

ANNUAL REPORT AND ACCOUNT 2010–2011

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

www.iwm.org.uk



Imperial War Museum

Annual Report and Account 2010–2011

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I. Introduction

I.1 Our vision

Our ambition is to be recognized as the world's leading authority on the interpretation of conflict and its impact, particularly focusing on Britain, its former Empire and the Commonwealth, from the First World War to the present. Our vision is to enrich people's understanding of the causes, course and consequences of war and conflict.

I.2 What we do

We are dedicated to recording people's experiences of modern conflict, exploring the causes of war and its impact on people's lives. Our collections are made up of the everyday and the exceptional, drawn from people of all walks of life. They reflect the total nature of war and reveal stories of people, places, ideas and histories. Across our five museums, we make our unique collections relevant to contemporary audiences by creating vivid personal stories and powerful experiences that engage visitors of all ages with the issues of war and conflict.

I.3 Our values

Four values form the heart of our brand. They help to define how we feel and act in all areas of our work and business.

- **Courageous** – we're confident and have the courage to challenge the established wisdom, championing debate and innovative approaches
- **Authoritative** – Our deep and dynamic knowledge of our rich collections make us the first point of call on the history of modern conflict, and sets standards of excellence in everything we do
- **Relevant** – we strive to make everything we do relevant to contemporary society, while maintaining a balanced and impartial point of view
- **Empathetic** – we're sensitive to people's emotions, respecting different points of view and the deep significance of our collections

1.4 What Makes the Imperial War Museum Unique?

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

1.5 Our approach

The Imperial War Museum will continue to be a relevant, sustainable and influential institution if (and only if):

Our stories matter

Our authority is well founded

Our collections are rich

Our service is seamless

Our resources can support us

2. Strategic Objectives for 2010–2011

During 2010–11, the Imperial War Museum delivered strategic plans based on five key objectives. These were to be:

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

We have continued to seek to effectively respond to the challenges and opportunities we face. Our strategy is informed by, and takes account of, Government priorities.

Our work during 2010–11 has continued to drive the modernisation agenda of the Museum. *Fit for the Future*, a long term programme of change, will support the creation of a dynamic new organisational model.

3. Achievements and Performance

3.1 Overview

Imperial War Museum Corporate Performance Indicators '000s	2010–11 actual	2009–10 actual	Per cent (%) change year on year	2010–11 target*	Per cent (%) target achieved
Total number of visits to the Museum (excluding corporate hospitality guests)	2,318	2,079	+11	1,967	118
Number of children aged 15 and under visiting the Museum**	456	600	-24	570	80
Total number of website visits	8,587	10,797	-20	10,000	86
Net profit from commercial activity (£)	5,416	4,769	+14	3,980	136

* The target set in the Museum's Corporate Plan 2010–14

** New visiting counting methodology implemented during 2010–11

Performance against indicators agreed with the Department for Culture, Media and Sport in the Imperial War Museum Funding Agreement 2008–11 are shown on page 26 of this report.

3.1.1 Audience centred

Over two million visitors attended the branches of the Museum during the year. This figure represents an increase year on year and exceeded the Museum's Corporate Plan target by 18 per cent. A new, automated visitor counting system was introduced at our flagship branch at the beginning of the year. This means that the number of child visitors at IWM London is no longer directly recorded, hence the decline in numbers shown in the table above. Visitor satisfaction remains exceptionally high, with the proportion of visitors likely to recommend a visit at 99 per cent.

More than 8.5 million people visited the Imperial War Museum website over the course of 2010–11. Although this volume of digital users is high, the number represents a decrease of 20 per cent on performance the previous year. This can in part be explained by a marketing focus on driving visitors to the Museum branches as opposed to virtually through the web. Online traffic will increase significantly with the launch of a new website in September 2011, with a wide range of online services and content, including learning resources and exhibition microsites. The website will be supported by an increasing use of new communications technology, including social networking channels, to communicate with our audiences.

An Audience Development Plan was implemented to expand and develop target audiences. In terms of audience diversity, the total proportion of visitors from lower socio-economic groups (NS-SEC 5-8 UK adults) during 2010–11 was sustained at 15 per cent (against 14 per cent during 2009–10). The proportion of repeat visitors across the branches was 35 per cent, a slight reduction on the 38 per cent result achieved during the previous year. As a proxy measure of satisfaction, this level of repeat visitation suggests that our core audiences value their visitor experience, and corroborates the very strong ‘likelihood to recommend’ visitor satisfaction ratings.

Black and Minority Ethnic visitors made up 7 per cent of UK adult audiences at the Museum over the year, marking an increase on the level of 3 per cent achieved during 2009–10. This is a consequence of a shift in programming. The Museum continues to deliver inclusive audience development plans to ensure that our visitors are representative of the communities that we serve.

Visitors with a limiting disability represented 4 per cent of total visitors during 2010–11. The Museum continues to deliver against an *Equality Strategy* which focuses on promoting equality of opportunity as well as enabling participation and access to the widest possible audiences.

Overseas visitor levels were sustained year on year. With 38 per cent of international visitors across the branches during the year, this reflects the contribution the Museum makes to the economy through tourism.

3.1.2 Relevant

The Museum launched the *Fit for the Future* (FFF) review two years ago. This is an exercise designed to define and clearly articulate the long term strategic objectives of the organisation, FFF will ensure that there is sufficient flexibility, capability and capacity to enable their delivery. The review provides a very clear focus on high priority activity with high impact on visitors. The change programme also sets out to deliver a creative new organisational model that is affordable and sustainable. Changes implemented during the year include:

- the restructuring of the Collections division – the new structure comprises four new sections organised according to the following functions: Collection Access and Information; Collections Content; Collections Management and Services; and Research
- the merging of the management structure across Churchill War Rooms and HMS *Belfast*

A marketing positioning and communications review was undertaken during the year to ensure that our key messages are effective. The implementation of a new brand, values and communication guidelines will ensure that we maximise the impact of the Museum across a broad range of stakeholders. Market research activity has been further developed to ensure that the Museum has a good understanding of user and non user needs, motivations and expectations.

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

3.1.3 Continuously evolving

A corporate priority for the Museum is the creation of an infrastructure for sustainable collection management. This has been underpinned by the implementation of a revised acquisitions and disposals policy, approved by the Board of Trustees in March 2010. A Collections Review Programme is now underway. Following the implementation of a new Collections Cataloguing Management System (CCMS), there is now significant improvement in the way in which the Museum's Collections and associated data are being delivered. Ongoing documentation and digitisation programmes have continued to support public learning and access programmes, as well as revenue generation activity.

The opening of *Explore History*, a newly centralised, innovative and self-service research facility within Imperial War Museum London in May 2010 marked a major change in the way that users access the collections and knowledge held by the Museum. The service is now being evaluated with a view to rolling it out further.

Planning to deliver a major project redeveloping the shop and entrance of HMS *Belfast* commenced during 2010. This will be complemented by work on board the ship to develop the interpretative route for visitors. Replacement masts were also erected on the ship during the year, supported principally by a shipyard in the Russian Federation.

An internal university, the Open Programme, was launched during the year to support staff skills development through bespoke training opportunities. The Museum has also continued to operate an 'internal first' recruitment policy, which, in combination with training, has significantly contributed to workforce development.

3.1.4 High profile

The Board of Trustees endorsed the masterplan for the redevelopment of Imperial War Museum London in September 2010. The plan will see the transformation of the flagship branch of the Museum. The architects Foster + Partners have developed high quality and cost effective plans that include new First World War galleries, significantly improved navigation and circulation around the building, upgraded visitor facilities (including a new shop, cafe and public toilets) and increased commercial opportunity.

Plans to mark the centenary of the outbreak of the First World War in 2014 are being developed with a view to positioning the Museum as the national lead. This programme will be delivered in partnership with national and international organisations across the centenary years.

The opening of Mediacity UK at Imperial War Museum North presents a significant opportunity to develop profile and audiences. An ongoing programme to upgrade exhibition spaces at the site is being delivered. The digitisation of the Big Picture was completed during the year, increasing flexibility in terms of digital programming.

3.1.5 Efficient and effective

The redevelopment of the website is directly linked to ecommerce development and the integration of income generation channels. The creation of a commercial unit, centralising

commercial activity, will underpin our drive to increase self generated revenue.

Major capital works undertaken over the course of the year have included the project to redevelop the South East Block at Imperial War Museum London, improving the environmental storage and display conditions for approximately 25 per cent of the entire Museum Collection, primarily using passive controls which are less energy intensive than traditional environmental conditioning approaches.

The capital maintenance backlog programme has been continued, with priority one works undertaken, comprising critical plant replacement and fabric repairs.

The Museum maintained a clear focus on maximising self-generated income over the course of the year and trading performance was very strong. Retail sales exceeded £4million (just under half of the total trading company turnover), reaching a new record. This reflects improvements to product and stock management and the positive impact of a strong exhibitions programme on secondary spend, in particular at Imperial War Museum London and Imperial War Museum North. Catering and corporate hospitality also performed well, with net profit increasing year on year. Admissions income net profit was up by 10 per cent on 2009–10, a very positive result reflecting the strength of demand at the charging branches of the Museum. Looking ahead, overall trading forecasts for the year 2011–12 are cautious, reflecting anticipated volatility across the market and the ongoing challenge presented by a hostile economic environment.

Energy consumption was an important area of focus over the year, in line with the sustainable development objectives of the Museum. Savings of 1 per cent were achieved in comparison to the major reductions achieved in the previous year, despite the very challenging winter conditions.

3.2 Exhibitions

Imperial War Museum London opened a new permanent exhibition in November 2010. The Lord Ashcroft Gallery *Extraordinary Heroes* is a new display of Victoria Crosses and George Crosses. The gallery was opened by HRH The Princess Royal at an event on 11 November.

A project to review and upgrade the visitor welcome at Imperial War Museum London was also completed. A new information desk was opened as part of the changes introduced and has been well received by visitors.

The Museum continued to present successful temporary exhibitions across the five branches. In addition to complementing the permanent displays, they are designed to align with the mission and values of the Museum. Their aim is to engage diverse audiences and encourage new visitors, as well as providing something different for regular visitors. The Museum is looking to expand its use of new technologies and these exhibitions look to use multimedia and interactivity where appropriate.

Two successful temporary charging exhibitions were offered at Imperial War Museum London during the year: *Horrible Histories™: Terrible Trenches* based on the *Trenches Handbook*, one of the books by Terry Deary in the bestselling series and *Ministry of Food*, on the introduction of food rationing in Britain. Both were particularly popular with families prior to the exhibitions closing in late 2010. Other temporary exhibitions included *Explore History 1940*, which marked

the seventieth anniversary of a year of momentous events in the Second World War; *Remembering Fromelles* an exhibition using specially commissioned photographs to trace the story behind the First World War graves excavated in 2009 and the creation of the first new Commonwealth War Graves Commission cemetery to be built in nearly half a century; *Baghdad, 5 March 2007*, a display by Turner Prize-winning artist Jeremy Deller who presented a car salvaged from the bombing of the historic Al-Mutanabbi Street Book Market in Baghdad and which has transferred to Imperial War Museum North; and *Once Upon a Wartime* which opened in February 2011 and delves into the pages of five well-loved children's books, bringing to life stories of war. There have also been a number of art displays with *Breakthrough*, a major re-hang of the Imperial War Museum's collection of British art, as well as displays such as *The Edge of Expression: The 'censorship' of CRW Nevinson's 'Paths of Glory'*.

At the Churchill War Rooms, the Churchill Museum was updated with a new slim line case in one of the most popular interactives, the *Golden Eggs*. A number of the loan items were also replaced over the course of the year. A new online interactive enabling web visitors to explore Churchill's life in photographs, *Churchill Deep Zoom*, was launched in May.

On HMS *Belfast*, a review of the exhibition provision was carried out which included refreshment of the *War and Peace* gallery. A new version of the audio guide was completed and introduced in December. New health and safety, orientation and operational signage was also installed throughout the ship.

The staff at Imperial War Museum Duxford have embarked on a number of projects to enhance the visitor offer including improved site orientation, a *Historic Duxford* exhibition and additions to the offer in the American Air Museum. Several temporary exhibitions were also opened including *Duxford in the Battle of Britain*, a photographic exhibition showing life at RAF Duxford during the Battle of Britain, and *Polish Airmen in the Battle of Britain* which commemorated the courageous role played by the Polish Air Force.

At Imperial War Museum North, the temporary exhibition programme included the end of the display of *Shaped by War: Photographs by Don McCullin*, which will transfer to Imperial War Museum London in 2011–2012; *Captured* a small, fun, hands-on display on disguise and deception; *All Aboard: Stories of War at Sea* an action-packed and interactive exhibition to mark the anniversaries of some of the most significant and dramatic moments in British history including the evacuation of Dunkirk and the Battle of the Atlantic; *The Gulf War 1990 - 1991: Photographs by John Keane* which marked twenty years since the Gulf War with photographs taken by renowned artist John Keane; and *The Crusader* by Gerry Judah, created in direct response to contemporary global conflict and the latest in the Reactions series of art installations funded by the Arts Council. The *In The Spotlight* series continued with *Captain Fryatt – a British Seaman's Story* telling the story of Captain Charles Fryatt who was captured and executed during the First World War.

3.3 Learning and Access

Learning for all is central to the mission of the Imperial War Museum and is an essential part of the *Fit For the Future* process. Each branch is committed to providing a high-quality and varied on-site learning programme for the Museum's visitors and users with an additional aim of supporting staff development. The Museum recognises the changing needs of a diverse audience, attracting a broad range of users through inclusive, dynamic and relevant learning programmes.

The *Build the Truce* project is an Imperial War Museum initiative which examines the potential of truce, especially for the processes of conflict prevention and resolution. Truce is a suspension of violence: a pivotal moment of opportunity in the cycle of conflict. *Build The Truce* takes this concept as the direction for an ongoing enquiry into the Museum's subject matter, collections and continuing relevance. The project is supported by Strategic Commissioning Funding and a number of partnerships have been realised as a part of it, including with London Organising Committee for the Olympic Games, the British Council, Coventry Cathedral's Ministry for Reconciliation, Combat Stress, and Lancaster University Memory, with whom a research programme on the subject of conflict and memory is being explored with a view to linking to events at Imperial War Museum North.

As well as continuing to work with Veterans, the Imperial War Museum is aiming to make links with current service personnel through the *War Story* project, sponsored by Boeing. Servicemen and women are being encouraged to share their frontline experiences as part of this initiative which launched in 2009 and is making significant progress. *War Story* allows active service personnel to record their personal stories as part of the Museum's national collection relating to contemporary conflicts. Using innovative collecting techniques, across a range of digital media, *War Story* will see the Imperial War Museum supporting today's servicemen and women to record and share their personal experiences for posterity, enriching public understanding of human behaviour in modern conflicts and military campaigns. In this financial year, a website for the project has been launched, the War Story Collecting Team has drawn up the collecting criteria for the project, and three members of the team together with a Museum photographer spent three days in November conducting interviews, briefings and collections workshops with members of 40 Commando who had recently returned from Sangin.

The Museum continues to meet the requirements of the National Curriculum for formal learners. For instance, formal teaching sessions were offered at all of the branches over the summer term including 185 teaching sessions and seven welcome sessions, involving more than 4,600 children and 440 adults delivered as part of the Holocaust learning programme at Imperial War Museum London.

A varied programme of drop-in learning sessions continued during weekends and school holidays. At the London branches family activity themes focussed on Remembrance, Black History Month and the Big Draw during October half term. Family activities on offer at the branches included costumed characters, a new package of tours and the finals of the eastern region First Lego League at Imperial War Museum Duxford. Other events included sessions linked with the new *All Aboard: Stories of the War at Sea* and a family event involving author Terry Deary, highlighting the seventieth anniversary of the Blitz in the North at Imperial War Museum North; a "summer stowaways" trail around HMS *Belfast*; and *Blitz Flicks* a half term activity at Churchill War Rooms involving regular screenings of government films created to lift people's spirits during the Blitz.

Community work is a crucial part of the learning programme. Engagement with local communities encourages visitation from our immediate audiences and allows, through an ongoing dialogue for the incorporation of local feedback into public programming and visitor information. This year, eight young people from Lambeth and Southwark – including four from last year's programme acting as mentors – took part once again in the *Street Genius* project. Under the guidance of the Museum these teenagers have worked on an audio guide for young people and some exhibitions content within the Lord Ashcroft Gallery aimed at young people.

Programmes at HMPs Edmunds Hill and Highpoint, delivered by the learning team at Imperial War Museum Duxford, continue to be funded by the Bromley Trust and these have generated interest in possibilities for supporting a national programme linked to veterans in the justice system.

In terms of the volume of learners across the branches of the Museum, the table below shows that on-site learners decreased year on year and did not meet target. This reflects the impact of a review of learning provision, to ensure that a focus on high quality provision was maintained. Major staffing changes over the course of the year has also had some impact on both programming and delivery. External factors contributing to the trend include new policies relating to staff cover as well as increasing travel costs. The number of child learners decreased by a margin of 14 per cent, which is partly due to a shift in the demand for formal, school learning sessions.

This trend also reflected in the Key Performance Indicator results on page 26 of the report, where the number of children in on-site organised activities has reduced year on year. Informal child learners were exceptionally high during 2009–10 when the impact of the 'staycation' trend was most potent and a high volume of families visited the Museum's branches and participated in learning activities and programmes.

The Museum has continued to reduce its emphasis on outreach learning programmes which are resource intensive and reach smaller audience numbers in relative terms. This strategic shift is reflected in the outreach related Key Performance Indicators on page 26 and in the on and off-site child learner result shown below.

Learner numbers at the Imperial War Museum '000s	2010–11 actual	2009–10 actual	Per cent (%) change year on year	2010–11 target*	Per cent (%) target achieved
Learners in on-site educational programmes	403	468	-14	450	90
Children in on- and off-site educational programmes	261	305	-14	310	84

* The target set in the Museum's Corporate Plan 2010–14

3.4 Collections and Research

The Collections Branch dealt with an increasing number of public enquiries, totalling 80,426 over the course of the year, a 53 per cent increase on 2009–10. Collections Online was visited by 203,455 digital users over the course of the year.

The opening of *Explore History* at Imperial War Museum London in May 2010 has vastly improved public access facilities and continues to give visitors wider opportunities to engage with collections as well as increasing access to a broader audience. It has successfully relocated the Reading Room (previous located in The Dome) with widely recognised improvements for users, including greater speed and efficiency in supply of material from stored collections, and full disabled access. *Explore History* has attracted over 30,000 users, drawing visitors directly

from the galleries to sample the richness of the Museum's collections. User feedback has been overwhelmingly positive.

A number of interesting items have been acquired by the Museum as a result of this policy over the course of the year. They include a uniform from a police Armed Response Unit and material from personnel serving in Afghanistan; a Westland Sea King Helicopter for display at Imperial War Museum Duxford; a record of the decommissioning of the oldest British nuclear submarine HMS *Sceptre*; and the papers of Mrs Florence Amery – a small but significant collection of letters relating to the actions of her son, John Amery, who was executed for treason in 1945.

The online facility, *Print on Demand*, was launched and continues to be a popular service. Artworks and posters are available either in framed or unframed print or canvas format for between £15 and £225. Over the last year, 348 posters or prints were sold and net sales totalled £19,206, an increase of 73 per cent on performance during 2009–2010.

On the Case, a programme to document and conserve items on public display, has continued in the Holocaust gallery with work being undertaken on the loan of shoes confiscated from deportees to Majdanek.

The new Research department, created as part of the Collections restructure, has instigated several research projects at the Imperial War Museum. In partnership with Kings College London War Studies Department, the Museum has secured a Collaborative Doctoral Award from the Arts and Humanities Research Council to fund a three-year doctoral study of contemporary international radio broadcast reporting and comment on the Soviet invasion of Afghanistan and the subsequent controversy over boycott of the Moscow Olympic Games in 1980. The study will make extensive use of the BBC Monitoring Service's Broadcast Transcripts Archive, held by the Department of Printed Books. Also, a seminar series on the subject of Reappraising the First World War has been organised in conjunction with Kings College War Studies and Queen Mary College, London. This will run over the course of the academic year until June 2011 and the first two seminars, covering the War in British Public Memory and Mourning & Commemoration, took place during September 2010.

Significantly, during the course of the year, the Museum was awarded Independent Research Organisation status by the UK Research Council.

3.5 Publications

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

- *Spitfire* flipbook, published by the Imperial War Museum
- *The Battle of Britain* by Kate Moore, published by Osprey
- *Forgotten Voices of Dunkirk* by Joshua Levine, published by Ebury
- *Forgotten Voices of D-Day* (paperback) by Rod Bailey, published by Ebury
- *Arras: The Spring 1917 Offensive in Panoramas* by Peter Barton & Jeremy Banning, published by Constable & Robinson
- *The Day We Went to War* by Terry Charman, (paperback version of *Outbreak*), published by Virgin Books
- *The Words of War* by Marcus Cowper (paperback), published by Mainstream
- *The Second World War: Fighting for Freedom* by Peter Chrisp, published by Carlton

- *Voices Against War* (paperback) by Lyn Smith, published by Mainstream
- *Young Reading: World War One* by Conrad Mason, published by Usborne
- *Dear Joan* by Tony Ross, published by Mainstream
- *Forgotten Voices of Burma* by Julian Thompson, published by Ebury
- *Trench* by Stephen Bull, published by Osprey
- *Extraordinary Heroes* by Ruth Sheppard, published by Osprey
- *Forgotten Voices of the Victoria Cross* by Roderick Bailey, published by Ebury
- *The Second World War* by Conrad Mason, published by Usborne
- *The Second World War in Stickers* published by Usborne
- *Reprints of Make Do and Mend, and Spitfire and Tank flipbooks*
- *IWM London Guidebook*, published by IWM
- *Churchill War Rooms Guidebook*, published by IWM
- *HMS Belfast Guidebook*, published by IWM
- *IWM Duxford Guidebook*, published by IWM
- *IWM North Guidebook*, published by IWM

3.6 Events

During 2010–2011, the Imperial War Museum offered a variety of events at each of the branches including conferences, open days, sleepovers and air shows.

Imperial War Museum London marked the *Museums at Night* campaign in May by organising an event linked with the *Horrible Histories™: Terrible Trenches* exhibition. During an evening session, participants aged between 8 and 12 years old were able to brush up their drawing skills with illustrator Martin Brown, as well as meeting characters from the First World War. This event, the first of its kind, was well publicised, including a good feature on BBC Radio 4. More than two hundred adults and children took part and it was very well received. Other events at the site included three wartime cookery demonstrations as part of the Company of Cooks' sponsorship of the *Ministry of Food* exhibition; a conference in conjunction with the Royal Holloway Holocaust Research Centre which focussed on a project run by Leeds University entitled *Concentrationary: Memories and the Politics of Representation*; and an art conference organised with the Polish Cultural Institute and Henry Moore Foundation, exploring the making, exploitation and re-appropriation of public memory around memorials, entitled *Politics of Memory* to which artists Antony Gormley, Miroslava Balka and Langlands and Bell contributed.

The Museum again took part in the Open House London event when the Dome and Board Room at Imperial War Museum London were open to the public – talks on the art collection and the history of the Museum and the building were enjoyed by 130 visitors over the course of the day.

Churchill War Rooms also took part in *Museums at Night*, hosting a sleepover event which was fully subscribed. The branch also marked the seventieth anniversary of Churchill's *Never in the Field of Human Conflict* speech on 20 August by a reading of extracts from the speech, by actor Robert Hardy, and a flypast by the Battle of Britain Memorial Flight. A full size replica Spitfire was mounted outside the site from 16 to 31 August. The event received extensive publicity and generated large crowds, gathered on Horse Guards to witness these activities. Other events included a new series of Churchill lectures which got underway in September with a talk by Professor Keith Jeffery on *Real Spies and Real Secrets*; and a forum on the subject of Leadership in the twentieth century was hosted in partnership with the Oxford University Saïd Business

School which was attended by 45 senior figures from commerce, culture, the media and church from England and France.

On HMS *Belfast*, visitors during the May half term week were entertained by volunteer members of the Wavy Navy Naval Re-enactment Group who focussed on the sixtieth anniversary of the Korean conflict. They provided a daily programme of drills and re-enactments which included gun drill and simulated firings of the P1 Four-Inch Gun Mount, a dramatic 'Damage Control' display, an 'Up Spirits' recreation of the Navy's daily rum ration issue and 'Captains Defaulters' which profiles how offences were managed under the Naval Discipline Act in an operational warship of the Korean War period. The Wavy Navy worked hard to personalise their routines to the Korean War with a direct connection made between the damage control simulated shell strike and the actual shell damage suffered by HMS *Belfast* on 29 July 1952, when the ship suffered her last battle casualties on active service.

The summer season at Imperial War Museum Duxford included the Spring Air Show, the Flying Legends Show and the Battle of Britain Air Show which marked the seventieth anniversary of the Battle of Britain and attracted record attendance – over the course of one weekend, the flying programme attracted 44,000 visitors. Other events held at Duxford over the year included the Classic Car Show, the Military Vehicle Show, and the Autumn Air Show.

Imperial War Museum North paid particular attention in December 2010 to the seventieth anniversary of the Blitz in Manchester. Events linked to this anniversary included showings of *Manchester Can Take It* which contains rarely seen footage depicting the effects of the Christmas blitz on Manchester City Centre, and a chance to meet *Horrible Histories* author Terry Deary at the signing of his new Blitz-themed children's novel. Deary's new children's novel, *Put Out The Light*, tells the tale of a child in Sheffield in 1940.

3.7 Awards

Churchill War Rooms received a Highly Commended Award in the Best Heritage Venue in the Rough Guide to Accessible Britain Awards 2010.

Imperial War Museum North received a Silver Award at the Enjoy England Awards for Excellence as one of the top four Large Visitor Attractions in the county. This is the third occasion in the last eight years that the branch has been in the final four of this national award and this year was placed above the Eden Project and the National Maritime Museum, who were also regional finalists.

3.8 Key Supporters in 2010–11

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

During the year, major support was received from:

29th May 1961 Charitable Trust
BAE Systems
Mr Trevor Beattie
Company of Cooks
DCMS/Wolfson Museums and Galleries Improvement Fund
Friends of Duxford
JISC Collections
Lord Ashcroft, KCMG
PZ Cussons Plc
Sir Stuart Rose
The Art Fund
The Conference on Jewish Material Claims Against Germany
The Eric Anker-Petersen Charity
The Friends of the Imperial War Museum
The Gerry Holdsworth Special Forces Charitable Trust
The Henry Moore Foundation
The Hobson Charity Limited
The Kirby Laing Foundation
The Michael Bishop Foundation
The Steinberg Family Charitable Trust
The Zochonis Charitable Trust

3.9 The Friends of the Imperial War Museum

The work of the Museum is supported by the Friends of the Imperial War Museum (registered charity no 294360), which was established in 1986 to advance the education of the public by rendering support to the Museum. The organisation has no legal link with the Trustees of the Museum. Amongst many other activities, the Friends provide guided tours for visitors. In 2010–11 membership decreased from 5,949 to 5,624. In November 2010 the Friends gave the Museum a grant of £40,000 which will be applied to a new entrance at HMS *Belfast*.

Imperial War Museum Duxford also receives valuable assistance from the Friends of Duxford. During 2010–11, the Friends of Duxford donated £130,000, of which £100,000 was specifically contributed to the project to develop the interpretation of the site, *Historic Duxford*.

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

In 2010, an independent fundraising body, the IWM Foundation, was established. This is a key mechanism supporting the major capital development campaign at IWM London, which will transform our flagship branch. The patron of the IWM Foundation is HRH Prince William The Duke of Cambridge. The Chairman is Lord Rothermere.

3.10 Corporate Responsibility

3.10.1 Inclusivity

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

3.10.2 Volunteers

The level of interest in volunteering to support the Museum remains high and volunteers continue to provide a significant, diverse and complementary contribution to our operation. During 2010–11, an average of 1,062 volunteers jointly contributed an estimated 20,183 days or 121,101 hours of effort on behalf of the Imperial War Museum. This is equivalent to over 74 full time posts and as such, the value of this contribution equates to over £2.2 million. The largest number of volunteer days given was again in conservation activity, with some 7,233 days contributed.

At our London Branches interest in volunteering has continued to rise, with some 541 enquiries handled during 2010–11. As a result of these enquiries some 52 longer term adult volunteers have been enrolled and some 24 shorter term adult student placements have been organised. In addition to recruiting volunteers for such established roles as photograph archive support, tour guiding and warship conservation, some wholly new volunteer roles have been developed within Collections (*Explore History*), at the Churchill War Rooms and on HMS *Belfast* (the cross branch Volunteer Interaction Team). Communications with London Branches Volunteers have been maintained via an email group and regular visits to volunteer work locations. The sense of belonging to a larger family has been further developed through volunteer social events including visits to the RAF Museum and the Tower of London, and the Annual Review and Social Evening on HMS *Belfast* in November.

Imperial War Museum Duxford currently has 550 active volunteers: 343 individuals volunteering for the Duxford Aviation Society and 207 on Imperial War Museum projects. During the year there has been a sharp rise in the number of enquiries for voluntary work and an increase in demand at Volunteer Welcome Days. During conversations with applicants it has become apparent that much of this is due to individuals being made redundant from their paid employment. The branch has continued to work with special needs volunteers who have come to the Museum via Cambridge Mental Health. The Volunteer Co-ordinator has been working closely with one individual, who has now been in position for over a year and has developed increasing levels of skill as a result. A series of social events have taken place, including tours, a carol concert and visits to Bassingbourn Tower Museum.

At Imperial War Museum North funding for the award winning In Touch partnership volunteer programme ended in June 2010. The team is working with The Manchester Museum to secure further funding to continue the successful programme for a further three years. Over 60 volunteers contribute to the operation of the branch, providing customer service on a daily basis, on average six volunteers per day. Close working with the Veterans North group has

continued and seven Veterans have been recruited to volunteer at the museum. Staff and volunteers are working closely with the veterans to record their testimony for inclusion on the Veteran North web page.

The UK National Inventory of War Memorials (UKNIWM) has 8 regular office volunteers, 133 volunteer fieldworkers and 76 remote data names input volunteers. UKNIWM continues to be popular for fieldwork volunteers throughout the UK as they can research the memorials in their local area whilst contributing to a national archive. Office volunteers have carried out a number of cataloguing projects including processing all information currently held on railway war memorials at the request of the Railway Heritage Trust as well as all records on Welsh war memorials for Cardiff University's *Welsh Voices* project. The memorials of various counties have been processed and updated as part of our cataloguing rotation and at the request of regional groups. One of our office volunteers has also completed the cataloguing of all war memorials in St Paul's Cathedral, London.

3.10.3 Local communities

The Museum has continued to build relationships with local communities, across its five branches. This has been achieved through learning projects, for example, *Street Genius* at Imperial War Museum London, and through volunteer programmes such as *In Touch* at Imperial War Museum North. The Museum's personnel team have worked with START, a workplace coordinating project for arts and culture based in Southwark for the past ten years. The scheme has supported the Museum in recruiting staff from local communities, although more recently, the Museum has focused on an internal first recruitment policy.

In terms of our economic impact, we have used the Association of Independent Museums toolkit to calculate the effect of visitors to our branches (segmenting local, day and overseas visitors and applying a spend per visitor type assumption). This calculation shows that the Museum's economic impact in terms of tourism is £85.2million per annum.

3.10.4 Environmental Sustainability

The Trustees of the Museum, the Director-General and the Senior Management Team are committed to reducing the impact of the organisation's operations on the environment and reducing its carbon footprint. With this in mind, a *Sustainable Development Policy* has been created which the Museum reviews on an annual basis. The Policy aims to improve the Museum's environmental performance by, amongst many other points, meeting all relevant current and foreseen statutory regulations and official codes of practice, using passive and low energy systems wherever practicable, and achieving the sustainable development targets set by Government policy.

The Museum actively seeks to conserve energy, water, paper and other resources - particularly those which are scarce or non renewable and reduces waste through re-use and recycling and by using reconditioned and recycled products and materials where such alternatives are available.

The Museum's policy is to use FSC certified paper, and where possible with at least 50 per cent recycled content. We actively avoid using materials and print techniques that cannot easily be recycled wherever possible. We currently print approximately 95 per cent of all print on FSC certified stock.

We favour suppliers who can demonstrate that they have achieved environmental accreditation and are taking steps to reduce their environmental impact, demonstrated through FSC certification, ISO 14001 accreditation and a strong environmental policy. We aim for continuous improvement through dialogue with suppliers, and monitoring new sustainable products as they become available.

We constantly review the amount we print and use forecasting to avoid wastage and reduce unnecessary production of materials. We also regularly question the use of print when an online alternative would be suitable. We are a member of the Publishers Green Network, a group of Publishers and Museums who meet to discuss issues of best practice in environmental production.

The Museum has continued to focus on reducing energy consumption across its estate. Having achieved significant reductions during 2009–10 (reducing energy consumption by 11 per cent year on year), the Museum has sought to build on this success. However, extreme weather conditions over the course of the year, combined with outdated plant and equipment, has meant that the a reduction in consumption of 1 per cent was achieved over 2010–11. The Museum launched a major staff communication initiative during the year to increase awareness of environmental policies and best practice to develop and promote environmentally sound practices. This campaign will be sustained over future months with a view to modifying behaviours and making sustainability a way of working life.

4. Plans for Future Periods

The Corporate Plan 2011–15 takes account of the need to modernise the infrastructure, programmes and products of the Museum. It reflects the challenges presented by the economic downturn and an increasingly competitive funding environment. During the plan period, the prioritisation of self-generated income will continue. Clear corporate and branch priorities have been set out in the business plan. The Museum's highest priority over the Plan period will be the development and delivery of *Regeneration: First World War Centenary Project*, the implementation of a masterplan that will transform our flagship branch through a phased programme of capital works.

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

4.1 Audience-centred

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

The exhibitions programme at Imperial War Museum London will include *Shaped by War: Photographs by Don McCullin, Torres 9/11 Photographs* and an exhibition on the *War Story* project. The programme at IWM North will feature *War Correspondent: Reporting Under Fire Since 1914, Protest* which is a photographic display and *Once Upon a Wartime* which transfers from IWM London. Community learning will continue to provide an important focus for activity at all of the branches. Informal and family learning will be delivered through events and activities.

At the Churchill War Rooms, a new front entrance has been designed and approved by the Board and, subject to planning approval, will give the museum a better street presence and improved signage. This will be combined with a review of visitor orientation on arrival, including ticketing, to ensure that a high standard of visitor experience is maintained. If approved externally, the project will be funded from restricted reserves set aside for the Churchill Museum with a view to completion in 2012.

At HMS *Belfast* higher visitor numbers will be supported through investment in the interpretation of the visitor route, improvements to the interpretation of the forward superstructure, the upgrade of the quarterdeck and a new building on the shore side. This will create a more effective entrance and retail and catering, aimed at improving the visitor experience.

4.2 Relevant

The Museum will implement the recommendations of the brand review to ensure that its key messages are effective. This work will underpin the development of coordinated marketing programmes across the branches.

At Imperial War Museum Duxford, two projects will be delivered to renew and reinvigorate the

site. The first, *Historic Duxford* will interpret the history of the airfield, the people who worked and lived on the site and its importance in terms of preservation. Fundraising for this project is nearing completion, with the aim of opening the new exhibition by the end of 2012. The second project will see the upgrade of the *American Air Museum*, subject to external funding. This will also be linked to a new website with expanded educational resources designed to keep American history in Britain alive, in particular for US students.

4.3 Continuously evolving

The highest corporate priority for the Museum is *Regeneration: First World War Centenary Project* which has been formulated to address strategic issues and redevelop our flagship branch – increasing and changing audiences, ageing galleries, visitor facilities which are at capacity, old and increasingly inefficient building infrastructure and the need to keep generating income. The approaching centenary of the First World War provides a target date for the first tranche of work. The Development Team will continue to build sponsorship income, raise funds from Trusts and Foundations and build partnerships to support these plans.

A corporate priority for the coming year is the launch of the new website. The new site will launch in September 2011. The new corporate website will include an online shop that supports, promotes and develops all areas of Museum activity; new content management systems to support web services; and better integrated digital systems and services. The website will ensure that the Museum has a leading online and digital position in the sector.

At Imperial War Museum North, exhibition, external and commercial (corporate hire) spaces are all undergoing review and development. This is chiefly in response to the development MediaCity UK on Salford Quays. The branch will maximise opportunities to expand, sustain and continue to build both its audiences and reputation. It means that development of both the Main Exhibition Space and the temporary exhibitions programme will need to be linked to understanding a new audience base.

4.4 High profile

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

The First World War Centenary Programme is already well underway and will be further developed over the course of the next few years in the lead up to 2014. There are already approximately 200 partner organisations and individuals from around the world who are involved in planning and linking events for the Centenary, with the Imperial War Museum coordinating communications and leading on ideas and the programme. The aim is to have thousands of organisations involved by 2014. This activity is linked to the redevelopment plans at Imperial War Museum London.

The Research Department has a programme of activity designed to enhance the Museum's reputation in academic circles, lead on research initiatives and ensure that staff subject expertise across the Museum is properly channelled and disseminated.

4.5 Efficient and effective

It is a constant aim of the Imperial War Museum to find ways of working that will improve the efficiency and effectiveness of all areas. FFF will continue, with the focus on reducing non core activity. A Business Development Plan will be created to consolidate activity within the Collections Commercial Unit in order to increase profit to the Museum (including digital online licensing and image sales).

Branches will seek to maximise corporate hospitality income and respond to shifting market demands. The Museum will continue to publish in-association titles and seek licensing deals. Retail performance will be bolstered by the ongoing development of the online shop and the expansion of retail space (specifically at Churchill War Rooms).

The priorities for Facilities Management are to continue planned and reactive maintenance programmes and to use development opportunities such as *Regeneration: First World War Centenary Project* implementation to tackle some of the serious shortcomings in infrastructure. Other priorities for the coming years include the overall reduction in energy consumption and effective support for project activity across the Museum including visitor welcome and sustainable collections activity.

5. Financial Review

The Imperial War Museum financial statements include the Grant-in-Aid received from Government, the consolidation of the commercial and learning activities performed by the Imperial War Museum Trading Company and funds raised and managed by the Imperial War Museum Development Trust. The Consolidated Statement of Financial Activities is to be found on page 48.

In summary the financial picture appears very positive. Net incoming resources, after depreciation but before revaluation changes, were £1.012million. This compares to a total of £1.09million in the previous year. The net unrestricted funds generated for the year have moved from a surplus of £2.6 million to £0.49million. This is due to significantly higher investment in building maintenance works during the year across all branches, up by 70 per cent year on year.

The net restricted funds generated have increased from a deficit of £1.5million to a positive figure, £0.52million. These funds comprise monies to support key areas of project activity, including *War Story*, development at Imperial War Museum Duxford and ongoing development of the newly opened Lord Ashcroft Gallery at Imperial War Museum London.

Self-generated income generation has achieved successful results in the face of challenging economic trading conditions. Income from admissions at the charging branches increased by 10 per cent year on year. Overall income from commercial activities increased in comparison to performance in 2009–10 by a margin of 7 per cent, reaching £8.72million. This financial year has seen turnover from retail above £4 million, exceeding the record level achieved last year. This figure represents just under half of the total trading company turnover.

The other significant influence on the financial performance has been the control of expenditure and the realisation of efficiency savings, in line with the Museum's *Fit for the Future* programme of business change. Staff costs (excluding early retirement and severance costs) have fallen by 3 per cent. Energy savings of 1 per cent have been achieved, sustaining and indeed, augmenting, the major successes achieved in 2009–10 when an 11 per cent reduction was achieved. In many areas expenditure has been frozen in cash terms or reduced.

Overall the level of funds carried forward at 31 March 2011 increased by £8.585million, in comparison to the decrease of £3.372million in the previous year. This significant increase is attributable to a higher valuation of fixed assets.

The Trustees continued to apply the approved investment policy during the year. The policy, amended by the Board in March 2011, states that the credit rating of the banks with which the Museum and its subsidiaries place funds must be at least a 'double A' rating, as assessed by the Standard and Poor's index. In addition, in order to spread risk as widely as possible, the Museum entities have a cap of £4 million or 25 per cent of the total Group funds available for investment at that date, whichever is the lower, with any one institution unless exceptional amounts of cash are being held. All investments were held in cash at 31 March 2011.

Reserves Policy

Objective

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

Contingency

The successful regime of expenditure controls and cash flow management will continue. Budget forecasts are subject to detailed review on a quarterly basis. Budget holders have real-time access to their budget information and commitments against these. They are required to complete a formal review on a monthly basis. Specifically, a third of the annual budget amount is withheld until the actual results of the first six months of activity are known. In addition, projects that are to be funded from externally raised income will not be started until such funding is secure.

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

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

Reserves

The reserves policy is an integral part of the strategic approach to financial management of the Museum. Given discussions with the Department for Culture, Media and Sport over access to reserves, it is impossible to state a specific policy at present. The ambition is that all unrestricted reserves, either held by the Museum Group or potentially accessible by it, will exceed £3 million by the completion of the first phases of the *Regeneration: First World War Centenary Project* project in 2014–15.

The unrestricted reserves during the period are wholly designated as funds for development of the Museum's estate and for the renewal of the permanent First and Second World War galleries at Imperial War Museum London.

Key Performance Indicators

In 2008, the Department for Culture, Media and Sport introduced a revised performance indicator framework, designed to facilitate consistent reporting of performance data. As part of the Imperial War Museum Funding Agreement 2008–11, a new set of twelve performance indicators was introduced. The results reported below compare performance during 2010–11 with that of 2009–10. Results are shown in '000s unless otherwise stated.

Performance Indicator ('000s)	2010–11	2009–10	Per cent (%) change
Access			
Number of visits to the Museum (excluding corporate hospitality guests and virtual visitors)	2,318	2,079	+11
Number of unique website visits	8,587	10,797	-20
Audience profile			
Number of children aged 15 and under visiting the Museum	456	600	-24
Number of visits by UK adult visitors aged 16 and over from NS-SEC groups 5-8	183	136	+34
Number of visits by UK adult visitors aged 16 and over from an ethnic minority background	75	27	+173
Number of visits by UK adult visitors aged 16 and over who consider themselves to have a limiting long-term illness	61	64	-5
Number of overseas visitors	784	730	+7
Learning and outreach			
Number of facilitated and self-directed visits to the museum by children under 16 in formal education	168	178	-6
Number of instances of children under 16 in on-site organised activities	91	124	-27
Number of instances of children under 16 participating in outreach activities outside the Museum	2	2	-35
Number of instances of adults aged 16 and over in organised activities at the Museum	143	165	-13
Number of instances of adults aged 16 and over in outreach activities outside the Museum	3	4	-11
% of visitors who would recommend a visit	99%	99%	-
Income generation			
Admissions income	£6,083	£5,552	+10
Trading income	£4,997	£4,217	+18
Fundraising income	£5,897	£6,701	-12
Regional engagement			
Number of UK loan venues (<i>exact number reported</i>)	90	92	-2

6. Structure, Governance and Management

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

The Museum's Senior Management Team (SMT) and an executive sub-group of senior managers, the Resource Team (RT), assist the Director-General in coordinating and formulating policy and monitoring progress on key plans. Both meet monthly. The Resource Team is chaired by the Director-General and comprises five corporate branch directors. The Resource Team is responsible for all project approvals and is the key decision-making body. The Senior Management Team is chaired on a rotating basis and comprises the five corporate branch directors (Director of Business and Governance – Jon Card, Director of Development and Marketing – Sue Coleman, Director of Learning and Interpretation – Samantha Heywood, Director of Corporate Services – Alan Stoneman and Director of Collections – Mark Whitmore) plus three local branch directors (Director of Duxford – Richard Ashton, Director of IWM North – Jim Forrester and Director of Churchill War Rooms and HMS *Belfast* – Phil Reed) and the Head of New Media. The Head of Strategy and Planning also attends the meetings in an observational capacity.

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

6.1 Corporate Governance

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

In light of *Regeneration: First World War Centenary Project*, the Board approved a governance structure to ensure that the project is effectively managed and delivered. As such, the Board retains overall responsibility for corporate governance and major decision points, but with the support of a Sub-Committee of trustees overseeing the Programme on behalf of the Trustees. The Audit Committee monitor the progress of the project with a particular focus on the strategic and operational risks identified in the project risk register. The executive programme board is made up of the Museum's Resource Team with project assurance provided by the Director of Imperial War Museum North.

6.2 Risk Management

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

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

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

6.3 Personnel Policies

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

At the end of March 2011, 1 per cent of staff considered themselves to have a limiting disability. With regard to diversity, 2 per cent of staff surveyed were Black or Minority Ethnic. The Museum workforce during 2010–11 was made up of (on average over the period) 54 per cent male and 46 per cent female employees. The Resource Team consists of three male directors and three female directors. The full Senior Management Team comprises six male Directors and three female Directors (inclusive of the Director-General).

The average number of staff sick days taken in 2010–11 was 7.9 days per member of staff, an increase of 11 per cent in comparison to 2009–10. The average number of sick days is equivalent to performance within the public sector where, according to the Chartered Institute of Personnel and Development's 2009 Absence Management Survey, the average was 9.7 days. If long-term sickness (21 days or more) is excluded, the Imperial War Museum average for 2010–11 falls to 4.8 days (marking a reduction of 2 per cent on the result in 2009–10).

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

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

6.4 Informing and Consulting Employees

Senior management communicates with staff through the preparation and circulation of an annually-updated and detailed corporate plan. As part of the business planning process, all senior staff and managers participated in a series of workshop sessions, providing an opportunity for questions and debate.

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

Following a detailed review of communication and consultation channels during 2009–10, further work to embed a new structure has been undertaken. Local communication groups, chaired by respective branch directors, meet on a regular basis. The Branch Staff Consultation Forums (BSCFs) are also attended by staff, union and personnel representatives. A monthly team brief system has continued, with briefing documents containing key information agreed at Senior Management Team meetings and distributed to all staff for use at team meetings. An internal web-based newsletter, *Radar*, is also produced in-house on a monthly basis.

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

6.5 Public Sector Payment Policy

The Museum has implemented the Confederation of British Industries' Prompt Payers Code. All suppliers are informed by standard letter of the Museum's payment procedure and the system for addressing complaints and disputes. The percentage of invoices paid promptly in 2010–11 was 79 per cent, maintaining the level achieved in 2009–10.

6.6 Personal data

There were no personal data related incidents to report for the period 2010–11.

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

7.1 Addresses

Imperial War Museum London

Lambeth Road
London
SE1 6HZ

Churchill War Rooms

Clive Steps
King Charles Street
London
SW1A 2AQ

IWM Duxford

Duxford
Cambridge
CB22 4QR

HMS Belfast

Morgan's Lane
Tooley Street
London
SE1 2JH

Imperial War Museum North

Trafford Wharf Road
Trafford Park
Manchester
M17 1TZ

Website

www.iwm.org.uk

7.2 Principal Advisers

Solicitors

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

Principal Bankers

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

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

7.3 Audit

Under statute, the Comptroller and Auditor General is the principal auditor of the Museum's consolidated accounts for the year ended 2010–11. The audit fee in respect of this work was £40,500.

Auditors

Consolidated Accounts

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

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

Imperial War Museum Trading Company Limited and Development Trust Auditors

Kingston Smith
Devonshire House
60 Goswell Road
London EC1M 7AD

Internal Audit

RSM Tenon
66 Chiltern Street
London
W1U 4JT

7.4 The Imperial War Museum Trading Company

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

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

The Directors of the Imperial War Museum Trading Company

Mr Tom Wright CBE (Chair)
Mr Keith Cameron
Mr Jon M Card ACA
Ms Diane Lees FMA FRSA
Mr Bill Woodrow RA (until 31 January 2011)
Lord Black of Brentwood
Ms Catharine Pusey (from 2 March 2011)

7.5 The Imperial War Museum Development Trust

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

The Trustees of the Imperial War Museum Development Trust

Air Chief Marshal Sir Peter Squire GCB DFC AFC DL DSc FRAes (Chairman)
Ms Diane Lees FMA FRSA (Director-General) ex officio
Lieutenant General Sir Christopher Wallace KBE DL (until 31 December 2010)
Mr Christopher Fisher (until 11 July 2010)
Sir Francis Richards KCMG CVO
Sir John Scarlett (from 2 March 2011)

7.6 Director-General and Accounting Officer

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

7.7 Delegation of Public Appointments

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

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

addition, the Director-General invites each new Trustee to the Museum for a personal introduction.

7.8 Members of the Board of Trustees

The Board of Trustees of the Imperial War Museum

President:

His Royal Highness The Duke of Kent KG GCMG GCVO

Chairman:

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

Deputy Chairman:

Sir Francis Richards KCMG CVO*

Board Members:

Lord Black of Brentwood

Mrs Ursula Brennan (until 1 October 2010)

Mr Jon Day (from 29 January 2011)

Mr Christopher Fisher* (until 11 July 2010)

Professor Sir Miles Irving DSc FRCS*

Lieutenant General Sir John Kiszely KCB MC*

Dame Judith Mayhew Jonas DBE*

Sir John Scarlett KCMG OBE

Admiral The Lord West of Spithead GCB DSC

Professor Hew Strachan

Mr Nick Williams

Mr Bill Woodrow RA (until 31 January 2011)

Mr Tom Wright CBE

Ms Bronwen Maddox* (from 27 September 2010, on the Audit Committee from 2 March 2011)

His Excellency Mr John Dauth LVO (Australian High Commissioner)

His Excellency Mr James Wright (Canadian High Commissioner)

His Excellency Mr Nalin Surie (Indian High Commissioner)

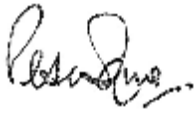
His Excellency Mr Derek Leask (New Zealand High Commissioner)

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

His Excellency Dr Zola Skweyiya (South African High Commissioner)

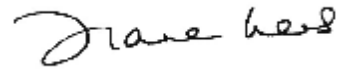
Vacant (Sri Lankan High Commissioner)

* *Members of the Trustees' Audit Committee*



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

Date 6 July 2011



Diane Lees FMA FRSA
Director-General and Accounting
Officer

8. Remuneration Report

8.1 Remuneration Committee and Policy

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

8.2 Salary and Pension Entitlements

The audited salary and pension entitlements of senior staff with corporate responsibilities as at 31 March 2011 were as follows:

	Diane Lees Director- General	J Card Director of Business and Governance	A Stoneman Director of Corporate Services
	£'000	£'000	£'000
Salary	125-130	85-90	80-85
Prior year comparative salaries	125-130	85-90	75-80
Bonus	Nil	Nil	Nil
Prior year comparative bonus	Nil	Nil	Nil
Benefits in kind	4.89*	0	0
Prior Year Benefits in kind	4.89*	0	0
Real increase in pension at age 60	0-2.5	0-2.5	2.5-5
Real increase in lump sum at age 60	0-2.5	0-2.5	7.5-10
Total accrued pension at age 60 at 31 March 2011	25-30	15-20	35-40
Lump sum at age 60	35-40	50-55	105-110
Cash Equivalent Transfer Value (CETV) at 31 March 2010**	349	294	509
Cash Equivalent Transfer Value at 31 March 2011	393	331	607
Employee contributions and transfers-in	2.5-5	0-2.5	0-2.5
Real increase in CETV as funded by employer	10	12	55

*The Director-General, Diane Lees, was appointed on 1st October 2008. As part of her role, she has use of a room for accommodation purposes within the Museum on a regular basis. The assessed benefit in kind reflects the frequency of use of this benefit, the value being based on comparable accommodation in

the vicinity. No other benefits in kind were made available to the Director-General or senior management in the year.

** The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008

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

The Chairman and Board of Trustees received no remuneration for their services during 2010–11. Travel and subsistence expenses paid to seven Trustees amounted to £10,697 (during 2009–10, £8,011 was paid to eight Trustees).

The Cash Equivalent Transfer Value (CETV)

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

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

The real increase in the value of the CETV

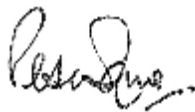
The last line in the table reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common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

8.3 Reporting of Civil Service and other compensation schemes – exit packages

(Comparative data is shown in brackets for previous years)

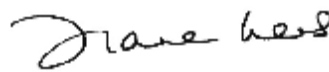
Exit Package Cost Band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	Nil (nil)	Nil (2)	Nil (2)
£10,000 - £25,000	Nil (nil)	Nil (5)	Nil (5)
£25,000 - £50,000	Nil (nil)	Nil (1)	Nil (1)
Total number of exit packages	Nil (nil)	Nil (8)	Nil (8)
Total resource cost / £	Nil (nil)	Nil (£123,546)	Nil (£123,546)

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by pension scheme and are not included in the table.



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

Date 6 July 2010



Diane Lees FMA FRSA
Director-General and Accounting
Officer

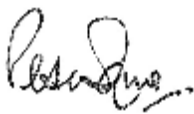
Statement of Trustees' and Director-General's Responsibilities

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

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

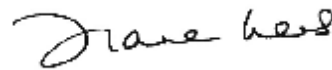
- 1 Observe the accounts direction issued by the Secretary of State (*) and the Financial Reporting Manual issued by HM Treasury;
- 2 Make judgements and estimates that are reasonable and prudent;
- 3 State whether applicable accounting standards and statements of recommended practice have been followed,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

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



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

Date 6 July 2011



Diane Lees FMA FRSA
Director-General and Accounting
Officer

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

Statement on Internal Control

Scope of responsibility

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

The Museum has a three-year Funding Agreement with its government sponsor body, the Department for Culture, Media and Sport, which includes key performance indicators demonstrating its contribution to the delivery of DCMS's departmental strategic objectives. Progress against Funding Agreement indicators is monitored on a regular basis.

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

The purpose of the system of internal control

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

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

The system of internal control has been in place in the Imperial War Museum for the year ended 31 March 2011, up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

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

Risk management overall is viewed as a dynamic process which actively seeks to incorporate good practice from within and external to the sector, is responsive and current, and quick, clear and easy to document and report. Suggestions for improvements from the Trustees' Audit Committee have been implemented.

The Risk and Control Framework

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

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

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

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

- Serious deterioration in financial resources. This risk was raised to a higher level during the year but has now been reduced with the approval of a four year Corporate Plan based on the outcome of the Comprehensive Spending Review. The uncertain economic climate coupled with the higher dependency on self-generated income remains a significant challenge.
- Audience stagnates or declines – visitor numbers have been buoyant in spite of the economic downturn. However, in the longer term, it has been recognised that the Museum must actively ensure that it remains relevant to new and changing audiences.

An Audience Development Plan has been established and a fully integrated forward public programme developed.

- Inefficient and outmoded infrastructure – the level of fixed costs is being reduced. Significant funding has been put into the building and ICT infrastructures over the last three years. Further investment is identified as a corporate priority in the forward Plan for both areas.
- Loss or damage to Collection and other assets – poor storage conditions and documentation backlogs increase the degree of exposure with regard to accountability in terms of collections objects. Should this risk be realised, the impact on the reputation and profile of the Museum would be significant. The implementation of a new collections management system, projects to improve collections storage, such as the very successful South East Block scheme, and estates master planning will mitigate this risk, together with the implementation of a revised acquisitions and disposal policy.
- Collection and scholarly expertise not developed – creative and dynamic research activity nourishes collections knowledge and programme development. Renewed emphasis has been placed on this activity through the implementation of a Research Strategy and the application for Independent Research Organisation status.
- Serious harm to people – the Health and Safety regime of the Museum is supported through ongoing training and the sharing of best practice. This area of operation is well managed, with clear policies and procedures in place.
- Staff motivation and productivity low – this would result in the Museum failing to meet stakeholder expectations, not meeting visitor or income targets and not delivering the organisational mission. The programme of change management, together with improved internal communication and a more integrated working approach, is providing focus and direction. During the year Managers have all attended coaching sessions to improve staff management. In addition many staff were involved both in the prelude to the detailed corporate planning and afterwards in an assessment of the process, content and communication methods.
- Breach of laws, regulations and standards – clear approval processes are operating and the detailed corporate planning process has built transparency into resource allocation. The implementation of an Information Security Policy is supported by ongoing training across the organisation. An annual check on records held is carried out.
- Significant business interruption – the impact of risks such as terrorist action are mitigated through clear business continuity and disaster recovery planning. Modernisation activity, including new fire and security systems, support this work.
- In addition, a further risk has been included relating to *Regeneration: First World War Centenary Project* reflecting the magnitude and impact of the project to the whole organisation.

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

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

Review of effectiveness

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

An outline of the specific work performed includes:

Internal Audit – the Museum has an Internal Audit Service, which operates within the government Internal Audit Standards. The Service submits regular reports and advice to the Accounting Officer.

During the year the Internal Audit Service was contracted out after a full market tender. The objective is to enhance the quality assurance and optimise value for money. The contract was awarded to RSM Tenon and began on 1 February 2011.

The work performed by the Internal Audit Service has necessarily concentrated on areas considered fundamental to informing the annual opinion. This has included reviews of key financial controls, branch healthchecks, Retail and Admissions cash handling and a review of the system of risk management. No significant issues have been raised. In addition there have been no reportable personal data losses during the year.

The annual report issued by RSM Tenon, the Museum's internal auditors, assessed governance and control arrangements as being a green rating. Risk management was assessed as amber, with a recommendation to develop a Risk Management Strategy. This strategy was developed and approved by the Audit Committee at their meeting in April 2011.

Audit Committee – the remit of the Audit Committee reflects HM Treasury and Cabinet Office guidance. The Committee has carried out a review of its own effectiveness relatively recently, informed by Internal Audit and in light of the revised HM Treasury Audit Committee Handbook, and has implemented improvements. The Committee's Terms of Reference were reviewed, revised and approved by the Board of Trustees in 2009.

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

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

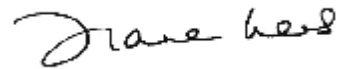
Serious internal control issues

The Museum has no serious internal control issues to report.



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

Date 6 July 2011



Diane Lees FMA FRSA
Director-General and Accounting
Officer

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

I certify that I have audited the financial statements of the Imperial War Museum for the year ended 31 March 2011 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, Accounting Officer and auditor

As explained more fully in the Statement of Trustees' and Director-General's Responsibilities, the Board of Trustees and Director as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

My responsibility is to audit, certify and report on the financial statements in accordance with the Museums and Galleries Act 1992. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Imperial War Museum's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the incoming and outgoing resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

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

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Imperial War Museum's and the group's affairs as at 31 March 2011 and of the incoming resources and application of resources of the group for the year then ended;
- the financial statements have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Museums and Galleries Act 1992; and
- the information given in the Introduction, Strategic Objectives, Plans for Future Periods, Financial Review; Structure, Governance and Management; and Reference and Administrative Details of the Charity, the Trustees and Advisers for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

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

Date 13 July 2011

IMPERIAL WAR MUSEUM ACCOUNT 2010/11

Consolidated Statement of Financial Activities for the Year ended 31 March 2011

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2011 £'000	Restated Total 2010 £'000
Incoming Resources					
<u>Incoming resources from generated funds</u>					
<u>Voluntary income</u>					
Grant-in-Aid	2a	20,399	3,511	23,910	24,163
External Funds	2b	514	4,809	5,323	5,440
Lottery Funding		-	163	163	820
Donated Objects and Services		-	411	411	441
		<u>20,913</u>	<u>8,894</u>	<u>29,807</u>	<u>30,864</u>
<u>Activities for generating funds</u>					
Income from Commercial activities	13	8,723	-	8,723	8,181
Fees		878	-	878	860
Royalties	13	675	-	675	761
Disposals of Assets		1	-	1	-
		<u>10,277</u>	<u>-</u>	<u>10,277</u>	<u>9,801</u>
Investment Income	3	<u>131</u>	<u>48</u>	<u>179</u>	<u>189</u>
		<u>31,321</u>	<u>8,942</u>	<u>40,263</u>	<u>40,855</u>
<u>Incoming resources from Charitable activities</u>					
Admissions		<u>6,083</u>		<u>6,083</u>	<u>5,552</u>
Total Incoming Resources		<u><u>37,404</u></u>	<u><u>8,942</u></u>	<u><u>46,346</u></u>	<u><u>46,407</u></u>
Resources Expended					
<u>Costs of generating funds</u>					
Fundraising and Publicity		2,105	332	2,437	2,189
Commercial Costs	13	5,053	388	5,441	5,507
		<u>7,158</u>	<u>720</u>	<u>7,878</u>	<u>7,696</u>
<u>Charitable Expenditure:</u>					
<u>Cost of activities in furtherance of the Charitable objectives</u>					
Education, Exhibitions & Visitor Services		13,678	2,338	16,016	16,686
Building Care and Preservation		9,247	4,640	13,887	12,901
Collections Management & Conservation		6,444	714	7,158	7,626
Purchases for the Collection		41	11	52	116
		<u>29,410</u>	<u>7,703</u>	<u>37,113</u>	<u>37,329</u>
Governance Costs		<u>343</u>	<u>-</u>	<u>343</u>	<u>296</u>
Total Resources Expended	5	<u><u>36,911</u></u>	<u><u>8,423</u></u>	<u><u>45,334</u></u>	<u><u>45,321</u></u>
Net incoming/(outgoing) resources before transfers		<u>493</u>	<u>519</u>	<u>1,012</u>	<u>1,086</u>
Gross Transfer between funds	19	(22)	22	-	-
Net Incoming/(outgoing) Resources	4	<u><u>471</u></u>	<u><u>541</u></u>	<u><u>1,012</u></u>	<u><u>1,086</u></u>
before recognised gains and losses					
Gains/(losses) on Revaluation of Fixed assets		455	7,448	7,903	(4,472)
Depreciation on Revaluation of Fixed Assets		(18)	(312)	(330)	14
	7	<u>437</u>	<u>7,136</u>	<u>7,573</u>	<u>(4,458)</u>
Net Movement in Funds		<u>908</u>	<u>7,677</u>	<u>8,585</u>	<u>(3,372)</u>
Reconciliation of funds					
Fund Balances brought forward at 1 April		35,000	150,895	185,895	189,267
Fund Balances Carried Forward	19	<u><u>35,908</u></u>	<u><u>158,572</u></u>	<u><u>194,480</u></u>	<u><u>185,895</u></u>
at 31 March					

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

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

The 2009-10 have been restated as the notional Cost of Capital £1,157 and the reversal of notional costs has been removed.

The notes on pages 50 to 69 form part of these accounts

IMPERIAL WAR MUSEUM ACCOUNT 2010/11

Consolidated and Museum Balance Sheets as at 31 March 2011

	Notes	Consolidated		Museum	
		2011 £'000	2010 £'000	2011 £'000	2010 £'000
Fixed Assets					
Tangible assets	7	187,022	178,735	186,778	178,489
Heritage Assets	8	3,655	3,325	3,655	3,325
Investments	13	-	-	2,600	2,600
		<u>190,677</u>	<u>182,060</u>	<u>193,033</u>	<u>184,414</u>
Current assets					
Stock	9	432	511	-	-
Debtors	10	2,089	2,000	2,657	1,749
Short Term Investments	11a	11,930	11,082	6,604	6,542
Cash at bank and in hand	11b	3,395	2,779	2,276	1,078
		<u>17,846</u>	<u>16,372</u>	<u>11,537</u>	<u>9,369</u>
Current Liabilities					
Creditors: amounts falling due within one year	12a	(6,284)	(4,535)	(5,853)	(4,167)
Net Current Assets		<u>11,562</u>	<u>11,837</u>	<u>5,684</u>	<u>5,202</u>
Total Assets Less Current Liabilities					
		202,239	193,897	198,717	189,616
Creditors: amounts falling due after more than one year	12b	(7,530)	(7,856)	(7,530)	(7,856)
Provisions for liabilities & charges	12d	(229)	(146)	(229)	(146)
		<u>(7,759)</u>	<u>(8,002)</u>	<u>(7,759)</u>	<u>(8,002)</u>
Net Assets		<u>194,480</u>	<u>185,895</u>	<u>190,958</u>	<u>181,614</u>
Represented by:					
Restricted Funds					
Restricted Funds	19	106,376	103,551	103,732	100,123
Restricted Funds Buildings Revaluation		<u>52,196</u>	<u>47,344</u>	<u>52,196</u>	<u>47,344</u>
		158,572	150,895	155,928	147,467
Unrestricted Funds:					
Designated Funds	19	15,988	15,077	15,882	14,970
Designated Funds Buildings Revaluation		<u>13,130</u>	<u>13,084</u>	<u>13,022</u>	<u>12,974</u>
		29,118	28,161	28,904	27,944
General Funds	19	<u>6,790</u>	<u>6,839</u>	<u>6,126</u>	<u>6,203</u>
Total Funds		<u>194,480</u>	<u>185,895</u>	<u>190,958</u>	<u>181,614</u>

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

Diane Lees FMA FRSA
Director-General and Accounting Officer

Date 6 July 2011

The notes on pages 50 to 69 form part of these accounts

Consolidated Cashflow Statement for the Year ended 31 March 2011

	Notes	2011 £'000	2010 £'000
Net cash inflow from operating activities	21a	10,060	7,190
Returns on investments and servicing of finance			
Interest received		179	189
Interest element of finance lease rental payments		<u>(426)</u>	<u>(430)</u>
		(247)	(241)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		<u>(8,062)</u>	<u>(5,061)</u>
		(8,062)	(5,061)
Cash inflow before financing and management of liquid resources		<u>1,751</u>	<u>1,888</u>
Financing and management of liquid resources			
Capital element of finance lease rental payments		(287)	(283)
(Increase)/decrease in short term deposits		(848)	976
Increase / (decrease) in cash in the year	21b	<u>616</u>	<u>2,581</u>

The notes on pages 50 to 69 form part of these accounts

Notes to the Financial Statements

I Accounting Policies & Cost of Capital prior year adjustment.

(a) Basis of accounting

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

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

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

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

(b) Funds

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

Restricted funds are funds subject to specific restrictions imposed by donors. Restricted funds and the purpose for which their income may be applied are detailed in note 19.

(c) Incoming resources

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

The following accounting policies are applied to Income:

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

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

National Lottery income

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

Donated objects and services

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

External funds

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

Investment Income

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

(d) Expenditure

Allocation of costs

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

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

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

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

Costs of generating funds

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

VAT

Irrecoverable VAT is charged as a cost to the SOFA.

(e) Heritage Assets*Purchased Heritage Assets*

All heritage assets that are purchased by the Museum above £2,000 are capitalised in the Balance Sheet. Heritage assets purchased by the Museum with a cost of under £2,000 are expensed on the SOFA.

Donated Heritage Assets

Donated heritage assets are valued by the Museum and, when regarded as having a market value of £10,000 or above are capitalised and recognised on the Balance Sheet at the valued amount.

Depreciation and Revaluation of Heritage Assets

Both purchased and donated heritage assets are not depreciated as they have indefinite lives.

Heritage assets are revalued when there is evidence of impairment.

Heritage Assets not on the Balance Sheet

Heritage assets that were acquired by the Museum before 2001 have not been capitalised on the Balance sheet as no valuations are available for these items. The Museum considers that the cost of obtaining valuation for the collection of assets held, which is the majority of the Museum's works of Art, objects and records, is significant, and is not commensurate with the benefit obtained by including additional capitalised value in the financial statements.

(f) Tangible Fixed Assets

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

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

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

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

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

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

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

Equipment

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

Permanent Exhibitions

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

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

(g) Stocks

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

(h) Leases

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

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

(i) Permanent Exhibitions

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

(j) Imperial War Museum Trading Company Limited

IWM Trading Company Limited is a wholly owned subsidiary of the Trustees of the Imperial War Museum. It commenced trading on 1 April 1999. The authorised share capital of the company is 3,500,000 shares of £1 each, of which 2,600,000 have been issued. Under gift aid agreement all taxable profits from IWM Trading Company Limited are paid to the Imperial War Museum. A summary of the income and expenditure account is provided in Note 13.

(k) 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 14.

(l) Foreign currencies

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

(m) 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.

(n) Financial Instruments

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

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

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

(o) Cash and liquid resources

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

(p) Cost of Capital prior year adjustments

In previous years, a charge reflecting the cost of capital utilised by the Museum has been included in the consolidated statement of financial activities. In line with the "Clear Line of Sight" project by HM Treasury, NDPB reporting of the cost of capital charge is no longer required. This is a change in accounting policy requiring a prior period adjustment and so the consolidated statement of financial activities has been restated. There is no impact on net assets or the balance sheet.

2a Grant in Aid

£23,910K of Grant in Aid (Department for Culture, Media and Sport RfR 1) has been received during the year (2009/10 £24,163K). This represents 53% of the annual resources expended in running the organisation. The balance of funding needs, including most capital improvements, is delivered from resources that are self-generated. £3,511K (2009/10 £4,200K) of the Grant in Aid was for refurbishment and renewals of buildings, plant and equipment and the digitisation programme.

IMPERIAL WAR MUSEUM ACCOUNT 2010/11

2b External Funds	2011 £000's	2010 £000's
Grants and Donations	5,204	5,322
Sponsorship	114	57
Legacies	5	61
	5,323	5,440

External funds of £5,323K relates to the Imperial War Museum (£4,446K) the Imperial War Museum Trading Company (£439K) and the Imperial War Museum Development Trust of (£438).

3 Investment income	2011 £000's	2010 £000's
Interest receivable	179	189
	179	189

The interest receivable is on cash and short term deposits.

Interest of £179K relates to the Imperial War Museum (£76K) the Imperial War Museum Trading Company (£9K) and the Imperial War Museum Development Trust (£94K).

4 Net incoming resources before transfers	2011 £000's	2010 £000's
is stated after charging:		
Auditors remuneration		
National Audit Office - Imperial War Museum consolidated accounts	41	41
National Audit Office - additional fee for prior year	-	6
Kingston Smith LLP - Imperial War Museum Development Trust	4	8
Kingston Smith LLP - Imperial War Museum Trading Company	11	13
Buzzacott LLP - additional fee for prior year	1	-
Other Services - Buzzacott LLP - Tax Advice in relation to Imperial War Museum Trading Company	2	1
Hire purchase on equipment	46	62
Operating leases - Equipment	136	142
Operating leases - Land and Buildings	290	296
Interest payable on finance lease	426	430
Depreciation of owned assets	7,064	6,425
Depreciation of assets held under finance leases	492	497
Provision for bad debts/(release of provision)	30	(3)

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

5 Total resources expended	Staff Costs £000's	Other Costs £000's	Depreciation £000's	2011 Total £000's	2010 £000's
Costs of generating funds					
Fundraising and Publicity	1,047	1,374	16	2,437	2,189
Commercial Costs	2,857	2,584	-	5,441	5,507
	3,904	3,958	16	7,878	7,696
Costs of activities in furtherance of the Museum's objectives					
Education, Exhibitions & Visitor Services	9,355	4,713	1,948	16,016	16,686
Building Management	479	8,090	5,318	13,887	12,901
Collections Management & Conservation	4,956	1,928	274	7,158	7,626
Purchases for the Collection	-	52	-	52	116
	14,790	14,783	7,540	37,113	37,329
Governance Costs*	198	145	-	343	296
Total Resources Expended	18,892	18,886	7,556	45,334	45,321

Resources Expended are shown after eliminations on consolidation of transactions between the Imperial War Museum, the Imperial War Museum Development Trust and Imperial War Museum Trading company of £7,220K (2010/11 £6,517K).

* Governance Costs	2011 £000's	2010 £000's
Internal audit*	84	83
External audit	57	69
Staff costs	140	96
Other strategic costs	62	48
	<u>343</u>	<u>296</u>

*The Internal audit function was outsourced to RSM Tenon in February 2011. £24,392 as the cost of this, is included in the Internal audit figure above.

5a Division of direct and indirect expenditure	Direct Costs £000's	Allocated Support Costs £000's	2011 Total £000's	2010 Total £000's
Costs of generating funds				
Fundraising and Publicity	2,298	139	2,437	2,189
Commercial Costs	5,441	-	5,441	5,507
	<u>7,739</u>	<u>139</u>	<u>7,878</u>	<u>7,696</u>
Charitable activities				
Education, Exhibitions & Visitor Services	12,143	3,873	16,016	16,686
Building Care and Preservation	13,485	402	13,887	12,901
Collections Management & Conservation	4,797	2,361	7,158	7,626
Purchases for the Collection	52	-	52	116
	<u>30,477</u>	<u>6,636</u>	<u>37,113</u>	<u>37,329</u>
Governance	204	139	343	296
<i>Total Resources Expended</i>	<u>38,420</u>	<u>6,914</u>	<u>45,334</u>	<u>45,321</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	IT & Communica- tion £000's	Subtotal 2011 £000's
Costs of generating funds					
Fundraising and Publicity	2	11	21	46	80
	<u>2</u>	<u>11</u>	<u>21</u>	<u>46</u>	<u>80</u>
Charitable activities					
Education, Exhibitions & Visitor Services	41	131	670	534	1,376
Building Care and Preservation	1	4	8	18	31
Collections Management & Conservation	15	61	116	426	618
Purchases for the Collection					-
	<u>57</u>	<u>196</u>	<u>794</u>	<u>978</u>	<u>2,025</u>
Governance		-	-	-	
	<u>59</u>	<u>207</u>	<u>815</u>	<u>1024</u>	<u>2,105</u>
Allocation of support (continued)					
		Facilities Management £000's	Depreciation £000's	Support salary costs £000's	Allocated support costs Total 2011 £000's
Costs of generating funds					
Fundraising and Publicity		23	16	20	139
		<u>23</u>	<u>16</u>	<u>20</u>	<u>139</u>
Charitable activities					
Education, Exhibitions & Visitor Services		298	186	2,013	3,873
Building Care and Preservation		9	6	356	402
Collections Management & Conservation		123	87	1,533	2,361
Purchases for the Collection					-
		<u>430</u>	<u>279</u>	<u>3,902</u>	<u>6,636</u>
Governance		-	-	139	139
		<u>453</u>	<u>295</u>	<u>4,061</u>	<u>6,914</u>

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

6 Staff Costs	2011 £000's	2010 £000's
Salaries and Wages	14,927	15,392
Temporary / Agency Staff	180	199
National Insurance	1,084	1,107
Superannuation	2,514	2,638
Early Retirement and Severance costs	60	134
Provision for early retirement and early exit	127	25
	18,892	19,495

Pensions

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

For 2010-11, employers' contributions of £2,511,337 were payable to the PCSPS (2009-10 £2,635,752) at one of four rates in the range 16.7 to 24.3 per cent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2010-11 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees may opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £2,505 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 £188 Contributions prepaid at that date were nil.

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

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

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 within the ranges below:

	2011 No	2010 No
£60,001 - £70,000	3	7
£70,001 - £80,000	2	3
£80,001 - £90,000	1	2
£90,001 - £100,000	2	1
£100,001 - £110,000	-	-
£110,001 - £120,000	-	-
£120,001 - £130,000	1	1

The number of staff paid above £60K (2009/10 nil) to whom retirement benefits are accruing under defined contribution schemes is nil and under defined benefit schemes is 8 (2009/10 14).

Please see the Remuneration report on page 35 of the Annual Report for more details of senior staff costs.

IMPERIAL WAR MUSEUM ACCOUNT 2010/11

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

					2011	2010
	Permanent Staff	Temporary Staff	Managerial Staff	Capitalised Staff Costs	Total No of staff	Total No of staff
Education, Exhibitions & Visitor Services	313	2	4	-	319	313
Building Management	10	2	-	-	12	10
Collections Management & Conservation	137	1	3	-	141	150
Trading / Commercial / Educational	60	1	-	-	61	89
Fundraising & Publicity	25	-	1	-	26	25
Management and administration of the Charity	2	-	-	-	2	2
	547	6	8	-	561	589

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

Trustees

The Chairman and Board of Trustees received no remuneration for their services during 2010/11. Travel and subsistence expenses paid to seven Trustees amounted to £10,697 (2009/10 £8,011 paid to eight Trustees).

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

Ex-gratia payments

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

7 Consolidated Tangible Fixed Assets

	Land Freehold and Leasehold £000's	Structure £000's	Plant & Machinery £000's	Fit-Out £000's	Assets Under Construction £000's
Cost/valuation at 1.4.10	20,836	100,012	35,725	15,237	2,367
Additions	-	6	1,293	1,493	2,036
Transfers between categories	-	-	564	293	(2,317)
Revaluation	1,728	5,746	(379)	967	-
Disposals	-	-	-	-	-
Value at 31.3.11	22,564	105,764	37,203	17,990	2,086
Depreciation at 1.4.10	-	3,612	3,315	1,695	-
Provided in year	-	2,041	1,777	969	-
Depreciation due to revaluation	-	298	(53)	136	-
Disposals	-	-	-	-	-
Depreciation at 31.3.11	-	5,951	5,039	2,800	-
Net Book Value at 31.3.11	22,564	99,813	32,164	15,190	2,086
Net Book Value at 1.4.10	20,836	96,400	32,410	13,542	2,367

Tangible Fixed Assets (continued)	Exhibitions £000's	Equipment £000's	Assets held under Finance	Total £000's
			Lease £000's	
Value at 1.4.10	23,922	5,462	9,437	212,998
Additions	3,033	421	-	8,282
Transfers between categories	1,460	-	-	-
Revaluation	-	-	(159)	7,903
Disposals	-	(157)	-	(157)
Value at 31.3.11	28,415	5,726	9,278	229,026
Depreciation at 1.4.10	18,614	4,210	2,817	34,263
Provided in year	1,552	725	492	7,556
Depreciation due to revaluation	-	-	(51)	330
Disposals	-	(145)	-	(145)
Depreciation at 31.3.11	20,166	4,790	3,258	42,004
Net Book Value at 31.3.11	8,249	936	6,020	187,022
Net Book Value at 1.4.10	5,308	1,252	6,620	178,735

Of the total Net Book Value of £187,022K, £186,778K relates to the Museum and the remainder, £244K, relates to the Development Trust.

On 12 October 2001 the Imperial War Museum entered into a finance lease for the current accommodation of the Churchill War Rooms, for additional space, and for refurbishment of the space. The landlord is EP3 Ltd. Rent is payable until 2030/31. Cost £6,313K.

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

In March 2009 the Imperial War Museum entered into a finance lease for the corporate fire and security project. The lease is with Lombard North Central. Rent is payable until 2014/15. Cost £626k, Accumulated Depreciation £268k, Net Book Value £358k.

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

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

Property	Title	Net Book Value at 31 March 2011 £000's	Basis of valuation
Lambeth Road, London SE1	Long leasehold	60,947	Depreciated replacement cost
All Saints Annexe, Austral Street, London SE11	Freehold	1,843	Existing use
Duxford Airfield, Cambridgeshire	Freehold	73,355	Depreciated replacement cost
Ickleton Film Store, Cambridgeshire	Leasehold	4,788	Depreciated replacement cost
IWM North, Manchester	Long Leasehold	26,742	Depreciated replacement cost

8a Heritage Assets	Acquisition at Historic costs £000's	Donated Assets at Valuation £000's	Total £000's
Cost/valuation at 1.4.10	2,899	426	3,325
Additions	130	200	330
Disposals	-	-	-
Value at 31.3.11	3,029	626	3,655

The Museum acquires donated objects by gift, bequest and from the translation of long term loans for the collections into permanent acquisitions. Objects wholly or partially donated to the Museum in 2010/11 were valued at £200k comprising assets and equipment capitalised in the Museum's Balance Sheet (2009/10 £79K).

No capitalised collection objects were disposed of during the year

8b Five year financial summary of Heritage Asset transactions

	2010-11 £000's	2009-10 £000's	2008-09 £000's	2007-08 £000's	2006-07 £000's
Additions					
Purchases	130	72	123	163	1,433
Donations	200	79	50	-	65
Total additions	330	151	173	163	1,498

8c The nature and scale of the Museum's heritage assets

The Imperial War Museum is the national museum of conflict involving British and Commonwealth forces from the First World War onwards. It illustrates and records all relevant aspects of modern war, and of the individual's experience of war and wartime life, whether allied or enemy, service or civilian, military or political, social or cultural. Its remit embraces the causes, conduct and consequences of conflict.

A remarkable feature of the Imperial War Museum collection is its breadth. The Collection includes extensive holdings of art and objects. The archival holdings of written, audio and visual records are major specialist resources which support internal and external research which has world-wide audiences. The collection as a whole allows the presentation and interpretation of its subject matter in its full historical context. In addition to British and Commonwealth material, there are extensive holdings relating to allied and enemy forces.

Collection description	Total size
Art: The Museum holds more works of modern British art than any museum other than the Tate. The core is paintings, prints and drawings commissioned or purchased during the First and Second World Wars, added to by the acquisition of both historical and contemporary works of art. The collection includes over 15,000 international posters and smaller numbers of sculptures, cartoons and camouflage designs.	76,352 items
Documents and Sound: The Museum is a major repository for the private papers of those involved in twentieth century warfare. The extensive series of foreign records from Germany, Japan and Italy during the Second World War were deposited in the Museum as captured enemy documents under the Public Records Act 1958. The archive of sound recordings includes interviews, speeches, poetry and sound effects totalling over 37,000 hours, and is now one of the largest in the world.	23,722 document collections 32,000 sound recordings
Exhibits: The range of three dimensional material is diverse, covering the full spectrum of objects associated with warfare. These include uniforms, medals, models, currency and a wide range of associated material. The Museum is the repository of the national collection of modern firearms. HMS Belfast is included as a Heritage Asset but subject to a conservation exercise.	144,509 items
Vehicles and Aircraft: The Museum's collection of vehicles and aircraft illustrates the impact of technology on the conduct of modern conflicts.	356 items
Film Archive: The Museum is believed to be the longest established national film archive, and now holds 20,000 hours of cine film, video tape and digital footage. The IWM is the official repository for relevant film under the terms of the Public Records Act 1958.	222,116 film collections
Photograph Archive: The Archive contains over 6 million photographs from official and private photographers. The IWM is the official repository for relevant photographs under the terms of the Public Records Act 1958.	14,815 photograph collections

Collection description	Total size
<p>Collections Access: The library holdings include at least 150,000 books as well as nationally-significant reference collections of pamphlets, periodicals, maps and technical drawings. [Note: this collection is pending review and may be categorised partly as reference material and partly as heritage assets in the future]</p>	<p>342,000 items</p>

Figures are accurate where each part of a collection has been inventoried and catalogued. Where documentation backlogs exist current estimates have been used.

8d Acquisitions and Disposals Policy

The Museum records and interprets all relevant aspects of modern war, and of the individual’s experience of war and wartime life, whether allied or enemy, service or civilian, military or political, social or cultural. In order to explain the causes of the First World War onwards, the Museum collects from 1900 to the present day. The Museum delivers its Mission through the acquisition, public access and interpretation of diverse holdings; art, material culture and artefact collection, archives of documents, film, video, photographs and sound records, and a library with reference materials and publications.

The Museum acquires objects and collections through donation and purchase and is the official repository for relevant film and photographs under the terms of the Public Records Act 1958.

The Imperial War Museum was granted the power to “exchange, sell, or otherwise dispose of any duplicate objects belonging to the Museum, and with the consent of the Treasury exchange, sell, or otherwise dispose of any objects belonging to the Museum which the Board consider unfit to be preserved or not to be required for the purposes thereof” by the Imperial War Museum Act (1920).

The Museum’s Acquisition and Disposal Policy is based upon the requirements of the MLA’s Accreditation Standard and complies with the Museums Association’s ethical guidelines.

The Board of Trustees will ensure that the disposal process is carried out openly and with transparency. By definition, the Museum has a long-term purpose and holds collections in trust for society in relation to its stated objectives. The Board of Trustees therefore accepts the principle that sound curatorial reasons for disposal must be established before consideration is given to the disposal of any items in the Museum’s collection.

The Museum will confirm that it is legally free to dispose of an item and agreements on disposal made with donors, depositors and transferors will be taken into account. When disposal of a Museum object is being considered, the Museum will establish if it was acquired with the aid of an external funding organisation. In such cases, any conditions attached to the original grant will be followed.

A decision to dispose of a specimen or object, whether by gift, exchange, sale or destruction, will be the responsibility of the Board of Trustees of the Museum acting on the advice of the Collections Review Committee and not of any Archivist, Collections Manager, Curator, or Librarian acting alone.

8e Collections management policies and procedures

The Museum delivers its Mission through the acquisition, public access and interpretation of diverse holdings; art, material culture and artefact collection, archives of documents, film, video, photographs and sound records, and a library with reference materials and publications. The Collection is defined as the total body of culturally significant items held by the Museum.

The Department of Collections Management was established as a corporate function in 2000. The Department is now actively responsible for policy, procedure, strategy and its implementation through training (ensuring competency in staff that undertake collection management tasks) and monitoring (ensuring that competency in all staff is maintained), of all museum staff and collection users.

Documentation

IWM is committed to the protection of vital records and information about the collections. Paper records are archived in line with the *Code of Practice on Archives for Museums and Galleries in the United Kingdom* (3rd ed., 2002). Electronic collection records and digital collections are maintained by IWM’s ICT department. All electronic data is replicated to a back-up server on a daily basis. In order to safeguard the Museum’s electronic collection information, the collection management system (Adlib) is backed up every two hours.

All policies and procedures relating to the management of collections information are fully compliant with the *Spectrum* standard for Collections Management. The Museum is committed to developing and maintaining a centralised and accessible collection management system in support of information retrieval. A software database, *Adlib*, is employed in this respect. A Digital Asset Management System (DAMS) is employed to consolidate and manage IWM’s digital assets within centralised storage. The DAMS is integrated with the Collection Management system, ensuring a consolidated and accessible collection information resource.

Access

The IWM is committed to the provision of access to physical collections and collections information to all potential users, and to balancing sustainable collection care with collection access and use.

Collection care

Collection care priorities are determined through a risk management approach and in accordance with corporate priorities: balancing programs for long-term care (as determined by collection surveys and risk analysis) with collection access and use (through exhibitions and loan programs and the overall public offer).

The Museum's approach to the management of its heritage assets is determined by its experienced and professional staff, guided by legislation, best practice and international conventions.

Legislation

Imperial War Museum Act, 1920
Imperial War Museum Act, 1955
Museums and Galleries Act, 1992
Public Records Act, 1958, amended 1967
Control of Substances Hazardous to Health Regulations, 2002
Copyright and Related Rights Regulations, 2003
Copyright, Designs and Patents Act, 1988
Ionising Radiation Regulations, Environment Agency, 1999
Human Tissue Act, 2004
Firearms Act, 1968
The Control of Asbestos Regulations, 2006
Misuse of Drugs Regulations, 2001
Manufacture and Storage of Explosives Act, 2005

International conventions

Convention for the Protection of Cultural Property in the Event of Armed Conflict, UNESCO, First Protocol 1954 and Second Protocol 1999
Convention for the Safeguarding of the Intangible Cultural Heritage, UNESCO, 2003
Convention on International Trade in Endangered Species of Wild Fauna and Flora, CITES, 1973

Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property, UNESCO, 1970
Convention on the Protection of the Underwater Cultural Heritage, UNESCO, 2001
UNIDROIT Convention on Stolen and Illegally Exported Cultural Objects, UNIDROIT, 1995

National standards and guidelines

SPECTRUM: The UK Museum Documentation Standard
PAS 197: Code of practice for cultural collections management
BS 5454: Recommendations for the storage and exhibition of archival documents
Museums, Libraries and Archives Council Accreditation Standard

The Museum's policies and procedures relating to acquisition, preservation, management and disposal

Acquisition and Disposal Policy (last approved March 2011)
Due Diligence Policy (last approved March 2011)
Collections Management Policy based upon PAS 197 (draft, to be approved by end 2011)
Entry Procedure (2010)
Location and Movement Procedure (2010)
Loans In Procedure (2010)
Loans Out Procedure (2010)
Loss Policy and Procedure (2008)
Exit Procedure (2010)
Procedure for the Operation and Use of Museum Objects (2010)
Policy for the display of Museum items (2010)

8f Obstacles to a meaningful valuation of the Collection

The Museum has calculated the cost of valuing the Collection in its entirety, using an item-level, research-based approach to determine current market values, at well over £5 million (equivalent to 247 person years at current costs). It has therefore determined that fully accurate values cannot be obtained for a reasonable cost.

Even a partial valuation project would be large in scope, ambitious in targets and costly in resource. For various reasons the provision of internal valuations is neither a simple nor a cost-effective solution.

Expertise The Museum employs specialist curators, archivists and librarians but they are neither trained nor experienced in providing valuations. Expertise is not available equally for all elements of the Collection; significant collections do not have specialist curators.

Logistics The Collection is displayed and stored across the Museum's five branches, adding travel time to valuations.

Market value	The Museum's Collection contains much that is unique and for which no market price could be ascertained. Market values, where ascertainable, are subject to trend, so that all First World War items (a significant subset of the Museum's holdings) are likely to appear at inflated prices in the few years preceding the centenary.
Ownership	Parts of the Collection within the Film and Photograph Archives, as well as Documents and Sound, are deposited under the Public Records Act and therefore not 'owned' by the Museum. The practicalities of valuing this material would need to be established.
Digital	The Collection includes a growing proportion of digital material (primarily film and photographs). The extent to which these would be classed as heritage assets, given the definition's inclusion of the term 'tangible', must be determined.

The employment of external valuers may cost more overall than the use of internal valuations, including both fees paid and staff time. Significant staff time would be required to create lists of objects, to provide direct access to them, and to draw together the various sources of information available. The number of experts required to value the breadth of Collection items would be high, requiring many separate contracts and arrangements.

The purely financial difficulties of obtaining fair valuations are not the only obstacle. The Museum has determined that public money is best spent and the needs of its visitors, commercial users, stakeholders and staff are best served by directing staff time towards the creation of an accountable and sustainable Collection. This involves the creation of inventory and catalogue records where these do not already exist. Whilst the Collection is not fully catalogued, attempts towards full valuation would be both partial and flawed. The Museum has embarked upon a Collections Review. The completion of this project will ensure that the collection is fully documented and its significance assessed. After this point, the Museum will be in a far more robust position to begin a valuation programme.

The net book value at 31 March 2011 represents fixed assets for:

8e Fixed and Heritage Assets	Charitable activities £000's	Other activities £000's	Total £000's
Land & Buildings	169,731	-	169,731
Exhibitions	8,249	-	8,249
Equipment	936	-	936
Assets under Construction	2,086	-	2,086
Acquisitions	3,655	-	3,655
Assets held under Finance Lease	6,020	-	6,020
Total	190,677	-	190,677

9 Stock

Stock consists of retail goods and Imperial War Museum Publications

10a Debtors	Group 2011 Total £000's	Group 2010 Total £000's	Museum 2011 Total £000's	Museum 2010 Total £000's
Amounts falling due within one year				
Trade debtors	499	490	56	33
Other debtors	248	228	202	137
Amount owed by Imperial War Museum Development Trust	-	-	643	136
Amount owed by Imperial War Museum Trading Company Ltd	-	-	473	126
VAT debtor	658	383	870	598
Prepayments and accrued Income	729	914	448	720
Provision for bad debts	(45)	(15)	(35)	(1)
Total Debtors falling due within one year	2,089	2,000	2,657	1,749

Group - Accrued Income comprise £111K from DCMS due to Education programmes .

Museum - Debtors falling due within one year - £643K due from the Imperial War Museum Development Trust, the majority of which relates to funding provided for: the PSRE project, £36K; the American Air Museum at Duxford, £309K; HMS Belfast, £86K and £39K for the Churchill War Rooms. The Trading Company is indebted to the Museum by £473K which relates to the balance of Gift Aid profit for the year and the outstanding amounts due for rent overheads and staff and other costs.

10b Intra-Government Debtor Balances	Group 2011 Total £000's	Group 2010 Total £000's	Museum 2011 Total £000's	Museum 2010 Total £000's
<i>Balances with other central government bodies</i>				
DCMS	111	255	-	153
Heritage Lottery Fund	-	22	-	22
HM Revenue & Customs	767	25	979	623
Scottish Arts Council	3	-	3	-
East of England Development Agency (EDDA)	18	27	18	27
Visit Britain	-	1	-	1
	899	330	1,000	826

11a Short Term Investments	Imperial War Museum Development Trust	Imperial War Museum Trust	IWM Trading Company Limited	2011 Total £000's	2010 Total £000's
Short Term Deposits	6,604	5,326	-	11,930	11,082
Total	6,604	5,326	-	11,930	11,082

11b Cash at Bank and in hand	Imperial War Museum Development Trust	Imperial War Museum Trust	IWM Trading Company Limited	2011 Total £000's	Restated 2010 Total £000's
Commercial bank balance and cash in hand	2,276	680	439	3,395	2,779
Total	2,276	680	439	3,395	2,779

12a Creditors	Group 2011 Total £000's	Group 2010 Total £000's	Museum 2011 Total £000's	Museum 2010 Total £000's
Amounts falling due within one year				
Trade Creditors	1,067	789	987	718
Other Creditors	697	629	609	620
Obligations under finance lease	292	287	292	287
Accruals and deferred income	4,228	2,830	3,965	2,542
Total creditors falling due within one year	6,284	4,535	5,853	4,167

12b Amounts falling due after more than one year				
Obligations under finance lease	6,577	6,868	6,577	6,868
Deferred Income - operating lease	953	988	953	988
Total creditors falling due after more than one year	7,530	7,856	7,530	7,856
Total creditors	13,814	12,391	13,383	12,023

	Group 2011 Total £000's	Group 2010 Total £000's	Museum 2011 Total £000's	Museum 2010 Total £000's
<i>Balances with other central government bodies</i>				
HM Revenue & Customs	586	603	586	603
	586	603	586	603

I2d Obligations under Finance Leases

At 31 March 2011 the Imperial War Museum had commitments under Finance leases as set out below:

	2011 Building £000's	2011 Exhibitions £000's	2011 Total £000's	2010 £000's
Finance lease obligations: Payments due				
Within one year	207	85	292	287
in the second to fifth year	711	528	1,239	1,375
in more than five years	-	5,338	5,338	5,493
	918	5,951	6,869	7,155

	Balance as at 01/04/2010 £000's	Additions in year £000's	Provision utilised £000's	Balance as at 31/03/2011 £000's
I2e Provisions for liabilities & charges				
Early Exit Scheme	-	116	-	116
Early retirement costs	146	11	(44)	113
	146	127	(44)	229
Amounts falling due within one year				153
Amounts falling due after more than one year				76
Total Provisions				229

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

13 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.

	2011 £000's	2010 £000's
Profit and Loss Account		
Turnover	8,749	8,242
Cost of Goods Sold	<u>(2,386)</u>	<u>(2,396)</u>
Gross Profit	6,363	5,846
Other Operating Income		
Fees Receivable	865	857
Royalties	675	761
External Funds	<u>1,772</u>	<u>1,710</u>
	9,675	9,174
Other Operating Charges	<u>(4,773)</u>	<u>(4,885)</u>
Indirect Costs	<u>(1,351)</u>	<u>(1,295)</u>
Operating Profit	3,551	2,994
Interest Payable	-	-
Interest Receivable	<u>9</u>	<u>7</u>
Profit	3,560	3,001
Amount paid to the Museum under Gift Aid	<u>(3,560)</u>	<u>(3,001)</u>
Profit on ordinary activities after Gift Aid	<u>-</u>	<u>-</u>

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

Turnover	8,749	8,242
Intercompany transactions	<u>(26)</u>	<u>(61)</u>
Trading Income per SOFA	8,723	8,181
Fees Receivable	<u>865</u>	<u>857</u>
Included in Fees income per SOFA	865	857
Royalties	<u>675</u>	<u>761</u>
Royalties per SOFA	675	761
External Funds	1,772	1,710
Intercompany transactions	<u>(1,333)</u>	<u>(1,410)</u>
Included in External Funds per SOFA	439	300
Cost of Goods Sold	2,386	2,396
Other Operating Charges	4,773	4,885
Intercompany transactions	<u>(32)</u>	<u>(32)</u>
Included in Commercial Costs (£5,441K), Education (£1,673K) and Governance (£13K) per SOFA	7,127	7,249
Indirect Costs	1,351	1,295
Intercompany transactions	<u>(1,351)</u>	<u>(1,295)</u>
	-	-
Interest Receivable	9	7
Intercompany transactions	<u>-</u>	<u>-</u>
Included in Investment Income per SOFA	9	7

	2011 £000's	2010 £000's
Balance Sheet		
Current Assets	1,637	1,309
Current Liabilities	<u>(1,028)</u>	<u>(700)</u>
Creditors: amounts falling due after more than one year	-	-
Net Assets	<u>609</u>	<u>609</u>
Called up share capital	2,600	2,600
Profit and loss account	<u>(1,991)</u>	<u>(1,991)</u>
Capital and Reserves	<u>609</u>	<u>609</u>

The future plans of the Company forecast longer term growth but with uncertainty in the immediate future due to external economic conditions
The Financial Statements of the Trading company have been prepared on a going concern basis.

14 IWM Development Trust

	2011 Unrestricted Funds £000's	2011 Restricted Funds £000's	2011 Total £000's	2010 Total £000's
Statement of Financial Activities				
<i>Incoming Resources</i>	67	478	545	880
<i>Resources Expended</i>				
Charitable Activities	(7)	(1,297)	(1,304)	(984)
Net movement in funds	60	(819)	(759)	(104)
Fund balances brought forward at 1 April 2010	2,910	3,362	6,272	6,376
Fund balances carried forward at 31 March 2011	2,970	2,543	5,513	6,272

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

<i>Incoming Resources</i>	545	880
<i>Intercompany transactions</i>	(13)	(13)
Included in External funds and Investment income	532	867
Charitable Activities	1,304	984
<i>Intercompany transactions</i>	(1,061)	(946)
Included in Resources Expended per SOFA	243	38

	2011 Unrestricted Funds £000's	2011 Restricted Funds £000's	2011 Total £000's	2010 Total £000's
Balance Sheet				
Fixed Assets	244		244	246
Current Assets	2,731	3,321	6,052	6,176
Current Liabilities	(5)	(778)	(783)	(150)
Net Assets	2,970	2,543	5,513	6,272
Funds	2,970	2,543	5,513	6,272

The Imperial War Museum does not recharge the Imperial War Museum Development Trust for any costs incurred.

15 Capital commitments

At the balance sheet date, outstanding capital commitments, authorised by the Board of Trustees but not yet contracted, amounted to some £2,778K (2009/10 £3,441K) which relates to the HMS Belfast entrance project £1,951k; Churchill War Rooms entrance project £727k and external lighting at IWM North £100k.

At the balance sheet date, outstanding capital commitments contracted but not provided, amounted to some £113K which relates to the All Saints lift £45k and the Big Picture Show at IWM North £68k.

16a Commitments Under Operating Leases

At 31 March 2011 the Imperial War Museum had annual commitments under non cancellable operating leases as set out below:

	2011 Land and other Buildings £000's	2010 Land and other Buildings £000's	2011 Equipment £000's	2010 Equipment £000's
Operating Leases which expire:				
Within one year	78	88	15	1
In the second to fifth years inclusive	-	14	82	136
Over five years	211	195	-	-
	<u>289</u>	<u>297</u>	<u>97</u>	<u>137</u>

16b Commitments Under Hire Agreements

At 31 March 2011 the Imperial War Museum had annual commitments under non cancellable hire agreements as set out below:

	2011 Equipment £000's	2010 Equipment £000's
Hire agreements which expire:		
Within one year	7	-
In the second to fifth years inclusive	30	60
Over five years	-	-
	<u>37</u>	<u>60</u>

17 Contingent Liabilities

There are no contingent liabilities

18 Post Balance Sheet Events

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

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

	At 01 April 2010 £000's	Income £000's	Expenditure £000's	Revaluations £000's	Transfers £000's	At 31 March 2011 £000's
19 Consolidated Statement of funds						
Unrestricted funds						
<i>Designated funds:</i>						
Buildings, Collections, Equipment & Exhibitions	15,077	2,075	(1,164)	-	-	15,988
Buildings Revaluations	13,084	-	(391)	437	-	13,130
Collections	-	41	(41)	-	-	-
Total designated funds	<u>28,161</u>	<u>2,116</u>	<u>(1,596)</u>	<u>437</u>	<u>-</u>	<u>29,118</u>
General funds	8,830	35,288	(35,315)	-	(22)	8,781
IWM Trading Company Reserve	(1,991)	-	-	-	-	(1,991)
	<u>6,839</u>	<u>35,288</u>	<u>(35,315)</u>	<u>-</u>	<u>(22)</u>	<u>6,790</u>
Total unrestricted funds	<u>35,000</u>	<u>37,404</u>	<u>(36,911)</u>	<u>437</u>	<u>(22)</u>	<u>35,908</u>
Restricted funds						
Buildings, Collections, Donated Objects	99,935	6,830	(3,728)	-	306	103,343
Buildings Revaluations	47,344	-	(2,284)	7,136	-	52,196
Tied Funds	251	1,634	(2,175)	-	777	487
Museum restricted funds	<u>147,530</u>	<u>8,464</u>	<u>(8,187)</u>	<u>7,136</u>	<u>1,083</u>	<u>156,026</u>
IWMMDT Redevelopment Appeal	760	20	-	-	-	780
IWMMDT Tied Donations	2,605	458	(236)	-	(1,061)	1,766
Total restricted funds	<u>150,895</u>	<u>8,942</u>	<u>(8,423)</u>	<u>7,136</u>	<u>22</u>	<u>158,572</u>
Total funds	<u>185,895</u>	<u>46,346</u>	<u>(45,334)</u>	<u>7,573</u>	<u>-</u>	<u>194,480</u>

IMPERIAL WAR MUSEUM ACCOUNT 2010/11

Funds of £1,061K have been transferred from the Imperial War Museum Development Trust Tied Donations to the Museum to fund related project expenditure, including £57K for the AirSpace project at Duxford; £308K for the American Air Museum in Britain operational costs at Duxford; £268K for the Churchill War Rooms; £84K for Holocaust Education; £128k for HMS Belfast projects and £52k for the Public Sector Research Exploitation funded project.

The deficit on the IWM Trading Company reflects a prior year advance payment of the profit payment under Gift Aid due to the Imperial War Museum (see note 13).

Funds of £22K have been transferred from Unrestricted funds to Restricted funds to cover eliminations on consolidation of transactions

The Unrestricted Buildings, Collections, Equipment and Exhibitions fund £15,988K, Buildings revaluation £13,130K and the Restricted Buildings, Collections, Donated objects, Equipment and Exhibitions fund £103,343K, Buildings revaluation £52,196K, represent the Net Book Value of the Tangible Fixed Assets and Heritage Assets less the Assets held under Finance leases £184,657K.

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 Churchill War Rooms expansion project, and 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 War Rooms and the Holocaust exhibition at IWM London.

	Unrestricted funds £000's	Restricted funds £000's	Total 2011 £000's
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20 Analysis of group net assets between funds

Fund balances at 31 March 2011 are represented by:

Tangible Fixed Assets	35,138	155,539	190,677
Net Current Assets	7,576	3,986	11,562
Long Term Creditors	(6,806)	(953)	(7,759)
Total net assets	35,908	158,572	194,480

21 Cash flow information

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

	2011 £000's	2010 £'000
Net incoming resources before revaluations	1,012	1,086
Investment Income	(179)	(189)
Interest element of finance lease rental payments	426	430
Loss on disposal of Tangible fixed assets	12	149
Depreciation charge for the year	7,556	6,922
Decrease in stocks	79	58
(Increase)/Decrease in debtors	(89)	217
Increase/(Decrease) in creditors	1,243	(1,483)
Net cash inflow from operating activities	10,060	7,190

(b) Analysis of Cash Flows

Increase/(decrease) in cash in the period	616	2,581
(Decrease)/Increase in liquid resources in the period	848	(976)
Cash flow arising from decrease/(increase) in finance lease	287	283
Movement in net debt in the period	1,751	1,888
Net funds at 1 April	6,706	4,818
Net funds at 31 March	8,457	6,706

(c) Changes in net debt/funds

	1-April 2010 £000's	Cash flow £000's	31-March 2011 £000's
Cash at bank and in hand	2,779	616	3,395
Liquid resources - Short Term Deposits	11,082	848	11,930
Finance Lease	(7,155)	287	(6,868)
Net funds	6,706	1,751	8,457

22 The role of financial instruments

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

The following disclosures relate to the whole group.

Credit, liquidity or market Risk

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

The Museum is exposed to credit risk of £499K of trade debtors - however this risk is not considered significant as major customers are familiar to the Museum. Bad and doubtful debts are provided for on an individual basis.

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

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

Interest Rate Risk

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

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

Interest Rate Profile	Fixed rate financial assets £000	interest bearing financial assets £000	Weighted average interest rate	Weighted average period for which rate is fixed
As 31 March 2011				
Sterling	15,292	33	1.15	181 Days
	15,292	33		
As 31 March 2010				
Sterling	13,828	33	1.55	190 Days
	13,828	33		

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

Foreign Currency Risk

The Museum's exposure to foreign currency risk is not significant. The IWM Development Trust has cash on deposit in US Dollars at 31 March 2011 of \$514k.

23 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) 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	Amount Sold	Donations/ Grants Received	Year end balance Debtor / (Creditor)
	£'000	£'000	£'000	£'000
American Air Museum in Britain (AAMiB).	-	-	266	266
Airborne Forces Museum	-	34	-	-
Battle of Britain Fighter Association	2	-	-	-
The Churchill Centre	-	-	35	35
Duxford Aviation Society/Friends of Duxford	-	-	130	-
The Friends of the Imperial War Museum (FIWM)	-	-	40	-
Gerry Holdsworth Special Forces Charitable Trust	-	-	12	-
HSBC	124	5	-	-
Imperial War Museum Foundation	-	10	-	3
RAF Charitable Trust Enterprises	-	2	-	-
Royal British Legion	-	4	-	-
Times Newspapers Holdings PLC	-	1	-	-

The nature of these related parties is as follows:

Diane Lees, the Director-General is also a member of The Council of The Friends of the Imperial War Museum (FIWM). During the year the FIWM made a donation towards the HMS Belfast front entrance.

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

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

The Director-General Diane Lees is a trustee of the Gerry Holdsworth Special Forces Charitable Trust. The sister of a trustee of the Imperial War Museum, Sir Frances Richards, is also a trustee of the Gerry Holdsworth Special Forces Charitable Trust. During the year the Holdsworth Trust made a grant of £12.3K to the Imperial War Museum.

Air Chief Marshal Sir Peter Squire is the Vice President of the RAF Charitable Trust. During the year the Imperial War Museum made mail order retail sales to RAF Charitable Trust Enterprises totalling £1,674.

Air Chief Marshal Sir Peter Squire is also the Vice President at the Battle of Britain Fighter Association. In July 2010 an invoice was received from them in relation to the Battle of Britain Veterans Day - Imperial War Museum Duxford 15/5/10. £1,502 was paid to Battle of Britain Fighter Association for RAF Club accommodation, TST Transport and a veterans mileage allowance.

Lieutenant General Sir John Kizely is the National President of the Royal British Legion. During the year the Imperial War museum made sales totalling £3,900 to the Royal British Legion. Services sold include venue hire, air show trade space and curator talks.

Lord West is an International Business Advisor to HSBC. Totals sales of £4,764 were made to HSBC for Imperial War Museum North venue hire in May and October 2010. In addition, insurance premiums of £117,075 for Aviation Premises Legal Liability Insurance and £6,825 for General Aviation Liability Insurance were paid to HSBC during the year, and various suppliers factor their payments to the Imperial War Museum through HSBC Invoice Finance UK.

Sir John Scarlett holds a position of Director at Times Newspapers Holdings PLC where Ms Bronwen Maddox is a columnist for The Times. In June 2010, Financial Times Ltd hired the boardroom at Imperial War Museum London at a cost of £1,130.

24 Losses, Special payments and Gifts.

Costs falling into the category of losses, special payments and gifts were below the level currently £100,000 at which they need to be reported separately.



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