (for example, on HMS *Belfast* and at IWM Duxford), learning and interpretation.

The Volunteer Programme at IWM North has developed further in partnership with Manchester Museum. A new IT module has been added to the Skills for Life training course for volunteers. The programme targets local community members often in danger of social exclusion. At IWM Duxford, the Duxford Aviation Society membership of almost 700 provides strong support and complements the Friends of Duxford scheme, which helps to promote interest, encourage visitors and support the Museum in financial and practical terms. The HLF-funded National Aviation Heritage Skills Initiative programme has enrolled over 1,000 volunteers, all of whom receive training aimed at increasing standards in heritage aviation conservation.

PLANS FOR FUTURE PERIODS

1 2 3 4 5 6 7

3. Plans for Future Periods

The Corporate Plan 2008–11 will deliver the modernising and change agenda articulated in IWM 2020, the long-term vision statement for the Museum. It addresses the immediate challenges and opportunities faced by the Museum, taking account of DCMS's strategic priorities. The financial strategy is to build sustainability through increasing income, improving efficiencies and reducing costs. The Corporate Plan is based on five corporate priorities aligned to the 2020 strategic objectives.

3.1 Modernisation

The modernisation agenda is framed around the *Digital Strategy*. Total investment in web and ICT projects, including further infrastructure upgrades, web redevelopment and business system improvements, will exceed £1.38 million over the three years of the Plan. The maintenance programme is supported by significant project funding. Projects include the repair of the North roof and facade at IWM London, and a focus on extensive plant replacement, weatherproofing, external building fabric repairs, air conditioning system upgrades, access, and health and safety issues across the Museum's estate. Masterplanning funds will be channelled towards future accommodation planning (in line with IWM 2020 objectives) over the three-year period.

3.2 Stewardship

Critical activity will concentrate on work to secure the renewal of Accreditation status from 2010, effective collections management, property management and buildings refurbishment. Data migration to the new collections management systems will continue during 2008–09. Work will continue to address documentation backlogs with 250,000 new or upgraded electronic access records created by 2010–11. The Museum will maintain the impetus of digitisation programmes, digitising 27,000 items over the three years of the Plan. Disaster planning, linked into risk management and business continuity planning, will be embedded across the Museum.

3.3 Learning and Access

The Exhibitions Programme, the formal and informal learning initiatives, and the maintenance of a strong public offer will all support learning and access at IWM. On-site and child learners will increase during the Plan period. Audience development and diversification remain a major focus for activity. Programmes to target priority groups (specifically, visitors from lower socio-economic and black and minority ethnic groups as well as those with a limiting disability) will continue. The exhibitions programme at IWM London will include *For Your Eyes Only: Ian Fleming and James Bond*; *From War to Windrush*, marking the sixtieth anniversary of the arrival of the MV *Empire Windrush* in Britain in 1948; *In Memoriam*, commemorating the ninetieth anniversary of the Armistice;

Unspeakable: The Artist as Witness to the Holocaust, exploring the Museum's collection of Holocaust-related art; *Displaced*, an exhibition of the work of Kurdish contemporary artist Osman Ahmed; and *Breakthrough*, a selection from the Museum's collection of British art from the twentieth century. At IWM North, special exhibition highlights include *Horrible Histories: The Frightful First World War* and *Women War Artists*, alongside a series of smaller topical exhibitions in the WaterWay display area.

Community learning will provide an important focus for activity. The Museum will participate in several major projects, including the *National Museums Online Learning Project*. The second phase of *Their Past Your Future* – the immersive learning programme focused around a series of overseas visits for schools, youth groups and educators – will be delivered.

Marketing activity, as described in the *Marketing and Communication Strategy*, will be effective and efficient in order to increase and diversify audiences, maximise income and build reputation. Central to success will be the clear alignment of the Museum's offer with the needs and expectations of current and future audiences, and the creation of key messages to reach specific market segments in the UK and overseas.

3.4 Income

The Museum will focus on increasing returns from income-generating activities. The development of e-commerce will be a critical area of activity for the Commercial Plan, seeking to take advantage of new opportunities. A priority will be a review of the Museum's commercial operations. The Commercial Plan recognises that the overall level of return will be reduced in the shorter term in the face of a difficult marketplace. However, growth of 5 per cent and 7 per cent is forecast in years two and three. Fundraising is an integral part of income generation. The priorities will be to raise unrestricted income, restricted income for existing projects and restricted income for priority new projects. In total, unrestricted income is forecast to grow by 60 per cent over the next three financial years to £1.72 million. The costs of generating this, expressed as a proportion of this income, will reduce from 24 per cent to 19 per cent over the same time frame.

3.5 Efficiency

The Museum will strive to meet efficiency savings targets. Underpinning this activity will be sustainable energy plans, business continuity planning and the development of a business infrastructure fit for purpose. The Museum will seek to meet its target of a 12.5 per cent reduction in carbon emissions from buildings by 2010 – 11.

Improvements in Collections care will make a significant contribution to the efficiency of the Museum. The South East Block project, with investment funding of £2.1 million, will improve the environmental storage and display conditions for approximately 25 per cent of the entire Collection.

4. Financial Review

The Imperial War Museum financial statements include the Grant-in-Aid received from Government, the consolidation of the commercial and learning activities performed by the IWM Trading Company and funds raised and managed by the IWM Development Trust. The Consolidated Statement of Financial Activities is to be found on page 53. This shows that the overall level of funds carried forward at 31 March 2008 has increased by £7.689 million. This is due chiefly to the revaluation of fixed assets, mostly land and buildings.

In summary, it has been an effective and efficient year. Net outgoing resources, after depreciation but before gains on revaluation, are £2.93 million, compared to £48,000 in the previous year. The difference between the years is due to a reduction in income from External and Lottery Funding of £3.07 million. In the previous year, such funding was achieved for capital and restricted projects. In addition, the depreciation charge for the year has risen by £700,000 to £7.8 million with the opening of *AirSpace* and the revaluation of land and buildings.

The net position before the depreciation charge is a surplus of £4.87 million, compared to a surplus of £7.05 million in the prior year. After taking account of the downturn in external funds in the current year, this shows an increase in net operational income of £900k.

Admissions income has risen by 12 per cent and turnover from commercial activities by 4 per cent. The latter is accounted for within the IWM Trading Company Ltd. The net profit of the Company, which is transferred wholly to the Museum, was £2.114 million (2006–07: £1.734 million). This financial year saw the inclusion of services relating to the Imperial War Museum Collections and royalties from publications in the Company for the first time. If these are excluded, the profit would be £1.843 million, an increase of 6 per cent on the previous year. Retail put in an excellent performance, with income up 8 per cent. The success has been delivered by the IWM London and IWM Duxford shops. In addition, catering commission, corporate hospitality and Air Shows all saw a rise in net profit from the previous financial year. However, income derived from the Collections has declined by 22 per cent to £605k. The lower demand is due partly to changes in the external industry, specifically in film and documentary making, and to the lack of significant anniversaries during the year.

The IWM Development Trust generated new funds of £1.87 million during the year, chiefly for the benefit of the *AirSpace* project at IWM Duxford. These funds are accounted for within the External Funds. This sum is down from £4.27 million in 2006–07, when the contributions for *AirSpace* were necessarily higher to fund the capital expenditure on the project.

Expenditure has been carefully managed in fulfillment of the objectives for the financial year and in delivering the considerable successes that have been achieved. The principal capital project has been *AirSpace* at IWM Duxford.

The Trustees approved a revised investment policy during the year. This increases the credit rating of the banks with which the Museum and its subsidiaries place funds to at least a 'double A' rating, as assessed by the Standard and Poor's index. The Museum entities will also spread risk with funds being placed more widely. A cap of £3 million with any one institution will normally be applied, unless exceptional amounts of cash are being held. All investments were held in cash at 31 March 2008.

Reserves Policy

Objective

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

Contingency

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

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

The Trustees have approved a plan to provide for a contingency fund of 5 per cent, growing to 8 per cent, of operational expenditure. In arriving at this, a sensitivity analysis has been performed on two areas of potential volatility: unrestricted income and utility costs. Plans for revenue generation have been formulated on a prudent basis given forecasts of economic downturn. Analysis has been performed on the impact of a fall of 10 per cent in these forecasts. Utility costs are rising in the short term, and the Museum has plans to reduce energy consumption. The effect of an annual rise of 15 per cent in the total cost of utilities has been allowed for.

Reserves

The reserves policy is an integral part of the strategic approach to financial management of the Museum and is to be reviewed annually by Trustees. It is planned that the total of all unrestricted reserves will exceed £4 million by 2011, including contingency funds. This equates to 25 per cent of self-generated income forecast for that financial year and 10 per cent of gross annual turnover. Trustees consider this adequate.

These funds include the unrestricted reserves of the Museum held in the IWM Development Trust. They are forecast to grow at 5 per cent per annum across the Plan period. It is intended that these reserves should be designated as funds for development of the Museum's estate. The precise nature of this will be determined once the outcome of the current masterplanning exercise is known and recommendations for the future capital programme fully considered.

The remainder are free reserves. These will be required to continue to grow beyond this Corporate Plan period to provide a solid financial base for the Museum. A target of £4 million for these reserves alone is sought by the year 2014. The ambition is to have achieved half this target by 2011.

STRUCTURE, GOVERNANCE AND MANAGEMENT

1 2 3 4 5 6 7

5.0 Structure, Governance and Management

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), who is appointed by the Sovereign, and 21 other Trustees, ten of whom are appointed by the Prime Minister; two by the Secretary of State for Foreign and Commonwealth Affairs, one by the Secretary of State for Culture, Media and Sport, one by the Secretary of State for Defence, and seven by Commonwealth governments. The Board has corporate responsibility for ensuring that the Museum fulfils its aims and objectives and complies with any statutory or administrative requirements for the use of public funds. It establishes the overall strategic direction of the Museum and ensures that high standards of corporate governance are observed at all times. The Trustees' Executive is the Director-General, who is also the Accounting Officer. The Museum's Senior Management Team (SMT) assists the Director-General in coordinating and formulating policy and monitoring progress on key plans. It meets monthly and is chaired by the Director-General. It comprises four local and five corporate branch directors.

The practices and procedures of the Museum comply with the requirements of HM Treasury's 'Managing Public Money' and the Management Statement and Financial Memorandum agreed with the Department for Culture, Media and Sport (DCMS), which is the Museum's sponsor department in relation to public funds. These set out the conditions attached to the Museum's Government Grant-in-Aid. The Director-General is the Accounting Officer, appointed by the Accounting Officer of the DCMS.

The Financial Statements of the Museum are presented in accordance with the Statement of Recommended Practice (SORP) 2005.

A register of the interests of Trustees is held in the Director-General's Office at the Museum and is available for inspection.

5.1 Corporate Governance

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

5.2 Risk Management

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

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

The Museum's Strategic Risk Register was rewritten and reduced from nineteen to nine outcome-focused risks in the previous financial year.

In addition, the Museum has a system of management checks which support the system of internal controls and link to plans and risks. Reports against these checks are made to the Director-General by Divisional Directors every quarter.

5.3 Personnel Policies

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

At the end of March 2008, 3 per cent of staff considered themselves to have a limiting disability. Fifty per cent of staff elected not to specify their status.

The Museum also has a Work-Life Policy Group and policies covering career breaks, sabbaticals and flexible working. It encourages internal and external secondments.

The Museum has completed a comprehensive review of the pay architecture to support the simplification of the pay system and aid transparency in remuneration. A Career Development Framework has also been developed to provide a route map for staff who wish to develop their

skills and careers in the heritage sector. The framework provides the tools for all staff and their managers to achieve the skills necessary for career enhancement.

The Personnel Strategy of the Museum pivots on the successful management and development of the Museum's workforce in order to deliver the 2020 modernising and change agenda. The four main objectives are Workforce Development, to maintain a professional, motivated and skilled workforce; People Management, professional and effective management of staff to ensure that the required organisational capacity and capability is achieved; Equality and Diversity, to increase and broaden access and participation in recognition of the value of a diverse workforce and visitor profile; and Employee Wellbeing, key to organisational success and productivity.

5.4 Informing and Consulting Employees

Senior management communicates with staff through the preparation and circulation of annually-updated corporate plans and via the Staff Forum, which includes all Directors, Heads of Departments and other members of staff, 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, the intranet and staff notices.

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

5.5 Public Sector Payment Policy

The Museum has implemented the Confederation of British Industries' Prompt Payers Code. All suppliers are informed by standard letter of the Museum's payment procedure and the system for addressing complaints and disputes. The percentage of invoices paid promptly in 2007 – 08 was 88 per cent, compared with 92 per cent in 2006 – 07.

6.1 Addresses

Imperial War Museum London

Lambeth Road, London SE1 6HZ

Churchill Museum and Cabinet War Rooms

Clive Steps, King Charles Street, London SW1A 2AQ

HMS Belfast

Morgan's Lane, Tooley Street, London SE1 2JH

IWM Duxford

Duxford, Cambridge CB22 4QR

Imperial War Museum North

Trafford Wharf Road, Trafford Park, Manchester M17 1TZ

Website

www.iwm.org.uk

6.2 Principal Advisers

Solicitors

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

Bankers

National Westminster Bank Plc

Bishopsgate Corporate Business Centre, 15 Bishopsgate, London EC2P 2AP

HM Paymaster General

Sutherland House, Russell Way, Crawley, West Sussex RH10 1UH

6.3 Audit

Under statute, the Comptroller and Auditor General is the principal auditor of the Museum's consolidated accounts for the year ended 2006 – 07. The audit fee in respect of this work was £34,000.

Auditors

Consolidated Accounts

Comptroller and Auditor General

National Audit Office, 157–197 Buckingham Palace Road, London SW1W 9SP

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

Imperial War Museum Trading Company Limited and Development Trust Auditors

Buzzacott LLP

12 New Fetter Lane, London EC4A 1AG

6.4 The Imperial War Museum Trading Company

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

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

The Directors of the Imperial War Museum Trading Company

Miss J Munsiff (Chairman)

Mr J M Card ACA

Sir Robert Crawford CBE

Mr Christopher Fisher (from 6 June 2007)

Miss A Godwin

Tom Wright Esq CBE

6.5 The Imperial War Museum Development Trust

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

The Trustees of the Imperial War Museum Development Trust

Air Chief Marshal Sir Peter Squire GCB DFC AFC DSc FRA (Chairman)

Sir Robert Crawford CBE (Director-General) *ex officio*

Miss Jyoti Munsiff

Lieutenant General Sir Christopher Wallace KBE DL

Christopher Fisher Esq

Sir Thomas Harris KBE CMG

6.6 Director-General and Accounting Officer

The Director-General and Accounting Officer for the Museum is Sir Robert Crawford CBE.

6.7 Delegation of Public Appointments

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

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

6.8 Members of the Board of Trustees

The Board of Trustees of the Imperial War Museum

President

His Royal Highness The Duke of Kent KG GCMG GCVO

Chairman

Air Chief Marshal Sir Peter Squire GCB DFC AFC DSc FRAes

Deputy Chairman

Lieutenant General Sir Christopher Wallace KBE DL*

Board Members

Sir Ian Andrews CBETD

Guy Black Esq (from 1 July 2007)

Christopher Fisher Esq*

Professor Sir Lawrence Freedman KCMG CBE FBA

Sir Thomas Harris KBE CMG*

Professor Sir Miles Irving

Miss Jyoti Munsiff

Sir Francis Richards KCMG CVO* (from 2 April 2007)

Admiral The Lord West of Spithead GCB DSC

Nick Williams Esq (from 17 March 2008)

Bill Woodrow Esq RA

Tom Wright Esq CBE

His Excellency The Hon Richard Alston (Australian High Commissioner) (until March 2008)

Her Excellency Ms Frances Adamson (Acting High Commissioner for Australia) (from March 2008)

His Excellency James Wright (Canadian High Commissioner)

His Excellency Kamallesh Sharma (Indian High Commissioner) (until December 2007)

His Excellency Shiv Shankar Mukherjee (Indian High Commissioner) (from March 2008)

His Excellency The Rt Hon Jonathan Hunt ONZ (New Zealand High Commissioner) (until March 2008)

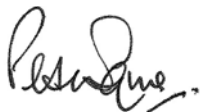
His Excellency Derek Leask (New Zealand High Commissioner) (from March 2008)

Her Excellency Dr Maleeha Lodhi (High Commissioner for Pakistan)

Her Excellency Lindiwe Mabuza (South African High Commissioner)

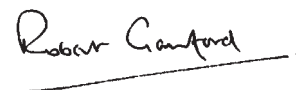
Her Excellency Kshenuka Senewiratne (Sri Lankan High Commissioner)

* Members of the Trustees' Audit Committee



Air Chief Marshal Sir Peter Squire GCB DFC AFC DSC FRAES

Chairman of the Trustees



Sir Robert Crawford CBE

Director-General and Accounting Officer

Date 8 July 2008

REMUNERATION REPORT

1 2 3 4 5 6 7

7.0 Remuneration Report

1. Remuneration Committee and Policy

The Board's Remuneration Committee meets annually to consider pay awards for the Director-General. The Committee comprises the Chairman and Deputy Chairman of the Board of Trustees and the Chair of the Audit Committee. In addition the Committee receives details of the Senior Management Team pay. The Senior Managers are set objectives based on the Museum's business plans. The Director-General reviews their performance against these and an element of their pay, 5%, is dependent on this. Their pay is subject to benchmarking on a periodic basis.

2. Salary and pension entitlements

The audited salary and pension entitlements of Senior Staff with corporate responsibilities as at 31 March 2008 were as follows:

	Sir Robert Crawford Director- General £'000	J Card Secretary and Director of Finance £'000	A Stoneman Director of Corporate Services £'000	A Godwin Director of Public Services £'000	M Whitmore Director of Collections £'000
Salary including performance pay	130-135 (2006-07, 125-130)	85-90 (2006-07, 80-85)	75-80 (2006-07, 65-70)	70-75 (2006-07, 65-70)	75-80 (2006-07, 65-70)
Benefits in kind	0.25	0	0	0	0
Real increase in pension at age 60	0-2.5	0-2.5	0-2.5	0-2.5	0-2.5
Real increase in lump sum at age 60	5-7.5	2.5-5	2.5-5	2.5-5	-
Total accrued pension at age 60 at 31 March 2008	65-70	10-15	25-30	30-35	50-55
Lump sum at age 60	195-200	40-45	80-85	95-100	-
Cash Equivalent Transfer Value (CETV) at 31 March 2007	1,503	209	413	734	70
Cash Equivalent Transfer Value at 31/3/08	1,637	260	496	850	103
Real increase in CETV as funded by employer	53	18	16	25	20

Apart from the Director-General, Senior Managers have permanent contracts of employment with notice periods of three months. No benefits in kind were attributable to them for the year. No severance or compensation payments were made and no payments were made to former Senior Managers. In the event of early termination of employment, the provisions of the Principle Civil Service Pension Scheme would be followed. There were no payments to third parties for the services of Senior Managers at any time.

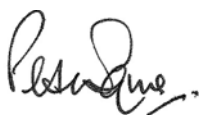
The Cash Equivalent Transfer Value (CETV)

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

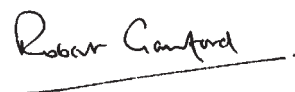
The CETV is the actuarially-assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouses’ pension payable from the scheme. The CETV figures, and from 2003–04 the other pension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

The real increase in the value of the CETV

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



Air Chief Marshal Sir Peter Squire GCB DFC AFC DSC FRAES
Chairman of the Trustees



Sir Robert Crawford CBE
Director-General and Accounting Officer

Date **8 July 2008**

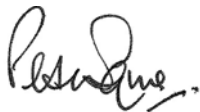
Statement of Trustees' and Director-General's Responsibilities

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

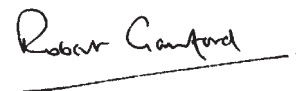
In preparing the Museum's accounts, the Board of Trustees is required to:

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

The Accounting Officer for the Department for Culture, Media and Sport has designated the Director-General, Sir Robert Crawford CBE, 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 and the safeguarding of Museum assets, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, issued by the Treasury and published in Managing Public Money.



Air Chief Marshal Sir Peter Squire GCB DFC AFC DSC FRAES
Chairman of the Trustees



Sir Robert Crawford CBE
Director-General and Accounting Officer

Date **8 July 2008**

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

Statement on Internal Control

Scope of responsibility

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

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

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

The system of internal control has been in place in the Imperial War Museum for the year ended 31 March 2008, and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

The development of the system of Risk Management in the Museum has been driven by the Director-General. In this, he has been supported by the Senior Management Team and from them the process has been cascaded throughout the organisation. The effectiveness of the process is regularly reviewed by the Trustees' Audit Committee and on an annual basis by the Main Board. The Main Board is also updated on progress relating to the highest risks.

The internal audit function has played a leading role in advising on appropriate systems, and for providing training to staff at all branches of the Museum, including the publication of intranet guides. The process is managed through a single software-based system. Risk management overall is monitored by the Secretary and Director of Finance. It is viewed as a live process which actively seeks to incorporate good practice from within and external to the sector.

The Risk and Control Framework

The key elements of the risk strategy are to:

1. Make the identification of risks an integral part of the planning process. Objectives have been set and risks linked directly to them;
2. Assess risks on the basis of likelihood and impact, and evaluate the impact of controls to distinguish between inherent risk and residual risk; and
3. Establish one risk database for the whole organisation. This comprises information by branch and at a corporate level. Wider access is available to this information in a strictly controlled manner.

There are a number of strategic risks that the Museum considers to be of the highest priority, although none of these is at the most critical level. They comprise:

- ◆ Inefficient and outmoded infrastructure
- ◆ Loss or damage to Collection and other assets
- ◆ Not a going concern
- ◆ Significant business interruption
- ◆ Audience stagnates or declines
- ◆ Collection and scholarly expertise not developed
- ◆ Serious harm to people
- ◆ Breach of laws, regulations and standards
- ◆ Staff motivation and productivity low

Each risk has a programme of action against it and a target date to reduce the residual risk exposure to an acceptable level.

Risk management is embedded into the activities of the organisation by:

1. Ongoing training across the organisation and regular review of the risk registers;
2. Encouraging feedback from Directors and Heads of Department on the way the risk management process is working in practice;
3. Incorporating risk management into the quarterly stewardship reports by Division and Branch Directors to the Director-General to provide an update of the work carried out;
4. Reviewing strategic risks, and progress against them, by the Museum's Senior Management Team every quarter and by the Trustees' Audit Committee at each of their meetings; and
5. Integrating risk assessment into all key Museum business cases and project management regime.

Review of effectiveness

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

An outline of the specific work performed includes:

Internal Audit – the Museum has an Internal Audit Department, which operates to the government Internal Audit Standards. The Internal Audit Department submits regular reports and advice to the Accounting Officer, which includes the Head of Internal Audit's annual statement of assurance supporting the work performed during the year. The annual system of Museum-wide health checks has included a review of the security of personal data. No major issues have been identified, although a further specific review will be carried out in 2008–09;

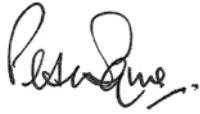
Audit Committee – the remit of the Audit Committee also reflects government Internal Audit Standards and Cabinet Office guidance. The Committee has carried out a review of its own effectiveness, informed by Internal Audit and in light of the revised HM Treasury Audit Committee Handbook, and has taken steps to implement improvements. The Committee's Terms of Reference have been reviewed, revised and approved by the Board of Trustees during 2007–08;

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

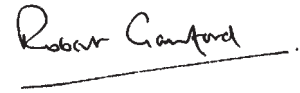
Board of Trustees – each member of the Board of Trustees provides an annual assurance statement that confirms she or he has no related party transactions or conflicts of interest which may compromise their position within the rules and procedures laid down by the government for the operation of a public body and have sought to maximise value for money in all transactions. The Board performed a review of its own effectiveness at the end of the previous year and has implemented improvements. The Board has a recently revised Statement of Corporate Governance.

Actions taken with respect to serious internal control issues

All of the information indicates that the internal control framework has operated satisfactorily during the financial year. No control issues have been identified as serious, and therefore no action has been deemed necessary in this respect.



Air Chief Marshal Sir Peter Squire GCB DFC AFC DSC FRAES
Chairman of the Trustees



Sir Robert Crawford CBE
Director-General and Accounting Officer

Date 8 July 2008

IMPERIAL WAR MUSEUM

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the Imperial War Museum group for the year ended 31 March 2008 under the Museums and Galleries Act 1992. These comprise the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

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

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury. I report to you whether, in my opinion, the information, which comprises: Objectives and Activities; Achievements and Performance; Plans for Future Periods; Financial Review; Structure, Governance and Management; and Reference and Administrative Details of the Charity, the Trustees and Advisers, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Imperial War Museum has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information

specified by relevant authorities regarding remuneration and other transactions is not disclosed. I review whether the Statement on Internal control reflects the Imperial War Museum's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Imperial War Museum's corporate governance procedures or its risk and control procedures.

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

Basis of audit opinions

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

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error; and that in all material respects the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- ◆ the financial statements give a true and fair view, in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture,

Media and Sport with the consent of the Treasury, of the state of the Imperial War Museum and the group's affairs as at 31 March 2008 and of its incoming resources and application of resources of the group for the year then ended;

- ◆ the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury; and
- ◆ the information, which comprises: Objectives and Activities; Achievements and Performance; Plans for Future Periods; Financial Review; Structure, Governance and Management; and Reference and Administrative Details of the Charity, the Trustees and Advisers, included in the Annual Report, is consistent with the financial statements.

Opinion on Regularity

In my opinion, in all material respects, the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

T J Burr

Comptroller and Auditor General

National Audit Office, 151 Buckingham Palace Road, Victoria, London SW1W 9SS

July 2008

Consolidated Statement of Financial Activities for the Year ended 31 March 2008

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2008 £'000	Total 2007 £'000
Incoming Resources					
<u>Incoming resources from generated funds</u>					
<u>Voluntary income</u>					
Grant-in-Aid	2a	18,927	3,250	22,177	20,613
External Funds	2b	331	2,944	3,275	5,722
Lottery Funding		-	1,543	1,543	2,170
Donated Objects		-	-	-	65
		<u>19,258</u>	<u>7,737</u>	<u>26,995</u>	<u>28,570</u>
<u>Activities for generating funds</u>					
Income from Commercial activities	14	7,403	-	7,403	7,120
Disposals of Assets		3	-	3	6
		<u>7,406</u>	<u>-</u>	<u>7,406</u>	<u>7,126</u>
Investment Income	3	<u>321</u>	<u>248</u>	<u>569</u>	<u>381</u>
		<u>26,985</u>	<u>7,985</u>	<u>34,970</u>	<u>36,077</u>
<u>Incoming resources from Charitable activities</u>					
Admissions		4,752	-	4,752	4,225
Book, Collections & Reproduction Sales		-	-	-	123
Fees		837	2	839	857
Royalties		605	-	605	755
		<u>6,194</u>	<u>2</u>	<u>6,196</u>	<u>5,960</u>
Total Incoming Resources		<u>33,179</u>	<u>7,987</u>	<u>41,166</u>	<u>42,037</u>
Resources Expended					
<u>Costs of generating funds</u>					
Fundraising and Publicity		2,451	260	2,711	2,751
Commercial Costs	14	6,433	483	6,916	6,140
		<u>8,884</u>	<u>743</u>	<u>9,627</u>	<u>8,891</u>
<u>Charitable Expenditure:</u>					
<u>Cost of activities in furtherance of the Charitable objectives</u>					
Education, Exhibitions & Visitor Services		11,741	2,296	14,037	13,652
Building Care and Preservation		4,363	8,807	13,170	12,313
Collections Management & Conservation		6,628	178	6,806	6,761
Purchases for the Collection		131	-	131	142
		<u>22,863</u>	<u>11,281</u>	<u>34,144</u>	<u>32,868</u>
Governance Costs		<u>320</u>	<u>3</u>	<u>323</u>	<u>326</u>
Total Resources Expended	5	<u>32,067</u>	<u>12,027</u>	<u>44,094</u>	<u>42,085</u>
Net incoming/(outgoing) resources before notional costs		<u>1,112</u>	<u>(4,040)</u>	<u>(2,928)</u>	<u>(48)</u>
Notional costs:					
Cost of capital	7	138	1,066	1,204	1,199
Net incoming/(outgoing) resources including notional costs		<u>974</u>	<u>(5,106)</u>	<u>(4,132)</u>	<u>(1,247)</u>
Reversal of notional costs		138	1,066	1,204	1,199
Net incoming/(outgoing) resources before transfers		<u>1,112</u>	<u>(4,040)</u>	<u>(2,928)</u>	<u>(48)</u>
Gross Transfer between funds		(154)	154	-	-
Net Incoming/(outgoing) Resources before recognised gains and losses	4	<u>958</u>	<u>(3,886)</u>	<u>(2,928)</u>	<u>(48)</u>
Gains on Revaluation of Fixed assets		1,155	9,500	10,655	2,711
Depreciation on Revaluation of Fixed Assets		-	(38)	(38)	(405)
	8	<u>1,155</u>	<u>9,462</u>	<u>10,617</u>	<u>2,306</u>
Net Movement in Funds		<u>2,113</u>	<u>5,576</u>	<u>7,689</u>	<u>2,258</u>
Reconciliation of funds					
Fund Balances brought forward at 1 April		23,957	166,218	190,175	187,917
Fund Balances Carried Forward at 31 March	20	<u>26,070</u>	<u>171,794</u>	<u>197,864</u>	<u>190,175</u>

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

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

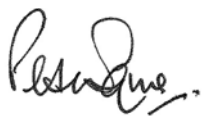
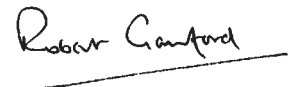
The notes on pages 56 to 69 form part of these accounts

Consolidated and Museum Balance Sheet as at 31 March 2008

	Notes	Consolidated		Museum	
		2008 £'000	2007 £'000	2008 £'000	2007 £'000
Fixed Assets					
Tangible assets	8	193,587	186,791	193,337	186,505
Heritage Assets	9	3,001	2,838	3,000	2,837
Investments		-	-	100	100
		<u>196,588</u>	<u>189,629</u>	<u>196,437</u>	<u>189,442</u>
Debtors: amounts falling due after more than one year		288	-	2,279	1,991
Current assets					
Stock		683	851	-	132
Debtors	11	2,023	2,563	4,897	4,995
Cash at bank and in hand	12	9,467	8,035	2,533	2,486
		<u>12,173</u>	<u>11,449</u>	<u>7,430</u>	<u>7,613</u>
Current Liabilities					
Creditors: amounts falling due within one year	13	(4,094)	(4,304)	(5,538)	(5,022)
Net Current Assets		<u>8,079</u>	<u>7,145</u>	<u>1,892</u>	<u>2,591</u>
Total Assets Less Current Liabilities					
		204,955	196,774	200,608	194,024
Creditors: amounts falling due after more than one year	13	(6,905)	(6,364)	(7,175)	(8,614)
Provisions for liabilities & charges	13d	(186)	(235)	(186)	(235)
		<u>(7,091)</u>	<u>(6,599)</u>	<u>(7,361)</u>	<u>(8,849)</u>
Net Assets		<u>197,864</u>	<u>190,175</u>	<u>193,247</u>	<u>185,175</u>
Represented by:					
Restricted Funds					
20		171,794	166,218	167,837	162,465
Unrestricted Funds:					
Designated Funds	20	22,046	21,222	21,796	20,510
General Funds	20	6,015	5,259	3,614	2,733
Less provisions for future liabilities		-	(533)	-	(533)
Less Trading funds		(1,991)	(1,991)	-	-
		<u>4,024</u>	<u>2,735</u>	<u>3,614</u>	<u>2,200</u>
Total Funds		<u>197,864</u>	<u>190,175</u>	<u>193,247</u>	<u>185,175</u>

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

Sir Robert Crawford CBE
Director-General and Accounting Officer

Date 8 July 2008

The notes on pages 56 to 69 form part of these accounts

Consolidated Cashflow Statement for the year ended 31 March 2008

	Notes	2008 £'000	2007 £'000
Net cash inflow from operating activities	22	4,972	10,732
Returns on investments and servicing of finance			
Interest received		569	380
Interest element of finance lease rental payments		<u>(394)</u>	<u>(396)</u>
		175	(16)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		<u>(3,684)</u>	<u>(5,229)</u>
		(3,684)	(5,229)
Cash inflow before financing		<u>1,463</u>	<u>5,487</u>
Financing			
Capital element of finance lease rental payments		(31)	(29)
Increase (decrease) in cash in the year	22	<u>1,432</u>	<u>5,458</u>

The notes on pages 56 to 69 form part of these accounts

Notes to the Financial Statements

1 Accounting policies

(a) Basis of accounting

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

The Museum is exempt from corporate tax under section 505 of the Income and Corporation Taxes Act 1998.

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

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

(b) Funds

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

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

(c) Incoming resources

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

The following accounting policies are applied to Income:

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

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

National Lottery income

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

Gifts in kind and donated items

Items given to the Museum free of charge are recognised as incoming resources at their estimated market value when receivable.

External funds

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

Investment Income

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

(d) Expenditure

Allocation of costs

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

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

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

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

Costs of generating funds

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

VAT

Irrecoverable VAT is charged as a cost to the SOFA.

(e) Heritage Assets

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

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

(f) Tangible Fixed Assets

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

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

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

The useful economic lives are as follows:

Buildings - Structure	- between 20 and 100 years
Buildings - Plant & Machinery	- between 5 and 20 years
Buildings - Fit-Out	- between 2 and 20 years
Equipment	- 4 years
Permanent Exhibitions	- over the life of the exhibition

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

Land & Buildings (Structure, Plant and Machinery and fit-out)	- by external professional valuation at least every five years and using indexation in the intervening years
Equipment	- equipment comprises IT/electronic items. As IT assets are low in value and have short lives, depreciated cost is deemed to be suitable proxy for current value and are therefore not subject to indexation.
Permanent Exhibitions	- historic depreciated cost. Permanent Exhibitions have not been revalued as their current cost is equal to their actual cost, but the life of these assets are reviewed annually to reflect their true value.

The difference between historic depreciation and current cost depreciation is disclosed after net incoming / (outgoing) resources in the Statement of Financial Activities and in note 8.

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

(g) Stocks

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

(h) Leases

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

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

(i) Permanent Exhibitions

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

(j) Notional cost

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

(k) Imperial War Museum Trading Company Limited

IWM Trading Company Limited is a wholly owned subsidiary of the Trustees of the Imperial War Museum. It commenced trading on 1 April 1999. The authorised share capital of the company is 1,000,000 shares of £1 each, of which 100,000 have been issued. Under gift aid agreement all taxable profits from IWM Trading Company Limited are paid to the Imperial War Museum. A summary of the income and expenditure account is provided in Note 14.

(l) Imperial War Museum Development Trust

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

(m) Foreign currencies

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

(n) Pension Costs

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

2a Grant in Aid

£22,177 of Grant in Aid (Department for Culture, Media and Sport RfR 1) has been received during the year (2006/07 £20,613). This represents 50% of the annual resources expended in running the organisation. The balance of funding needs, including most capital improvements, is delivered from resources that are self-generated. £3,250k of the Grant in Aid was for refurbishment and renewals of buildings, plant and equipment and the digitisation programme.

2b External Funds

	2008 £000's	2007 £000's
Grants and Donations	3,171	5,721
Sponsorship	80	-
Legacies	24	1
	<u>3,275</u>	<u>5,722</u>

3 Investment income

	2008 £000's	2007 £000's
Interest receivable	569	380
	<u>569</u>	<u>380</u>

The interest receivable is on cash deposits.

Interest of £569 relates to the Imperial War Museum (£226), the Imperial War Museum Trading Company (£29) and the Imperial War Museum Development Trust of (£314).

	2008 £000's	2007 £000's
4 Net incoming resources before transfers		
is stated after charging:		
Auditors remuneration	34	33
External Audit - Imperial War Museum consolidated accounts	6	5
Uacott LLP - Imperial War Museum Development Trust	11	9
Uacott LLP - Imperial War Museum Trading Company	-	10
Other Services - Uacott LLP - Tax Advice in relation to Imperial War Museum Trading Company	83	80
Hire purchase on equipment	165	173
Operating leases - Equipment	288	264
Operating leases - Land and buildings	394	396
Interest payable on finance lease	7,531	6,950
Depreciation of owned assets	267	148
Depreciation of assets held under finance leases		

	Staff Costs £000's	Other Costs £000's	Depreciation £000's	2008 Total £000's	2007 £000's
5 Total resources expended					
Costs of generating funds					
Fundraising and Publicity	1,187	1,511	13	2,711	2,751
Commercial Costs	2,623	4,293	-	6,916	6,140
	<u>3,810</u>	<u>5,804</u>	<u>13</u>	<u>9,627</u>	<u>8,891</u>
Costs of activities in furtherance of the Museum's objectives					
Education, Exhibitions & Visitor Services	8,479	3,720	1,838	14,037	13,652
Building Management	277	7,094	5,799	13,170	12,313
Collections Management & Conservation	5,165	1,493	148	6,806	6,761
Purchases for the Collection	-	131	-	131	142
	<u>13,921</u>	<u>12,438</u>	<u>7,785</u>	<u>34,144</u>	<u>32,868</u>
Governance Costs	223	100	-	323	326
	<u>17,954</u>	<u>18,342</u>	<u>7,798</u>	<u>44,094</u>	<u>42,085</u>
<i>Total Resources Expended</i>					

Resources Expended are shown after eliminations on consolidation of transactions between the Imperial War Museum and the Imperial War Museum Development Trust of £2,200 (2006/07 £5,597), nor transactions between the Imperial War Museum and the Imperial War Museum Trading Company of £2,561 (2006/07 £3,846)

	£	£
Governance Costs		
Internal audit	108	104
External audit	51	47
Staff costs	119	119
Other strategic costs	45	56
	<u>323</u>	<u>326</u>

External Audit did not provide any non-audit services

Governance cost for 2006/07 has been restated to show Audit Remuneration for the Imperial War Museum Trading Company of £9, which was included in Commercial Costs. Provision for early retirement costs in 2006/07 of £18 has been restated £9k included in Education, Exhibitions & Visitor Services and £9k included in Collections Management & Conservation

	Direct Costs £000's	Allocated Support Costs £000's	2008 Total £000's	2007 Total £000's
5a Division of direct and indirect expenditure				
Costs of generating funds				
Fundraising and Publicity	2,558	153	2,711	2,751
Commercial Costs	6,916	-	6,916	6,140
	<u>9,474</u>	<u>153</u>	<u>9,627</u>	<u>8,891</u>
Charitable activities				
Education, Exhibitions & Visitor Services	11,309	2,728	14,037	13,652
Building Care and Preservation	12,927	243	13,170	12,313
Collections Management & Conservation	4,706	2,100	6,806	6,761
Purchases for the Collection	131	-	131	142
	<u>29,073</u>	<u>5,071</u>	<u>34,144</u>	<u>32,868</u>
Governance	543	(220)	323	326
<i>Total Resources Expended</i>	<u>39,090</u>	<u>5,004</u>	<u>44,094</u>	<u>42,085</u>

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

5b Allocation of support

	Directorate Office Services £000's	Human Resources £000's	Finance Planning £000's	T Communication £000's	Subtotal 2008 £000's
Costs of generating funds					
Fundraising and Publicity	7	10	28	31	76
Trading	-	-	-	-	-
	<u>7</u>	<u>10</u>	<u>28</u>	<u>31</u>	<u>76</u>
Charitable activities					
Education, Exhibitions & Visitor Services	84	105	604	321	1,114
Building Care and Preservation	1	2	5	6	14
Collections Management & Conservation	32	51	151	168	402
Purchases for the Collection	-	-	-	-	-
	<u>117</u>	<u>158</u>	<u>760</u>	<u>495</u>	<u>1,530</u>
Governance	8	-	-	-	8
	<u>132</u>	<u>168</u>	<u>788</u>	<u>526</u>	<u>1,614</u>

	Facilities Management £000's	Depreciation £000's	Support salary costs £000's	Allocated support costs Total 2008 £000's
Allocation of support (continued)				
Costs of generating funds				
Fundraising and Publicity	27	12	38	153
Trading	-	-	-	-
	<u>27</u>	<u>12</u>	<u>38</u>	<u>153</u>
Charitable activities				
Education, Exhibitions & Visitor Services	313	121	1,180	2,728
Building Care and Preservation	5	2	222	243
Collections Management & Conservation	137	59	1,502	2,100
Purchases for the Collection	-	-	-	-
	<u>455</u>	<u>182</u>	<u>2,904</u>	<u>5,071</u>
Governance	-	-	(228)	(220)
	<u>482</u>	<u>194</u>	<u>2,714</u>	<u>5,004</u>

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

6 Staff Costs	2008 £000's	2007 £000's
Salaries and Wages	14,124	13,688
Temporary / Agency Staff	283	418
National Insurance	1,016	996
Superannuation	2,527	2,421
Early Retirement costs	4	39
Provision for early retirement	-	18
	<u>17,954</u>	<u>17,580</u>

Pensions

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

For 2007-08, employers' contributions of £2,525,490 were payable to the PCSPS (2006-07 £2,415,293) at one of four rates in the range 17.1 to 25.5 per cent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. From 2008-09, (the rates will be changing with effect from April 2009), the contribution rates are set to meet the cost of the benefits accruing during 2007-08 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

The contribution rates are set to meet the cost of the benefits accruing during 2007-08 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees may opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £1,426 were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. No employer contributions were paid to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees during the year.

Contributions due to the partnership pension providers at the balance sheet date were £97. Contributions prepaid at that date were nil.

From 30 July 2007, employees may be in one of four defined benefit schemes: either a final salary scheme (**classic**, **premium** or **classic plus**) or a whole career scheme (**nu os**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nu os** are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality money purchase stakeholder pension with a significant employer contribution (**partnership** pension account).

Employee contributions are set at the rate of 1/5 of pensionable earnings for **classic** and 3/5 for **premium, classic plus** and **nu os**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits in respect of service from October 2002 calculated as in **premium**. In **nu os** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2/3 of their pensionable earnings in that scheme year and the accrued pension is updated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of a pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

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

Number of Employees

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

	2008 No	2007 No
£60,001 - £70,000	3	4
£70,001 - £80,000	3	-
£80,001 - £90,000	1	2
£90,001 - £100,000	1	-
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-

The number of staff paid above £60 to whom retirement benefits are accruing under defined contribution schemes is nil and under defined benefit schemes is 9.

Please see the Remuneration report on page 42 of the Annual Report for more details of staff costs.

The average number of employees (this is not the full time equivalent), analysed by function as:

	Permanent Staff	Temporary Staff	Managerial Staff	Capitalised Staff Costs	2008 Total No of staff	2007 Total No of staff
Education, Exhibitions & Visitor Services	328	4	6	-	338	353
Building Management	6	-	-	-	6	5
Collections Management & Conservation	161	4	2	-	167	173
Trading / Commercial / Educational	100	1	-	-	101	88
Fundraising & Publicity	33	2	-	-	35	44
Management and administration of the Charity	2	-	1	-	3	2
	630	11	9	-	650	665

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

Trustees

The Chairman and Board of Trustees received no remuneration for their services during 2007/08. Travel and subsistence expenses paid to five Trustees amounted to £8,782 (2006/07 £7,479).

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

Ex-gratia payments

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

7 Notional cost of capital

Notional cost of capital £1,204 (2006-07 £1,199) is calculated as 3.5% of the average capital employed by the Museum in the year, including grants, donations and assets funded by them, and assets treated as part of the collections.

8 Tangible Fixed Assets	Land Freehold and Leasehold £000's	Structure £000's	Plant & Machinery £000's	Fit-Out £000's	Assets Under Construction £000's
Cost/valuation at 1 4 07	22,393	128,481	22,233	14,118	1,632
Additions	-	15	217	523	255
Transfers from /to Assets under Construction	-	-	-	-	(1,632)
Transfers bet een Assets	-	(5,941)	4,174	1,767	-
Revaluation	(421)	(14,844)	5,170	25	-
Disposals	-	-	-	-	-
alue at 31 3 08	<u>21,972</u>	<u>107,711</u>	<u>31,794</u>	<u>16,433</u>	<u>255</u>
Depreciation at 1 4 07	-	4,211	6,913	4,804	-
Provided in year	-	1,523	2,319	1,675	-
Depreciation due to revaluation	-	38	-	-	-
Revaluation	-	(5,394)	(9,232)	(6,479)	-
Disposals	-	-	-	-	-
Depreciation at 31 3 08	-	378	-	-	-
Net ook alue at 31 3 08	<u>21,972</u>	<u>107,333</u>	<u>31,794</u>	<u>16,433</u>	<u>255</u>
Net ook alue at 1 4 07	<u>22,393</u>	<u>124,270</u>	<u>15,320</u>	<u>9,314</u>	<u>1,632</u>

Tangible Fixed Assets (continued)	E hibitions £000's	E uipment £000's	Assets held under Finance Lease £000's	Total £000's
alue at 1 4 07	20,827	3,191	7,451	220,326
Additions	1,401	743	823	3,977
Transfers from /to Assets under Construction	1,632	-	-	-
Transfers bet een Assets	-	-	-	-
Revaluation	-	-	(1,276)	(11,346)
Disposals	-	(100)	-	(100)
alue at 31 3 08	<u>23,860</u>	<u>3,834</u>	<u>6,998</u>	<u>212,857</u>
Depreciation at 1 4 07	14,086	2,773	748	33,535
Provided in year	1,625	389	267	7,798
Depreciation due to revaluation	-	-	-	38
Revaluation	-	-	(897)	(22,002)
Disposals	-	(99)	-	(99)
Depreciation at 31 3 08	<u>15,711</u>	<u>3,063</u>	<u>118</u>	<u>19,270</u>
Net ook alue at 31 3 08	<u>8,149</u>	<u>771</u>	<u>6,880</u>	<u>193,587</u>
Net ook alue at 1 4 07	<u>6,741</u>	<u>418</u>	<u>6,703</u>	<u>186,791</u>

Heritage assets have been moved to note 9

AirSpace pro ect at Du ford e penditure of £5,941 previously capitalised under structure has been transferred to the follo ing assets Plant and Machinery £4,174 and Fit-out £1 767

Of the total Net ook alue of £193,587 , £193,337 relates to the Museum and the remainder, £250 , relates to the Development Trust

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

In March 2008 the Imperial War Museum entered into a finance lease for the corporate Fire and Security pro ect The lease is ith the ank of Scotland Rent is payable until 2013/14 Cost £823 , Accumulated Depreciation £118 , Net ook alue £705

Donated Assets opening net book value £672 has been split as follo s: £325 Structure, £347 Heritage Assets The closing net book value of £668k is included in the follo ing categories of fi ed assets: £321k Structure and £347k Heritage Assets

The Museum ac uires donated objects by gift, be uest and from the translation of long term loans for the collections into permanent ac uisitions Objects holly or partially donated to the Museum in 2007/08 ere valued at £nil comprising assets and e uipment capitalised in the Museum's alance Sheet (2006/07 £65)

The Lambeth Road (or South ark) site and other properties, apart from HMS elfast, ere originally valued as at 31 March 1989 by the Chief aluer's Department of the Inland Revenue The Cabinet War Rooms, part of the basement of the South lock Treasury uilding converted in 1938, as deemed to be of nil market value The sites ere revalued on 31 March 2008 by e ternal professional valuers Gerald Eve, in accordance ith the Royal Institute of Chartered Surveyors guidance notes

In accordance ith Financial Reporting Standard 15 - *Tangible Fixed Assets* , buildings are split bet een structure, plant and machinery and fit-out Each of the ma or components has substantially different economic lives

Property	Title	Net book value at 31 March 2008 £000's	asis of valuation
Lambeth Road, London SE1	Long leasehold	65,450	Depreciated replacement cost
All Saints Anne e, Austral Street, London SE11	Freehold	2,000	Existing use
Du ford Airfield, Cambridgeshire	Freehold	75,000	Depreciated replacement cost
Ickleton Film Store, Cambridgeshire	Leasehold	5,000	Depreciated replacement cost
IWM North, Manchester	Leasehold	27,400	Depreciated replacement cost

9 Heritage Assets		£000's
Cost/valuation at 1 4 07		2,838
Additions		163
Disposals		-
alue at 31 3 08		<u>3,001</u>

The net book value at 31 March 2008 represents fixed assets for:

	Charitable activities £000's	ther activities £000's	Total £000's
Land & uildings	177,532	-	177,532
E hibitions	-	-	-
E uipment	-	-	-
Assets under Construction	255	-	255
Donated Assets	8,149	-	8,149
Ac uisitions	3,772	-	3,772
Assets held under Finance Lease	6,880	-	6,880
Total	<u>196,588</u>	<u>-</u>	<u>196,588</u>

10 Stock

Stock consists of retail goods and Imperial War Museum Publications

	Group 2008 Total £000's	Group 2007 Total £000's	Museum 2008 Total £000's	Museum 2007 Total £000's
11a Debtors				
Amounts falling due within one year				
Trade debtors	650	619	65	115
Other debtors	144	1,338	143	733
Amount owed by Imperial War Museum Development Trust	-	-	876	1,518
Amount owed by Imperial War Museum Trading Company Ltd	-	-	2,610	2,070
AT debtor	349	517	349	517
Prepayments and accrued Income	899	103	857	49
Provision for bad debts	(19)	(14)	(3)	(7)
Total Debtors falling due ithin one year	<u>2,023</u>	<u>2,563</u>	<u>4,897</u>	<u>4,995</u>
11b Amounts falling due after more than one year				
Other debtors	288	-	-	-
Amount owed by Imperial War Museum Development Trust	-	-	288	-
Amount owed by the Imperial War Museum Trading Company	-	-	1,991	1,991
Total Debtors	<u>2,311</u>	<u>2,563</u>	<u>7,176</u>	<u>6,986</u>

Group - Other debtors comprise £264 from the Heritage Lottery Fund due to the AirSpace project at IWM Du ford And at 31 March 2008 the American Air Museum in ritain owed The Imperial War Museum Development Trust the sum of £284 (2007-£481) representing grants due to the Trust

Museum - Debtors falling due within one year - £1,164 due from the Imperial War Museum Development Trust relates to funding provided for: the Churchill Museum and Cabinet War Rooms, £240 the AirSpace Project at IWM Duxford, £140 and the American Air Museum at Duxford, £663 The Trading Company is indebted to the Museum by £2,610 which relates to the Gift Aid profit for the year and the outstanding amounts due for rent overheads and staff costs

Museum - Debtors due after more than one year relate to a loan due from the IWM Trading company and American Air Museum in Britain grant due from the IWM Development Trust

11c Intra-Government Debtor Balances	Group	Museum	Museum	
	2008 Total £000's	2007 Total £000's	2008 Total £000's	2007 Total £000's
<i>Balances with other central government bodies</i>				
Heritage Lottery Fund	264	446	264	446
HM Revenue & Customs	349	517	349	517
	613	963	613	963

12 Cash at Bank and in hand	Imperial War Museum	Imperial War Museum Development Trust	Imperial War Museum Trading Company Limited	2008 Total £000's	2007 Total £000's
Commercial bank balance and cash in hand	2,533	6,325	609	9,467	8,035
Total	2,533	6,325	609	9,467	8,035

13a Creditors	Group	Museum	Museum	
	2008 Total £000's	2007 Total £000's	2008 Total £000's	2007 Total £000's
Amounts falling due within one year				
Trade Creditors	376	1,510	325	1,252
Amount owing to Imperial War Museum Development Trust	-	-	900	275
Amount owing to Imperial War Museum Trading Company Ltd	-	-	959	993
Other Creditors	739	844	618	733
Obligations under finance lease	188	31	188	31
Accruals and deferred income	2,791	1,919	2,547	1,738
Total creditors falling due within one year	4,094	4,304	5,537	5,022
13b Amounts falling due after more than one year				
Obligations under finance lease	6,811	6,176	6,811	6,176
Laing O'Rourke	-	-	-	-
Runway Repair	94	188	94	188
Loan repayment due to IWM Development Trust	-	-	270	2,250
Total creditors falling due after more than one year	6,905	6,364	7,175	8,614
Total creditors	10,999	10,668	12,712	13,636

As at 31 March 2008 the Museum had no intra-Government balances above £1 million

13c Obligations under Finance Leases

At 31 March 2008 the Imperial War Museum had commitments under Finance leases as set out below:

	2008 Building £000's	2008 Exhibitions £000's	2008 Total £000's	2007 Exhibitions £000's
Finance lease obligations: Payments due within				
One year	118	70	188	31
Two to five years	470	330	800	309
More than five years	235	5775	6,010	5,866
	823	6,175	6,998	6,206

13d Provisions for liabilities charges	Balance as at 01 04 2007 £000's	Additions in year £000's	Provision utilised £000's	Balance as at 31 03 2008 £000's
Early retirement costs	235	1	(50)	186
Amounts falling due within one year	-	-	-	33
Amounts falling due after more than one year	-	-	-	153
Total provisions				186

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

In line with Treasury guidance, the provision for early retirement has been discounted at a rate of 2.2

14 IWM Trading Company Limited

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

Income and Expenditure Account	2008 £000's	2007 £000's
Turnover	7,436	7,135
Cost of Goods Sold	(2,076)	(1,993)
Gross Profit	5,360	5,142
Other Operating Income		
Fees Receivable	822	1,628
Royalties	605	-
External Funds	1,522	396
	8,309	7,166
Other Operating Charges	(4,879)	(4,208)
Indirect Costs	(1,214)	(1,135)
Operating Profit	2,216	1,823
Interest Payable	(131)	(100)
Interest Receivable	29	11
Profit	2,114	1,734
Amount paid to the Museum under Gift Aid	(2,114)	(2,615)
Loss on ordinary activities after Gift Aid	-	(881)

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

Turnover	7,436	7,135
Intercompany transactions	(33)	(15)
Trading Income per S FA	7,403	7,120
Fees Receivable	822	1,628
Intercompany transactions	(5)	(992)
Included in Fees Income per S FA	817	636
Royalties	605	-
Royalties per S FA	605	-
External Funds	1,522	396
Intercompany transactions	(959)	-
Included in External Funds per S FA	563	396
Cost of Goods Sold	2,076	1,993
Other Operating Charges	4,879	4,208
Intercompany transactions	(44)	(52)
Included in Commercial Costs (£6900) and Expenditure (£11) per S FA	6,911	6,149
Indirect Costs	1,214	1,135
Intercompany transactions	(1,214)	(1,135)
	-	-
Interest Payable included in other Operating Charges	131	100
Intercompany transactions	(131)	(100)
	-	-
Interest Receivable	29	11
Intercompany transactions	-	-
Included in Investment Income per S FA	29	11

Balance Sheet	2008 £000's	2007 £000's
Current Assets	3,118	2,715
Current Liabilities	(3,018)	(2,615)
Creditors: amounts falling due after more than one year	(1,991)	(1,991)
Net Assets	(1,891)	(1,891)
Called up share capital	100	100
Profit and loss account	(1,991)	(1,991)
Capital and Reserves	(1,891)	(1,891)

The company has been provided with a loan of £1,110 in 2005/06 and a further loan of £881k in 2007/08 by the Imperial War Museum. Interest is charged at 1% above base rate. The loan is not repayable until July 2009, subject to further review. The future plans of the Company forecast significant growth.

The Financial Statements of the Trading company have been prepared on a going concern basis notwithstanding the net liability as at 31 March 2008.

15 Imperial War Museum Development Trust

Statement of Financial Activities	2008 Unrestricted £000's	2008 Restricted £000's	2008 Total £000's	2007 Total £000's
Incoming Resources	106	1,761	1,867	4,273
Resources Expended				
Charitable Activities	(200)	(2,016)	(2,216)	(3,361)
Net incoming (outgoing) resources before revaluation	(94)	(255)	(349)	912
Net realised loss on revaluation	(33)	-	(33)	-
Net movement in funds	(127)	(255)	(382)	912
Fund balances brought forward at 1 April 2007	2,812	4,178	6,990	6,078
Fund balances carried forward at 31 March 2008	2,685	3,923	6,608	6,990

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

Incoming Resources	1,867	4,273
Intercompany transactions	(13)	(13)
included in external funds and investment income	1,854	4,260
Charitable Activities	2,216	3,361
Intercompany transactions	(2,200)	(3,348)
included in Resources expended per SFA	16	13

Balance Sheet	2008 Unrestricted £000's	2008 Restricted £000's	2008 Total £000's	2007 Total £000's
Fixed Assets	250	-	250	287
Current Assets	2,442	5,342	7,784	8,381
Current Liabilities	(7)	(1,419)	(1,426)	(1,678)
Net Assets	2,685	3,923	6,608	6,990
Funds	2,685	3,923	6,608	6,990

The Development Trust provided a loan to the Museum of £2,500 in 2005/06, £700 as repaid in 2006/07 and a further repayment of £900 in 2007/08. No interest is being charged. The remaining £900 balance of the loan will be repaid by 31 March 2009.

The Development Trust has an outstanding loan balance of £270 to the Museum. No interest is being charged. The loan is repayable by 31 March 2010.

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

16 Capital commitments

At the balance sheet date, outstanding capital commitments, authorised by the Board of Trustees but not yet contracted, amounted to some £1.05 million which relates to the North Block Roof facade works.

17a Commitments Under Operating Leases

At 31 March 2008 the Imperial War Museum had annual commitments under non cancellable operating leases as set out below :

	2008 Land and other Buildings £000's	2007 Land and other Buildings £000's	2008 Equipment £000's	2007 Equipment £000's
Operating Leases which expire:				
Within one year	-	56	48	-
In the second to fifth years inclusive	44	15	114	24
Over five years	219	192	-	-
	<u>263</u>	<u>263</u>	<u>162</u>	<u>24</u>

17b Commitments Under Hire Agreements

At 31 March 2008 the Imperial War Museum had annual commitments under non cancellable hire agreements as set out below :

	2008 Equipment £000's	2007 Equipment £000's
Hire agreements which expire:		
Within one year	5	1
In the second to fifth years	63	45
Over five years	-	-
	<u>68</u>	<u>46</u>

18 Contingent Liabilities

The company is in discussion with HM Revenue & Customs (HMRC) on the issue of the eligibility for educational activities. As at the date of the signature of the accounts, the discussions with HMRC are continuing. No provision for any potential liability that might arise pending the outcome of the discussions has been included in the accounts because it is not possible to quantify an amount with any certainty in accordance with FRS12.

19 Post Balance Sheet Events

There were no Post Balance Sheet events. The accounts were authorised for issue on 27 July 2008 by the Accounting Officer.

	At 01 April 2007 £000's	Income £000's	Expenditure £000's	Revaluations £000's	Transfers £000's	At 31 March 2008 £000's
20 Statement of funds						
Unrestricted funds						
<i>Designated funds:</i>						
Buildings, Collections, Equipment & Exhibitions	21,220	881	(1,230)	1,155	-	22,026
Collections	2	172	(154)	-	-	20
Total designated funds	<u>21,222</u>	<u>1,053</u>	<u>(1,384)</u>	<u>1,155</u>	<u>-</u>	<u>22,046</u>
General funds	4,726	32,126	(30,683)	-	(154)	6,015
IWM Trading Company Reserve	(1,991)	-	-	-	-	(1,991)
	<u>2,735</u>	<u>32,126</u>	<u>(30,683)</u>	<u>-</u>	<u>(154)</u>	<u>4,024</u>
Total unrestricted funds	<u>23,957</u>	<u>33,179</u>	<u>(32,067)</u>	<u>1,155</u>	<u>(154)</u>	<u>26,070</u>
Restricted funds						
Buildings, Collections, Donated Objects	161,706	1,694	(6,568)	9,462	1,388	167,682
Tied Funds	330	4,532	(5,454)	-	777	185
Museum restricted funds	<u>162,036</u>	<u>6,226</u>	<u>(12,022)</u>	<u>9,462</u>	<u>2,165</u>	<u>167,867</u>
IWM DT Redevelopment Appeal	728	5	-	-	-	733
IWM DT Tied Donations	3,454	1,756	(5)	-	(2,011)	3,194
Total restricted funds	<u>166,218</u>	<u>7,987</u>	<u>(12,027)</u>	<u>9,462</u>	<u>154</u>	<u>171,794</u>
Total funds	<u>190,175</u>	<u>41,166</u>	<u>(44,094)</u>	<u>10,617</u>	<u>-</u>	<u>197,864</u>

Funds of £2,011 have been transferred from the Imperial War Museum Development Trust Tied Donations to the Museum to fund related project expenditure, including £1,076 for the AirSpace project at Duxford and £235 for Churchill Museum and Cabinet War Rooms.

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

The Unrestricted buildings, Collections, Equipment and Exhibitions fund £22,026 and the Restricted buildings, Collections, Donated objects, Equipment and Exhibitions fund £167,682, represent the Net book value of the Fixed Assets less the Assets held under Finance leases £189,708

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

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

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

	Unrestricted funds £000's	Restricted funds £000's	Total 2008 £000's
21 Analysis of group net assets between funds			
Fund balances at 31 March 2008 are represented by:			
Tangible Fixed Assets	28,906	167,682	196,588
Investments	-	-	-
Net Current Assets	4,128	4,206	8,334
Long Term Creditors	(6,964)	(94)	(7,058)
Total net assets	26,070	171,794	197,864

22 Cash flow information

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

	2008 £000's	2007 £'000
Net incoming resources before revaluations	(2,928)	(48)
Investment Income	(569)	(380)
Interest element of finance lease rental payments	394	396
(Gain)/loss on sale of Tangible fixed assets	1	3
Depreciation charge for the year	7,798	7,098
Decrease/(Increase) in stocks	167	(169)
(Increase) in debtors	252	3,736
(Decrease)/Increase in creditors	(143)	96
Net cash inflow from operating activities	4,972	10,732

(b) Analysis of Cash Flows

	2008 £000's	2007 £000's
Increase in cash in the period	1,432	5,458
Cash outflow arising from decrease in finance lease	31	29
Movement in net debt in the period	1,463	5,487
Net debt at 1 April	1,828	(3,659)
Net debt at 31 March	3,291	1,828

(c) Changes in net debt/funds

	1-April 2007 £000's	Cash flow £000's	31-March 2008 £000's
Cash at bank and in hand and bank overdraft	8,035	1,432	9,467
Finance Lease	(6,207)	31	(6,176)
Net debts	1,828	1,463	3,291

23 The role of financial instruments

FRS 13, *Derivatives and other Financial Instruments*, requires disclosure of the role which financial instruments have had during the period, in creating or changing the risks the museum faces in undertaking its activities

As permitted by FRS 13, debtors and creditors which mature or become payable within twelve months of the balance Sheet have been omitted from this note

Liability Risk

Grant-in-Aid from the Department for Culture, Media and Sport comprises 54% of total incoming resources The remaining amount is funded via self generated income, which tends to fluctuates around historically predictable performance As a result, the Museum is exposed to some liability risk

Interest Rate Risk

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

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

Interest Rate Profile	Fixed rate financial assets £000	Non-interest bearing financial assets £000	Weighted average interest rate	Weighted average period for which rate is fixed
As 31 March 2008 Sterling	9,452	15	5.35	59 Days
	<u>9,452</u>	<u>15</u>		
As 31 March 2007 Sterling	8,020	15	5.21	41 Days
	<u>8,020</u>	<u>15</u>		

The book value equals the fair value for all assets held

Foreign Currency Risks

The Museum has a modest exposure to foreign currency risk. The IWM Development Trust has cash on deposit in US Dollars at 31 March 2008 of 1.749 million. In addition, the Trust is a debtor of the American Air Museum in Britain at that date to a value of 566,697.

24 Related Party Transactions

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

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

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

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

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

Related Party	Amount Purchased £'000	Amount Sold £'000	Donations / grants received £'000	Year end balance Debtor / (Creditor) £'000
CWGC	-	11	-	-
Trinity House	-	15	-	-
Friends of the Imperial War Museum	-	-	20	-
American Air Museum in Britain	-	-	57	288
American Friends of the Churchill Museum	-	-	152	-
UK National Inventory of War Memorials	-	-	22	19
Gerry Holdsworth Special Forces Charitable Trust	-	-	32	-

The nature of these related parties is as follows:

The Chairman of Trustees of the Imperial War Museum, Air Chief Marshal Sir Peter Squire, is also the Vice Chairman of the Commonwealth War Graves Commission (CWGC). During the year the Museum received income from the CWGC in the form of fees for research services.

The Lord West of Spithead, a Trustee of the Museum, is also a younger brother of Trinity House. During the year, the Museum received income from Trinity House for Corporate Hospitality services on HMS *Belfast*.

The Director-General, Sir Robert Crawford CBE is also a Council member of the Friends of the Imperial War Museum (FIWM). During the year, the Museum received a donation of £20,000 from FIWM as a contribution towards the Timestacks exhibition at the Imperial War Museum North.

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

The Director-General, Sir Robert Crawford CBE is Vice President of the American Friends of the Churchill Museum (AFCM). During the year the Museum received donations from the AFCM to support the operational expenditure of the Churchill Museum, including educational activities, maintenance and conservation.

The Director General, Sir Robert Crawford CBE is also a trustee of the UK National Inventory of War Memorials (UK NIWM). During the year the museum received donations from the UK NIWM towards the planning costs of a bid to the Heritage Lottery Fund (HLF).

The Director General, Sir Robert Crawford CBE is a trustee of the Gerry Holdsworth Special Forces Charitable Trust. During the year the Holdsworth Trust made a grant of £32 to the Imperial War Museum.

IMPERIAL WAR



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