



Annual Report and Account 2013–2014

IMPERIAL WAR MUSEUMS ANNUAL REPORT AND ACCOUNT 2013–2014

VISIT US AT:
IWM LONDON
IWM NORTH
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CHURCHILL WAR ROOMS
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Imperial War Museum

Annual Report and Account 2013–2014

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1. Introduction

Who we are

IWM is a global authority on conflict and its impact, from the First World War to the present day, in Britain, its former Empire and Commonwealth.

What we do

We record and showcase people's experiences of modern conflict. Some of those experiences paint a picture of everyday life in wartime; others give us a glimpse of something exceptional. All of them help us to explore the causes of war and its impact on people's lives. We draw on the experiences of people from all walks of life and try to reflect the total nature of war.

How we do it

We try to tell every story in as vivid a way as possible, creating powerful physical experiences that engage visitors of all ages with the issues of war and conflict. Our collections are unique and constantly evolving and we try to exhibit them in as relevant a way as possible to contemporary audiences.

Where we do it

IWM engages audiences from across the world both physically and virtually, through our website at iwm.org.uk, through our digital channels and innovation in digital resources, and across our five branches: IWM London, IWM North, IWM Duxford, Churchill War Rooms and HMS *Belfast*.

What we are trying to achieve

Our vision is to be a leader in developing and communicating a deeper understanding of the causes, course and consequences of war.

What we stand for

As an organisation we are guided by four important values. We aim to be:

- **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 makes us the first port 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

2. Strategic objectives

The strategic objectives of IWM are to be, by 2020:

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

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, and our work will continue to be shaped by our long-term programme of change, *Fit for the Future*.

3. Achievements and performance

3.1 Audience-centred

Our audiences

During the past year we have welcomed over 1.8 million visitors to our branches. IWM London has remained partially closed over this period as major redevelopment work has progressed in preparation for the launch of our new First World War Galleries and transformed building on 19 July 2014.

We have experienced an immensely successful year despite the temporary closure of our flagship branch. Exceptional visitor number performance at Churchill War Rooms and HMS *Belfast* has seen footfall at both branches grow by a third, as London has benefitted from a strong 'post-Olympics visitor bounce'. This remarkable achievement, along with healthy visitor numbers at IWM Duxford and IWM North, has contributed to an overall increase of 13 per cent on our annual visitor number target.

Our visitor satisfaction levels have remained exceptionally high, with the proportion of visitors likely to recommend a visit at 98 per cent. A high proportion of overseas visitors to our branches (40 per cent), demonstrates the significant contribution that we make to the economy through tourism. We have calculated that our corporate economic impact in terms of tourism was £81 million in 2013–14¹. The model has also been used to calculate the projected impact of an increase in visitor numbers once IWM London re-opens in July 2014, increasing to £106 million in 2014–15 and £124 million in the year thereafter.

Online visitor numbers continue to grow as we make more of our collections and content available through our website. More than 4.1 million people visited our website this past year – a 17 per cent increase on the year before. The wider range of online content and services available on our website means that visitors are staying on our website for longer and engaging with our collections more meaningfully.

Our social media audiences have increased by more than 300 per cent since last year. We saw a peak of growth of Twitter followers in August 2013 at the time of the ninety-ninth anniversary of the First World War and in the build-up to the centenary of the First World War. This was followed by a second peak in growth in March 2014 in response to our First World War programming and the lead-up to the opening of the *From Street to Trench* exhibition at IWM North. In January 2014 our First World War Centenary Facebook page saw a surge in growth and engagement as the centenary year began and many members of the Centenary Partnership were encouraged to support us on social media. IWM Duxford's Facebook fanbase continues to be the most highly engaged, particularly through the summer air show season.

¹ In terms of our economic impact, we use 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). The 2013–14 figure is lower as a result of the impact of the temporary closure of IWM London.

IWM corporate performance indicators '000s	2013–14 actual	2012–13 actual	Per cent change year on year	2013–14 target	Per cent target achieved
Total number of visits to IWM (excluding corporate hospitality guests)	1,876*	1,990	-6%	1,656	113%
Total number of website visits	4,167	3,576**	17%	5,400***	77%

* In 2013–14 IWM London was temporarily closed over a seven month period whilst major redevelopment works were underway (open partially to the public from 29 July 2013 until 6 January 2014). The previous year (2012–13) HMS Belfast was temporarily closed to the public until 18 May 2012 and IWM London was closed over the fourth quarter (from 2 January to 29 July 2013). This accounts for the year-on-year variance in visitor numbers.

** This figure has been restated, as the figure reported last year included IWM traffic to our website. The 2013–14 and 2012–13 figures presented now exclude all IWM traffic to our website

*** The target for website visits was based on the inclusion of IWM internal traffic

Public programme

In January 2013, IWM London closed to the public for a seven month period as major redevelopment works got underway. The branch partially reopened on 29 July 2013 with an exciting programme that included the family-friendly exhibition *Horrible Histories®: Spies, IWM Contemporary: Omer Fast* (featuring the London premiere of the artist's film *5,000 Feet is the Best*) and *Architecture of War*, which examined artists' responses to the impact of warfare on landscape and environments.

In October 2013 the photographic exhibition, *IWM Contemporary: Mike Moore and Lee Craker* examined the impact of war on the Iraqi people and the American and British troops who served there. The exhibition, *Donovan Wylie: Vision as Power* saw the culmination of our five year collaboration with the artist. The display brought together five separate projects reflecting Donovan Wylie's enduring interest in the concept of vision as power. In January 2014 IWM London closed to the public again, to prepare for the opening of the redeveloped site and new First World War Galleries in the summer.

IWM North marked the tenth anniversary of the 2003 Iraq War with the opening of the powerful display, *Iraq: Photographs by Sean Smith* on 9 March 2013. The exhibition, *Lives: Frontline Medicine in a Century of Conflict* explored the unique relationship between war and medicine. A new Big Picture Show, *Horrible Histories®: Rotten Rationing* launched in May 2013, supported by popular family activities such as workshops with *Horrible Histories®* illustrator Martin Brown. In October 2013, the exhibition *Catalyst: Contemporary Art and War* opened. This major exhibition of IWM's collection of contemporary art produced since the First Gulf War, generated record press coverage and contributed to a significant increase in visitors to the branch. Our current display on *Syria: Humanity in Conflict* provides insights into the work of Syrian Arab Red Crescent volunteers in the current conflict and humanitarian crisis, as depicted by award winning Italian-Syrian photographer, Ibrahim Malla.

At IWM Duxford the photographic display *Somewhere in England: Portraits of the Americans in Britain 1942 to 1945* featured a selection of striking images from the Roger Freeman Collection. This collection of images will feature heavily in the new American Air Museum website which launches in 2014 as part of the American Air Museum redevelopment project. Our successful 2013 Air Show season attracted over 80,000 visitors in total. A highlight was the 'Remembering the Mighty Eighth' Air Show in May 2013, which included a memorable world-exclusive fly past of the Red Arrows, a Mustang, two Spitfires and a Hurricane.

The Churchill War Rooms presented a sell-out series of Churchill Lectures, featuring speakers such as Professor Richard Toye on the subject of Churchill's speeches in wartime Britain and *Daily Telegraph* Defence and Security Editor and best-selling author, Con Coughlin on his book *Churchill's First War*. A series of Secrets and Spies themed events over the autumn proved immensely popular, with a late night event attracting a new, younger audience to the branch. This was complemented by a series of lectures, including Simon Pearson (Chief Night Editor of *The Times*) speaking about his new book *The Great Escaper* on Roger Bushell, the character immortalised in the film *The Great Escape*, author Clare Mulley on the subject of her latest book, *The Spy who Loved*, and a talk by Dame Stella Rimington (the former Director-General of MI5) on her experiences in MI5. A Valentine's Ball in February 2014 concluded a vibrant programme that has helped the Churchill War Rooms establish itself as an exciting evening destination.

Our programme to upgrade the visitor experience on board HMS *Belfast* continues with the re-interpretation of one of the most impressive and enthralling areas on the ship, the Engine Room. This project has delivered a new lighting design and animated mechanics, which give the space the feel of a working engine room, while new interpretation panels bring the history of the ship to life. A new virtual tour of HMS *Belfast* was installed in the Life at Sea gallery, widening access to all areas of the ship. Over the summer, HMS *Belfast* took part in the Thames Festival Opera, firing her guns as part of a musical installation on the river. We hosted our annual Remembrance Service in November 2013. This year, the ceremony was recorded by Giles Edwards from Radio 4 as part of an ongoing 15-part series about the history of the Royal Navy. The ship played a pivotal role in a First World War commemoration event on Friday 29 November 2013, led by the Guards Museum. The occasion marked the arrival of 70 bags of sacred soil from Flanders Fields battlefield on board HMS *Belfast* before their journey to a new First World War memorial garden at Wellington Barracks.

3.2 Relevant

Learning

Learning is at the heart of everything that IWM does. It is central to our vision to enrich people's understanding of the causes, course and consequences of war and conflict. Over the past year, 433,000 learners² participated in learning activities across our branches.

² Total child and adult learners combined

Learning projects

Engagement with local communities encourages visitation from our immediate audiences and allows for the incorporation of local feedback in our public programming. Our Heritage Lottery Fund (HLF) supported community learning projects at IWM London (New Perspectives on the First World War, IWM Youth Advisers and Young Reporters) are closely linked to our First World War Centenary programme and the Transforming IWM London project.

New Perspectives on the First World War is a series of projects where young people from four different London schools have investigated lesser-known aspects of the First World War. The programme seeks to complement topics already covered in school, to provide a broader perspective of the First World War and encourage students to share their new perspectives about our collections. Students have explored our archives and worked with our curators on projects that have looked at the War in Africa, Turkey and Gallipoli and the role of the Indian Army in the First World War. In August 2013, 31 young people participated in two summer school programmes which focussed on the themes of the physical and psychological impact of the First World War. Their work culminated in the production of six extraordinary animated films created in collaboration with a film production company. Some of the new content created will feature in our new First World War Galleries at IWM London.

Over the past year our Youth Advisers have worked with departments and staff across the organisation, learning new skills and finding out more about the various professions and disciplines at IWM. We in turn have benefitted enormously from the contribution of our young stakeholders, by learning from their fresh ideas and viewpoints. The Youth Advisers have played an invaluable role in the creation of our new First World War Galleries. They have met with our curatorial team, giving their feedback on the text panels and ideas for interactive displays. Under the guidance of curators, they have worked on the family captions which will form the basis of a trail for young people in our new First World War Galleries. The Youth Advisers have also been working as youth consultants on the 14–18 Now project³ on strategies for making the projects aimed at young people more appealing.

As part of Kids in Museums Takeover Day in November 2013, we ran a varied programme that included the opportunity to take over IWM's social media accounts, be Director-General for the day and work on creating family captions and evaluating audio visual prototypes for our new First World War Galleries. The Youth Advisers who took over the Director-General's office represented Di Lees at a planning meeting for the launch of IWM London this summer and met with Ed Vaizey (Minister for Culture, Communications and Creative Industries in the Department for Culture, Media and Sport) and Dea Birkett (Director of Kids in Museums) to discuss the role of youth engagement in museums. Their recommendations for increasing youth engagement at IWM were considered by our Senior Management Team at their meeting in December 2013. Our Youth Advisers will be interacting with members of the press and our VIP guests at IWM London launch events in July and will continue to play a central role in the development of our public offer. Information about the work and experiences of our Youth Advisers can be found on our Transforming IWM London blog.

³ 14–18 Now is a major cultural programme taking place across the UK to mark the centenary of the First World War.

Young Reporters are pupils from local primary schools involved in recording the transformation of IWM London. Over the course of the year our Young Reporters have worked with radio students at Lambeth College to produce podcasts of their experiences of interviewing museum staff about the Transforming IWM London project (available on our website). They have participated in conservation-themed workshops and learnt more about the key objects used in the family captions of the new First World War Galleries, working with a film production company to animate these and create a family caption trail.

Mobile learning stations have been developed for the newly configured atrium at IWM London, thanks to generous support from the Clore Duffield Foundation. These stations will be the focal point for our on-gallery programme when the branch reopens to the public in summer 2014, with a combination of object handling and art activities available for family audiences visiting on weekends and during school holidays.

At IWM North, the HLF-funded project, Finding our First World War, uses our collections to enrich teaching and learning about the First World War, focussing on stories with a local and personal relevance. We have developed the project in close consultation with teachers and young people, working with a local secondary school to co-create content for our major First World War exhibition, *From Street to Trench*. Drama practitioners have worked with four local schools to create new dramas in response to the exhibition, performed at the launch of *From Street to Trench* in April 2014. The project continues to provide teacher CPD (Continuing Professional Development) and training sessions and will create a legacy of new resources and co-curated interpretation on the subject of the First World War.

Poets of Loss is a Theatre-for-Social-Change project funded by Arts Council England. The project, which commenced this year, aims to engage socially and economically isolated people affected by conflict, with IWM North. Through a series of workshops, the project will enable participants to take part in high quality participatory theatre processes, leading to the creation of a powerful public performance at IWM North in 2014. We aim to produce an exemplary piece of new theatre that will add to the visitor experience at IWM North and give voice to the experiences of socially and economically isolated people affected by conflict.

SHARE East of England awarded IWM Duxford a small grant to conduct an audience development project for the region. We have worked closely with secondary heads of history on their engagement with museums and continue to implement our findings in our learning offer. A new STEM (Science, Technology, Engineering and Maths) Learning Officer was appointed to develop a new programme based on our collections at IWM Duxford.

Our learning programme

Our learning programme seeks to find new ways of engaging school groups and families with our collections and subject matter. IWM's digital learning resources open up our content to both those who visit our branches, as well as those who are unable to do so. During the year we have launched new online resources on subjects such as The Empire Called to Arms, Life in the Trenches, D-Day as well as learning resources relating to our *Catalyst: Contemporary Art and War* exhibition at IWM North. Evaluation has been undertaken so as to improve the resources further as we continue to develop this service.

Performance

In terms of the volume of learners across our branches, on-site learners have performed well against last year and target despite the temporary closure of our flagship branch.

IWM learner numbers '000s	2013–14 actual	2012–13 actual	Per cent (%) change year on year	2013–14 target	Per cent (%) target achieved
Learners in on-site educational programmes	433*	424	2%	401	108%
Children in on- and off-site educational programmes	256*	256	0%	261	98%

* In 2013–14 IWM London was temporarily closed over a seven month period whilst major redevelopment works were underway (open partially to the public from 29 July 2013 until 6 January 2014). The previous year (2012–13) HMS *Belfast* was temporarily closed to the public until 18 May 2012 and IWM London was closed over the fourth quarter (from 2 January to 29 July 2013). This accounts for the year-on-year variance in visitor numbers.

Our volunteer programme

We have seen significant levels of volunteer support across our branches, with approximately 1,100 volunteers contributing an estimated 19,000 days or 115,000 hours of effort over the past year. This equates to the equivalent of over 70 full-time posts at a value of £2 million⁴. An invaluable resource, our volunteers provide important practical support to our operations and the delivery of a range of conservation, access, learning and wider business objectives.

IWM North continues to build on the success of its experience of working with those at risk from exclusion from the workplace or formal education. Our HLF-funded project *if: Volunteering for wellbeing* commenced in June 2013. When completed, this three-year project will be the first major volunteer programme to measure the impact of responsible volunteering in the heritage sector on health and wellbeing. Developed in partnership with The Manchester Museum, it will develop robust evidence of how volunteering in museums can change people's lives and support wellbeing. A training model is now in place and 50 volunteers have already been recruited, trained and placed at partner organisations across the North West, including Dunham Massey, Ordsall Hall, Museum of Science and Industry, Manchester City Galleries, Whitworth Art Gallery and People's History Museum.

Our volunteer interaction team at HMS *Belfast* and Churchill War Rooms continue to play an important role in supporting the delivery of our public programme with nearly 80,000 visitors participating in sessions with our volunteers. Since August 2013 a new team of orientation volunteers have also been involved in providing an orientation service for visitors to the Churchill War Rooms at weekends. A large body of conservation volunteers continue to support major conservation projects at HMS *Belfast* and IWM Duxford. At HMS *Belfast* projects have included the completion of the restoration of 3CZ Mess to its original 1959 configuration and good progress with the restoration of the Boat Deck Crane in partnership with our conservation staff. The team at IWM Duxford have worked intensively on the conservation of our large objects decanted from IWM London.

⁴ This figure is based on the average salary and working hours of IWM employees

A project is also underway by the Duxford Aviation Society to reinstate the hydraulics in Concorde. This will enable the visor and nose mechanisms to be lowered and lifted, providing a popular addition to the public offer. A new volunteer Airfield Host role, introduced this past year, has been a well-received addition to the welcome to IWM Duxford for visitors who have flown in.

IWM's Volunteer Programme Manager chairs the London Heritage Volunteer Management Network and in October 2013 we again played host to the annual London Volunteers in Museums Awards. We have continued to acknowledge and recognise our own volunteer collective contribution, through the seventh Annual Volunteer Programme Review Evening held this year at Churchill War Rooms, and with outreach visits to IWM Duxford and to Chartwell.

War Memorials Archive activity has focussed on the First World War, with volunteers working on scanning names lists, cataloguing and inputting First World War records. A lot of this work has supported the Lives of the First World War project (see section 3.4). In addition to this, office volunteers have continued to catalogue and edit memorial records in the online database. Our First World War names database volunteers have also been very productive this year, with 537,211 individual First World War names records checked by volunteers, while our fieldworker volunteers continue to actively submit information on a daily basis. Overall, this year has seen a very positive and productive contribution from volunteers to the centenary preparations, demonstrating their continued interest and commitment to IWM's War Memorials Archive.

Contemporary collecting – IWM War Story

Recording current conflicts in a digital age presents us with new ways of building personal perspectives in our collections. The sheer volume of digital material from recent conflicts provides us with an unparalleled visual and written record of these conflicts. Since 2010 IWM has been working in partnership with the Ministry of Defence on IWM War Story, our innovative contemporary collection initiative with British service personnel involved in the conflict in Afghanistan⁵.

An online tool is in place for the collection and documentation of digital material such as soldier's photographs and emails. Linked to IWM's collection database, it allows soldiers to directly upload digital material or suggest objects they think we should obtain for our collection. Our collecting methodology also involves collecting workshops with the units, where soldiers and their families bring in personal effects and share their experiences and thoughts with us. These sessions are recorded by a sound historian.

On a field trip to Afghanistan in May and June 2013, the project team visited Camp Bastion, Forward Operating Base Lashka Gah, Camp Shawqat, Afghan National Army Camp and Lashaka Gah Police Training Centre. Interviews were conducted with both the Head of Joint Force Support Afghanistan and Task Force Helmand. The team also met with key individuals and the unit that will be overseeing the dismantling and redeployment of British equipment and infrastructure in Afghanistan. This was followed up by a field trip in February and March 2014 to Camp Bastion, Kabul and Kandahar Airfield. The visit included meetings with the British Embassy in Kabul, the Department for International Development, various NGOs and organisations associated with the Afghan Government

⁵ IWM War Story is generously supported by Boeing UK

and security forces. These field trips provide a close perspective of the conflict and put us in an excellent position to build our collection and share it with the public. In September 2013, a selection of photographs, videos and interviews recently collected in Afghanistan was displayed in *War Story: Supplying Frontline Afghanistan*. The exhibition reveals the challenges of supporting British troops on the front line, as well as exploring what life is like for a soldier currently serving in Afghanistan. The next display (which opens in autumn 2014) will examine the exit of British service personnel in the war in Afghanistan.

3.3 Continuously evolving

Major projects

Transforming IWM London project

IWM was founded in 1917 while the First World War was still being fought to ensure that future generations would understand the unprecedented scale and impact of the war, and to record the contributions of the men, women and children who played their role. The centenary of the First World War presents a significant moment for IWM and at the heart of our plans is our Transforming IWM London project. When IWM London re-opens on 19 July 2014, a reconfigured atrium space designed by Foster + Partners will be revealed alongside our new First World War Galleries.

On entering the museum, visitors will be presented with nine iconic objects, including a Harrier, Spitfire and V2 rocket suspended from above. Large architectural fins will line the atrium, creating new terraces above. As visitors move through the space, more of our collection will be revealed, including key stories from the Second World War and curated displays telling the stories of more contemporary conflicts from 1945, including how Britain and Europe rebuilt itself after the Second World War and the way conflicts have been fought and communities divided in places such as Ireland, Iraq and Afghanistan.

Our new First World War Galleries will present the story of the First World War – how it started, why it continued and its global impact – through the lives of those who experienced it on both the front line and the home front. Visitors will leave the Galleries with a new perspective on this monumental conflict. Improved visitor facilities, including new cafés and retail spaces, will transform our visitor experience.

First World War Centenary Partnership

IWM will be a national and international focus for activity to mark the centenary of the First World War. We have been planning our First World War Centenary Programme since 2010, with the establishment of IWM's First World War Centenary Partnership. The founding ambition for the Centenary Partnership was that its members would collectively organise and present a vibrant, diverse and far-reaching programme to reflect how people want to remember, commemorate and debate the conflict in their own communities, in a way that is meaningful for them.

To date over 2,700 members from 47 countries have signed up to the Partnership. These are not-for-profit cultural and educational organisations, large and small, with plans to host public-facing centenary events. Organisations that join the Centenary Partnership via our dedicated website 1914.org have the support of a professional network of relevant organisations and access to a wealth of resources authored by IWM, including free centenary resources from our collections, First World War timelines, DIY exhibition

kits and useful guides on subjects such as art of the First World War, collections and research, communications and learning. An evaluation framework and toolkit has been made available to member organisations, so that by the end of the Programme, we will have an overall assessment of how well the aims of the Centenary Partnership and Programme have been met. In partnership with Culture24, we have continued to develop 1914.org into a central centenary events calendar for members of the public to access information about all the public-facing centenary events taking place.

IWM Duxford Northside project

This significant capital project will be achieved over a ten-year period of phased investment, to ensure the long-term sustainability of our stored collections and to protect the heritage values of IWM Duxford Northside. The first phase of the project was completed this year with the conversion of Building 215 into a climatically controlled integrated storage space. All collections objects stored in Building 215 are now barcoded and documented to a level that meets our documentation movement standard. Ongoing work will ultimately lead to the consolidation of our collections storage in spaces that can be conditioned in the most cost-effective way.

American Air Museum project at IWM Duxford

The redevelopment of the American Air Museum at IWM Duxford will ensure that the museum remains impactful for the next generation of visitors. A major accomplishment this past year was our successful application to the Regional Heritage Lottery Fund (HLF) for a grant of £980,000. The project will deliver refreshed displays and a new website based around the Roger Freeman Collection of photographs of the US Army Air Forces in Britain during the Second World War. Over the course of the year, the majority of these 15,000 prints and slides were scanned. When the website launches later this year, it will allow the public to comment on the collection as well as add new material to the site. The upgraded exhibits in the museum will draw on the material collected through the website and will incorporate new research carried out by IWM staff. Extensive conservation work will be undertaken on the aircraft and objects displayed, to ensure that this important collection is kept in good historical condition for future generations to enjoy. The project will be completed by early 2016.

For the second year running, the American Air Museum team at IWM Duxford hosted a residency programme for British and American teachers over two weeks in August. The programme, which centred on the theme of the American air war as fought from Britain during the Second World War, culminated with a Summer Camp for 80 children from the local Cambridgeshire area. One of the main aims of the professional development programme was to encourage the teachers to develop follow-up activities with their own classes once term resumes both here in Britain and across different states of America – this year with representatives spanning from Hawaii to Kansas to Virginia. An online follow-up project building on the lessons of the residency will run until summer 2014.

Our collections

Collections Review

IWM's Collections Review Programme has been active since late 2010, shaping IWM's collections in a strategic direction through major acquisitions and targeted disposals. During the year, two large vessels and 14 models have been approved for release by our Board of Trustees and the Secretary of State, Department for Culture, Media and Sport,

while other collections have been transferred to UK museums for the public to continue to enjoy. Our collections have been strengthened by some significant acquisitions, including a number of powerful contemporary artworks relating to Palestine, medals and objects from the Falklands service of two brothers, a sofa built in Forward Operating Base Shawqat during Operation Herrick in Afghanistan and two fascinating photograph albums including images of a First World War Voluntary Aid Detachment (VAD) hospital.

Our curators have written numerous reports on specific areas of the collections, covering approximately 166,360 artworks, photographs, films, exhibits and publications. This supports a key part of the programme – the sharing of knowledge about the collections for staff to make best use of our diverse collections through the development of exhibitions, online publications and commercial products and services.

Collections access

We received almost 79,000 collections enquiries over the course of the year. Our Explore History centre at IWM London continues to attract large numbers of visitors, with walk-in collections enquiries nearing 55,000. This is an exceptional volume as IWM London and Explore History have been partially closed during 2013–14. Our Research Room service was maintained throughout the year, with 3,600 users accessing our library, archive and oral history collections for research purposes. Over 22,000 remote enquiries were handled over this period. Over coming years we will make more digitised material and specially written content (such as family history guides) available online. Increased digital content has seen the number of page views of our online collections search pages increase to over 3.7 million (from 1.9 million in 2012–13).

Collections documentation and digitisation programmes continue to support our public programmes and commercial activities. We have digitised a significant amount of our First World War material, including 100,000 images from IWM's official First World War photograph collection 'Q series'. The digitisation of the Women's War Work Committee portraits was completed and now form a central part of IWM's Lives of the First World War digital platform (see section below). This collection of some 1,400 photographs was collected immediately after the end of the First World War to document the work of women in the war. An accompanying collection of documents relating to this collection were digitised for IWM by The National Archives.

We reached a major milestone this year with the completion of the EFG1914 (European Film Gateway) film digitisation project. This significant project has allowed us to digitise our entire First World War official film collection in less than two years, making it widely available to all. In total 1,086 films (196 hours' worth of footage) have been digitised, with 1,257 of our films now accessible through the European Film Gateway and Europeana.

3.4 High profile

Major projects

Lives of the First World War

Lives of the First World War is an interactive digital platform that will inspire people across the world to discover, build and share the life stories of those who served in uniform and worked on the home front. In partnership with our technology partners, DC

Thomson Family History, this project brings material from museums, libraries, archives and family collections from across the world together in one place and will enable people to find and piece together information about people and places of the First World War.

During the year a significant programme of cataloguing and digitisation has taken place to build the content of the site. In February 2014, an expert audience were invited to test and improve the beta version of the platform on our stand at the *Who Do You Think You Are Live* event at the Olympia. Lives of the First World War officially launched to the public on 12 May 2014. As people start to explore available content, add their own content and link documents together, Lives of the First World War will grow into a digital memorial to more than 8 million people from across Britain and the Commonwealth. The project will be supported by a bespoke learning module, thanks to generous funding from the Charles Skey Charitable Trust.

Operation War Diary

Operation War Diary launched to the public in January 2014. This joint partnership between The National Archives, IWM and Zooniverse is an innovative crowdsourcing project which makes First World War Unit War Diaries available online for the first time. Volunteers have helped us to explore the pages of the diaries and tag key facts (including dates, names and places) to provide important data which will be used by academics, historians and family researchers alike. Since its launch, the first 200 diaries have been successfully tagged and verified, with over 10,000 people across the globe contributing to its success.

Digital

The second phase of our Digital Transformation Strategy has focussed on how we work internally, specifically how we can improve efficiency and internal customer service. We launched Computer Club in May 2013. This programme encourages staff to develop their digital skills and confidence in an informal and informative way, through a series of lunchtime sessions covering subjects such as using Twitter, making a movie on an iPad, Gaming and Basic Coding. We ran a workshop at the Museums on the Web conference in Baltimore attended by representatives from 13 different countries. IWM's Computer Club model has since been introduced in Museums in Victoria (Australia), Baltimore Museum of Art (USA), Peabody Essex (Boston, USA) and the Museum of Science and Technology (Milan, Italy).

In response to audience expectation for immediate access to our content and services on the devices of their choice and at a time that suits them, we have worked on key projects such as our mobile web project and ecommerce product development. In late 2013–14 we initiated a Customer Relationship Management (CRM) pilot, with the principal objective of demonstrating tangible efficiency savings and a positive impact on income through CRM. The pilot will inform the next phases of this long-term project.

We continue to focus on making our collections widely accessible through different channels. Initiatives this past year have included 'Putting Art on the Map' – a National Endowment for Science, Technology and the Arts (Nesta) funded, research and development project focussing on Art of the First World War. The project has been supported by social media activity on Facebook and Twitter and through live crowdsourcing events across the country, with users encouraged to add contextual information and their emotional response to 2,000 of IWM's paintings, which now feature

on the Historypin website. In addition, some 77,370 of our First World War items have been delivered to Culture Grid, an online service from the Collections Trust, joining and opening up UK collections to new audiences. Of these, around 27,470 are IWM images or film made available to the public via Europeana.

Research

Our Research Department builds our reputation as a research organisation and proactively develops relationships with the higher education sector. It facilitates and encourages the development of IWM staff's subject expertise and ensures that knowledge is properly channelled and disseminated.

The Whose Remembrance? project funded by the Arts & Humanities Research Council's (AHRC) Connected Communities funding stream, received additional funding at the start of 2013 which enabled IWM to make a film highlighting the efforts which historians, museum professionals and community workers are making to discover how the peoples of the former British Empire were affected by the two world wars. The film serves to act as a discussion prompt and catalyst for future research into this theme and over the year has been shown at a series of free public dissemination events.

In January 2013 we successfully applied for a Collaborative Doctoral Partnership (CDP), providing us with a total of nine PhD studentships to allocate for the following three years. Once appointed, students receive supervision from IWM specialists alongside academics at partner universities. The students joining IWM under the CDP scheme in 2013 are co-supervised by academics at the University of Cambridge, the University of Edinburgh and King's College London.

In January 2014 we held our selection panel for the second year of the CDP, and three new projects were selected on the themes of counterinsurgency 1945–1997, pacifism and protest, and the Cold War. New supervisory partnerships were formed with The Open University, the University of Leeds and the University of Strathclyde.

Our eight embedded PhD students have a strong team spirit and four of them led the *Making Connections: Collaboration in Research and Practice* conference at King's College London in January 2014. This national one-day conference was funded by an AHRC Study Skills grant and critically explored the benefits, challenges and impact of collaborative research.

As an associate partner, IWM has been much-involved with the HERA (Humanities in the European Research Arena) project entitled *Cultural exchange in a time of global conflict: Colonials, Neutrals (and Belligerents) during the First World War* led by Dr Santanu Das of King's College London. A meeting of all the partners – the HERA project also embraces the universities of Ghent, Poznan and ZMO, Berlin, and In Flanders Fields, Ypres – took place in April 2014, at which the format and content of a planned Digital Source Book was agreed.

Research Department staff have continued to pursue their own research projects and represent IWM at numerous external events. Highlights include the premiere of the restored 1945 film *German Concentration Camps Factual Survey* at the Berlin International Film Festival on in February 2014. This screening attracted extensive press coverage. The book *The Great War: a photographic narrative*, co-authored by Hilary

Roberts and Mark Holborn, was widely and favourably reviewed and went into a second edition eight weeks after publication.

Awards

Our exhibition, *Historic Duxford*, was awarded an Access Planning and User Engagement Award at the 2013 Jodi Awards.

At the tenth annual Federation of Commercial Audio Visual Libraries (FOCAL) International Awards in May 2013, Paul Sargent, IWM's former Head Curator of Film, received FOCAL International's Lifetime Achievement Award, given to those who have achieved a minimum of 25 years' service in the archive film industry. The award specifically recognised his work at IWM dealing with commercial users of the film collection, the promotion of an understanding of the history of film and the ethical use of archive material and his training initiatives via FOCAL International.

IWM North volunteer Norma Geoghegan was awarded the Community Volunteer of the Year 2013 at the Heart of Salford Awards, in recognition of over 10 years of service volunteering at IWM North and at least four years supporting the Cancer Chancer programme.

IWM's learning resource 'The Empire Called to Arms' was listed as Star Resource in the Times Education Supplement (TES) 'Best History Resources of 2013'. The online resource helps pupils to understand the role of soldiers from across the Empire and Commonwealth during the First World War and includes images, content and video footage from our collections.

3.5 Efficient and effective

Commercial performance

IWM has a broad commercial income base that includes retail, public catering, corporate hospitality, collections sales and licensing, publishing and admissions (at the charging branches and for special exhibitions and events). In 2013–14 we generated £2.8 million in net profit, exceeding our annual target by 1 per cent. This is a positive result, considering the impact of the partial closure of IWM London over this period.

The implementation of IWM's Commercial Strategy for 2013–16 focuses on the core principles that will enable us to build our level of net profit to £4 million by the next financial year. This will be achieved through the development of commercial functions, to ensure that we operate a flexible and responsive commercial operation and build our digital sales capability. At the heart of our Commercial Strategy is a belief that building of loyalty from our customers will have the greatest impact on our long-term success. This will be achieved through a greater understanding of what motivates our customers and by improving our customer experience. Our CRM project will form the cornerstone of this work.

We have been developing a new Image Sales Licensing website which will launch in the summer. This will see our commercial operation shift from a manual service to a digital service where our images will be readily available to download. Commercial partnerships with organisations such as Getty Images have already seen our iconic images made widely available in new markets which until now we have had little presence in.

Overall, we have achieved strong commercial performance in spite of the seven month closure of IWM London. An area of particular success is strong retail sales, largely driven by high visitor numbers at Churchill War Rooms and HMS *Belfast*. Growing interest in the First World War is reflected by a high volume of image and film sales and significant licensing deals. Corporate hospitality has been buoyant across the branches. A new corporate hospitality contract for IWM London was agreed with Peyton and Byrne, which will bring increased commercial benefits once IWM London reopens to the public.

Managing our estates and infrastructure

Providing secure and appropriate storage for our collections, developing and using all IWM estate efficiently and ensuring that our ICT development and service delivery is aligned with our business needs are high priorities.

Key projects completed this year have included the redecoration of the starboard side of HMS *Belfast*, the installation of flood protection barriers in IWM Duxford's Hangar 5 and the completion of the first phase of work to replace the PA system at IWM Duxford. Repairs were made to IWM Duxford's Airspace roof following significant damage sustained during high winds over the winter.

Our ICT Department have made further upgrades to our Digital Asset Management System (DAMS) to accommodate additional storage to support digitisation activity, while efforts have also focussed on the development of an ICT Security Strategy to ensure that we continue to provide assurance to all users of our network. Work has also progressed on the phased replacement and enhancement of the Duxford Security System.

3.6 Key supporters in 2013–14

While we show the following grants, donations and sponsorships of £10,000 or more, it is not possible to report here all the contributions that we receive. IWM wishes to acknowledge the 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. We also thank those donors who wish to remain anonymous.

During the year, major support was received from:

Arts & Humanities Research Council
Arts Council England, National Office
Arts Council England, North West
BAE Systems
BFI, awarding Unlocking Film Heritage funds from the National Lottery
Department for Culture, Media & Sport
Friends of Duxford
Heritage Lottery Fund
HLF North West
IWM Friends
Lockheed Martin UK
Nesta⁶
PZ Cussons Plc
The Bromley Trust
The Churchill Family
The Gerry Holdsworth Special Forces Charitable Trust
The Happy Museum
The H K Leventis Foundation
The Laurence Misener Charitable Trust
The Oglesby Charitable Trust
The Worshipful Company of Drapers
WREN

Restricted funds received from IWM Foundation:

Daily Mail and The Mail on Sunday, part of dmg media
Neil and Julie Record in honour of William Frederick Cox
Peter Harrison Heritage Foundation
Sir Henry and Lady Keswick
Sir John Fisher Foundation
The Bernard Sunley Charitable Foundation
The Cadogan Charity
The Charles Skey Charitable Trust
The Foyle Foundation
The Garfield Weston Foundation
The John Coates Charitable Trust
The John Horseman Trust
The Kirby Laing Foundation
The Michael Bishop Foundation
The Mike Gooley Trailfinders Charity

⁶ IWM is supported by the Digital R&D Fund for the Arts - Nesta, Arts & Humanities Research Council and public funding by the National Lottery through Arts Council England

The PF Charitable Trust
The Swire Charitable Trust
The Wolfson Foundation

3.7 IWM Friends

IWM Friends (registered charity no 294360) was established in 1986 to advance the education of the public by providing assistance to IWM. It has no legal link with the Trustees of The Imperial War Museum. There are currently 5,059 IWM Friends members, who over the past year have contributed over £32,000 in donations and a grant of £60,000 – this being the third in a series of four grants to cover the cost of the Your Country Needs You display in the new First World War Galleries.

IWM Duxford also receives valuable assistance from the Friends of Duxford. Over the past year they have donated £140,000 in support of key projects, with £57,000 received for the *Historic Duxford* exhibition, £21,000 received for Hangar 5 flood defences and £37,000 in support of the refurbishment of Building 215 (part of the IWM Duxford Northside Project). A donation of £25,000 for Hangar 4 flood defences has been carried over to 2014–15.

In 2010, an independent fundraising body, the IWM Foundation, was established. Under the Chairmanship of Lord Rothermere, the IWM Foundation has high profile membership and HRH Prince William The Duke of Cambridge as its patron. Over the year work has continued in support of our fundraising campaign for Transforming IWM London.

3.8 IWM Patrons

IWM Patrons enjoy a particularly close relationship with IWM and receive special benefits including behind-the-scenes access to our collections, and invitations to private views. There are currently 16 Patrons and we would like to thank them all for their support.

Dr Stuart and Mrs Clair Blackie
Mr Jeffrey and Mrs Elizabeth Boyling
Lord Black of Brentwood
Mr Mark and Mrs Susan Bradley
Mrs Rae Byrne
Mr David Cannon
The Civil Service Club
Lt Cmdr Paul Fletcher
Mrs Clare Jakeman
Mr Mark and Mrs Sarah Keating
Dame Judith Mayhew-Jonas DBE
Mr Gunnar and Mrs Adelaida Palm
Mr John Ruskin
Mr Colin Smith OBE
Air Chief Marshal Sir Peter Squire GCB DFC AFC DL DSc FRAeS
Mr Tony Yoseloff

4. Plans for future periods

Our Corporate Plan for 2014–17 focuses on increasing our proportion of self-generated income, reducing fixed costs and building our financial flexibility.

Our top priority over the period continues to be the delivery of Transforming IWM London and our programme for the First World War Centenary (2014–2018). We will also be marking significant anniversaries of the Second World War over this period.

Other projects and programmes in place to lead us towards the achievement of our long-term strategic aims are 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

Our public programme

Our Audience Development Strategy seeks to encourage a deeper knowledge and understanding of our subject matter through engagement with our content and collections across all our platforms. It focuses on building audiences most likely to visit our branches and on increasing our reach and reputation through digital channels. It informs all our planning to ensure that our priority audiences are considered in our programme choices.

To mark the Centenary of the First World War, IWM London will present *Truth and Memory*, the largest exhibition and first major retrospective of British First World War art for almost 100 years. Using artworks drawn mainly from IWM's collection and by some of Britain's most important artists of the twentieth century, this exhibition will assess the immediate impact and enduring legacy of British art of the First World War. At IWM North, the exhibition *From Street to Trench* (which opened in April 2014), explores the First World War through the eyes of the people of the north of England, examining the region's role in a national war effort that was part of a global struggle.

Highlights of the future temporary exhibitions programme at IWM London will include *Fashion on the Ration*, dedicated to 1940s fashion (spring 2015), followed by exhibitions around the work of Lee Miller (autumn 2015) and the theme of Peace and Protest (spring 2016). Through our IWM Contemporary programme, we will continue to showcase contemporary artists' and photographers' responses to our subject matter.

IWM North's *Reactions* series invites artists to display work inspired by our content and subject matter. As part of the First World War Centenary, *Vertical Echoes*, an installation by sound artist Bill Fontana, will be exhibited in the Air Shard in May 2014. Other projects include Jennifer Vickers, who will be exhibiting a quilted piece called *The Sleeping Green Between*, and the English National Ballet, performing an adaptation of *Second Breath* by Russell Maliphant. IWM North will be the centre of focus for the Asian Triennial Manchester, featuring site-specific installations by Asian artists around the theme of Conflict and Compassion. In 2015, we will commemorate the seventieth anniversary of the Battle of Britain with the opening of the family-focussed exhibition *Horrible Histories®: Blitzed Brits*.

Continued investment in the visitor offer at HMS *Belfast* and Churchill War Rooms will see the development of new audio guided tours and upgrades of the graphics and interactive displays. In 2016, the redevelopment of the American Air Museum at IWM Duxford will deliver improvements to the building and a redisplay and reinterpretation of existing exhibitions.

Our visitors

Transforming IWM London will deliver a new visitor experience for more than 1.3 million visitors to IWM London every year (a 30 per cent increase in numbers). This projected rise in visitors to the branch, along with growing visitor numbers across all our branches, increases our total visitor levels to 2.7 million by 2015–16 (from a current baseline of 1.8 million). Web visitors will increase markedly (to 7.5 million by 2016–17 from a current baseline of 4.2 million) as we continue to develop digital channels that increase engagement with our content and collections online. By their very nature, these platforms have the ability to extend IWM's global reach far beyond the physical boundaries of our branches, providing us with opportunities to broaden our audience base and enhance our brand.

At our branches we will continue to focus on providing excellent customer service across all point of contact with IWM.

4.2 Relevant

Digital development

Our audiences will continue to become more digitally focussed and will have increasing expectations about digital delivery and access, both physically (at our branches) and virtually. The speed of this change will impact on all our digital services, including commercial products and activity. Our Digital Transformation Strategy sets out how IWM will shift to a mobile-first policy when considering digital content and services. It aims to establish a digital culture that is audience-centred, commercially driven, responsive and evaluation-led. Over the past year we have developed a segmentation model with specific digital audience groups. This will inform how we produce content for those audiences, applying measurable criteria for success and working iteratively to improve the content produced.

We continue to evolve and extend our presence on a range of digital platforms including the IWM website and associated sites, social media channels and third party sites such as the Google Cultural Institute. Commercially, customers are becoming increasingly intolerant of slow and complicated ordering and delivery models and we will move to digital models in some key commercial areas, such as the launch of a new image and film sales website later this year.

In terms of learning, digital is central to our plans for future engagement with schools, teachers, higher education and adult audiences that do visit us and those who cannot visit a branch but can access us online. We aim to pilot and innovate in the areas of digital social interpretation and the integration of publicly generated content.

Our volunteer programme

We aim to continue to build on our current success so that IWM is supported by a volunteer programme that encompasses a wide range of talents and expertise and contributes in areas where help is most required. Our aim is for our volunteer programme to be widely recognised as an inspiring example of best practice in both the management of volunteers, and in the personal skills development and life experience opportunities that we are able to offer our volunteers.

On HMS *Belfast* our volunteer teams will help us promote public awareness of the seventieth anniversary of D-Day with a weekend of extra activities during May 2014. At IWM London volunteers will play an important role in the opening of IWM London in the summer, with the launch of a new short term volunteering role. First World War Centenary Support Volunteers are being recruited to act as ambassadors and play a part in the centenary by helping IWM staff to welcome the many thousands of extra visitors expected to visit IWM London when it relaunches. This programme forms part of our ongoing work to add value to the core services provided by IWM Staff and will include the operation of three new Clore Duffield Foundation funded mobile learning stations at IWM London by a team of Learning Staff and Interaction Team Volunteers.

IWM North will continue to deliver *if: Volunteering for wellbeing*. At the end of this three year project, the programme will have engaged 225 people from a diverse range of backgrounds. Participants will benefit from a bespoke training programme accredited by The Manchester College and will be given the opportunity to volunteer at some of the most prestigious heritage venues in the North West. Organisations involved in the project will in turn cultivate a valuable volunteer base that will enhance the visitor experience and provide access and interpretation to our collections. The website platform for disseminating the project model is being developed for a launch during Volunteer's Week in early June 2014.

Evaluation, based on evidence of the impact of the programme, will help demonstrate the extent to which socially engaged volunteering programmes can make a difference to people's wellbeing, employability, social networks and engagement with society. Using impact evaluation we hope to demonstrate the wider social return, financial value and economic impact or resource savings to the programme's full range of stakeholders.

4.3 Continuously evolving

Commercial development

Our income targets reflect the impact of our Commercial Strategy, which will start to drive increased levels of net profit from all our commercial activities. Our ambition is to grow net profit to at least £5 million per annum by 2016–17, developing relationships with our customers and building customer loyalty.

Key commercial projects over the coming year include the opening of new retail areas, cafés and corporate hospitality facilities at IWM London in July 2014, followed by an upgrade of the retail and catering facilities at IWM Duxford.

A phased Customer Relationship Management project will enable us to develop more meaningful relationships with our customers, thereby deepening their levels of interaction, loyalty and propensity to spend.

Masterplanning

IWM London

Transforming IWM London is the first phase of our long-term masterplan for IWM London. With the delivery of the first phase of our masterplan in July 2014, planning now shifts to the next phase of development at IWM London. This will include the commissioning of a new entrance design for IWM London and planning for Second World War content development. A major upgrade of our Holocaust Exhibition at IWM London will ensure that the important collections and stories that we hold are refreshed with new scholarship and continue to be supported by our world-class Holocaust education programme. The Exhibition, one of the most heavily used galleries at our flagship branch, will be integrated with the development of our Second World War interpretation to ensure that it fits within the chronological visitor journey.

IWM North and IWM Duxford

At IWM Duxford, a review of the branch role and remit is underway to create a blueprint that will define how our public offer will develop over the next few years. Now that IWM North has been open to the public for over a decade we have started to consider its future development, so as to build on its success, ensure that IWM North remains relevant and responsive to changing audience expectations, and to maximises the opportunities presented by the ongoing development of the Quayside.

Our collections

It is important that we take into account the changing nature of conflict and the impact of contemporary conflict on society to inform our collecting, learning and engagement programmes. An action plan is being developed that will refine and build on the many current strands of contemporary collecting we currently have in place, such as transfers of official material, oral history interviews, art commissions and the War Story project. This work will involve reviews across the collection, using themes to guide and focus future collecting and masterplanning activities across the organisation.

Making our collections widely accessible remains the cornerstone of our work. The current facilities and services of Explore History at IWM London will be progressively upgraded with the introduction of new digital resources. In the near future this includes the creation of Lives of the First World War kiosks that will be located within Explore History at IWM London.

4.4 High profile

IWM First World War Centenary Programme

Through the Centenary Partnership, we will continue to coordinate and present a five-year programme of cultural and educational commemoration of the First World War that will engage millions of people across the world. The unveiling of new First World War Galleries at IWM London in the summer of 2014 will be a major focal point for the commemorations and will offer a world class experience for our visitors.

IWM touring exhibition

A new IWM First World War touring exhibition, visiting a number of global destinations throughout 2015 to 2018, presents us with an opportunity to build our brand profile, widen access to our collections and increase revenue. This project will enable people around

the world to discover our unparalleled First World War artefacts, many of which will be on display for the first time outside of the UK.

First World War on film

We will mark the 100th anniversary of the Battle of the Somme in 2016 by commissioning creative work that responds to the *Battle of the Somme* film and the First World War on film. Through this project, we will explore how war was presented on film and how that presentation affected perspectives at the time and now, sparking public debate around the cultural legacy of the use of film during the First World War. This project will be the centrepiece of IWM's programming for 2016: Year of the Film and it is our ambition to present the work in major venues in the UK and internationally.

Broadcast

Broadcast will stimulate public engagement with the centenary. We have been working in partnership with the BBC on *World War One at Home*, an initiative that will have a huge reach and will point people towards Lives of the First World War from late spring 2014. We continue to work with the BBC on a number of other initiatives as well as proactively talking to other national and international broadcasting channels regarding programming for later in the centenary. We are speaking to a number of publications about media partnership for our new First World War Galleries and the Centenary Partnership programme.

4.5 Efficient and effective

Estates and infrastructure

Continued investment in ICT infrastructure and storage will support our digital expansion. The IWM Duxford security project will bring this business-critical system up to appropriate standards. An ongoing strategic space review of IWM London and our All Saints building will make more efficient use of our office space and will ultimately free up space at IWM London for public use.

Significant effort continues to be made in reducing our levels of energy consumption. Transforming IWM London is premised on achieving greater financial sustainability and the project has addressed some major infrastructural issues. In the coming years we aim to sustain the level of energy consumption reduction achieved over the past five years.

Strategic change programme

It is a constant aim of IWM to find ways of working that will improve the efficiency and effectiveness of all areas. A strategic change programme will be driven by our Change Director, who be working with the Senior Management Team and HR Department to review our business needs, operational structures and business investment. This programme will result in substantial change to our level of fixed costs and will mean that over the long-term, we are able to build our financial resilience and create a sustainable business model.

5. Financial review

IWM's financial statements include the grant-in-aid received from government and the consolidation of the commercial and learning activities performed by the IWM Trading Company. The Consolidated Statement of Financial Activities is to be found on page 58.

Net incoming resources, after depreciation but before revaluation changes, were £11.650 million for this year. This compares to net incoming resources of £3.295 million in the previous year, a change of £8.355 million.

The reason for this difference lies chiefly within restricted funds. In the previous financial year incoming restricted funds totalled £13.929 million. This year they were £21.458 million which is £7.529 million more. Such funds are for capital projects, principally the Transforming IWM London project. Related expenditure will comprise the depreciation following completion of the respective project. This will necessarily lag behind the receipt of income and in higher income years, such as this, a net increase will occur naturally.

The net unrestricted funds generated for the year have moved from a net deficit of £0.686 million to a net surplus of £1.340 million, an increase of £2.026 million. If discretionary grants to external bodies are excluded from the expenditure, the performance shows a net surplus of £1.927 million in this financial year.

Self-generated income has been successful in the face of challenging economic trading conditions. Income from admissions at the charging branches increased by 24 per cent year on year.

The overall profit from trading activities saw a reduction of £0.250 million in comparison to the previous year. This is a good performance given that the IWM London branch was closed for two separate periods, a combination of nearly seven months in total.

Overall the level of funds carried forward at 31 March 2014 increased by £16.665 million in comparison to a decrease of £6.468 million in the previous year. The net increase in restricted funds of £10.310 million is the major contributor to this, followed by the gain on revaluation of the museum estate of £5.015 million.

The Trustees continued to apply the approved investment policy during the year. The policy states that the credit rating of the banks with which IWM 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, IWM 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 2014.

5.1 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 us to adapt and respond within financial years without significant disruption.

In addition, IWM has a contingency plan to provide for a fund of five per cent of operational expenditure.

Reserves

The reserves policy is an integral part of the strategic approach to financial management of IWM. Funds held by IWM comprise restricted monies and/or funds designated to capital expenditure. Trustees deem it appropriate to keep unrestricted funds to a minimum given the contingency plan that is in place.

5.2 Public sector payment policy

IWM has implemented the Confederation of British Industries' Prompt Payers Code. All suppliers are informed by standard letter of IWM's payment procedure and the system for addressing complaints and disputes. The percentage of invoices paid promptly within 30 days in 2013–14 was 80 per cent (78 per cent in 2012–13).

5.3 Key performance indicators

The results reported below represent the performance indicators based on our Funding Agreement with DCMS. Results are shown in '000s unless otherwise stated.

Performance indicator ('000s)	2013–14	2012–13	Per cent change
Access			
Number of visits to IWM (excluding corporate hospitality guests and virtual visitors)	1,876*	1,990	-6%
Number of unique website visits**	4,167	3,576	17%
Audience profile			
Number of visits by children under 16 visiting IWM***	513*	528	-3%
Number of overseas visitors****	691*	728	-17%
Learning and outreach			
Number of facilitated and self-directed visits to IWM by children under 18 in formal education	152*	145	5%
Number of instances of children under 18 in on-site organised activities	128*	151	-16%
Visitor satisfaction			
Percentage of visitors who would recommend a visit	98%	99%	-1%
Income generation			
Admissions income (gross)	£8,011	£6,439	24%
Trading net profit	£2,824	£3,075	-8%
Fundraising income*****	£20,102	£3,438	485%
Regional engagement			
Number of UK loan venues (<i>exact number reported</i>)*****	119	104	14%

Note: We changed audience research suppliers for our charging branches (IWM Duxford, Churchill War Rooms and HMS *Belfast*) in the second quarter of 2013–14. The charging branches are now benchmarked against other ALVA members, providing more meaningful comparative data. Audience research for IWM London and IWM North continues to be undertaken by Morris Hargreaves McIntyre. This may account for some of the year-on-year variance in audience profile figures cited in the report.

* In 2013–14 IWM London was temporarily closed over a seven month period whilst major redevelopment works were underway (open partially to the public from 29 July 2013 until 6 January 2014). The previous year (2012–13) HMS *Belfast* was temporarily closed to the public until 18 May 2012 and IWM London was closed over the fourth quarter (from 2 January to 29 July 2013). This accounts for the year-on-year variance in visitor numbers.

** The number of unique website visits has been restated, as the figure reported last year included IWM traffic to our website. The 2013–14 and 2012–13 figures now exclude all IWM traffic to our website

*** The number of visits by children has been restated (at a higher proportion than reported last year) as the figure now includes the number of children to IWM London and IWM North, calculated as an average percentage of the overall footfall captured by our automated counter.

**** The number of overseas visitors in 2012–13 has been recalculated based on market research samples of all visitors to IWM, excluding school groups. The figure reported last year was based on all adult visitors only.

***** Growth in fundraising in 2013–14 is mostly attributed to the Transforming IWM London fundraising campaign and a large grant to the American Air Museum project

***** The number of UK loan venues has been restated for 2012–13, as the figures reported last year included objects loaned. The figures reported above now only represents UK loan venues

6. Human resources policies

Our HR Strategy seeks to ensure that we have the right people in the right place and that our workforce structure is both flexible and sustainable. We seek to develop and make the best use of the knowledge and skills of our workforce through our internal university (the Open Programme).

Over the year, HR has played a significant role in supporting the Senior Management Team with the transformational change programme. The programme will ensure that IWM builds on its current and previous success, addresses the issues it faces and ensures that it is fit for the future. In the last year these changes have included the contracting out of our visitor services and security provision to The Shield Group. The change programme will continue as we look to implement a new organisational structure from early April 2015. We have continued to focus on simplifying our policies and procedures, including the content of our staff handbook and our appraisal system, which is now a more streamlined process, underpinned by IWM's behaviours framework. We have also set up the new auto enrolment scheme for pensions.

IWM follow policy guidelines issued by the Cabinet Office about the employment of disabled people. We are an Equal Opportunity Employer and have agreed statements of safety policy under section 2(3) of the Health and Safety at Work Act 1974.

At the end of March 2013, 0.5 per cent of our staff considered themselves to have a limiting disability. With regard to diversity, 2 per cent of staff surveyed were from a black or minority ethnic group. On average (over the period), our workforce was made up of 51 per cent male and 49 per cent female employees. The Senior Management Team comprises six male Directors and three female Directors (inclusive of the Director-General).

The number of staff sick days has averaged at 7.3 days (which is on par with last year's average). This falls below the equivalent of the public sector average and meets the UK average. If long-term sickness (21 days or more) is excluded, then IWM's average for 2013–14 is 2.9 days.

6.1 Inclusivity

IWM's Equality Strategy describes how we will promote equality and outlines measurable targets to monitor progress in terms of staff and visitor diversity and equality. The Equalities Monitoring Group (EMG) oversees the development and implementation of the strategy. EMG meetings are attended by equality champions, who are responsible for setting their respective equality strategy action plans, which are reviewed annually.

We seek to adopt best practice in inclusive design in all our projects, activities and visitor service provision, to ensure that physical, sensory and intellectual access is maximised. Access, equality and diversity issues are always considered when developing our public programmes; from project initiation documents and throughout all exhibition planning. One of our key objectives is to prioritise diversity and access as part of our major capital projects, such as Transforming IWM London and the redevelopment of the American Air Museum at IWM Duxford. Project design teams have been working closely with their access advisory groups to ensure that the physical layout of our buildings (entrances,

circulation, visitor routes, and wayfinding), services and amenities (café, toilets, shops) and new exhibition spaces are considered. Access to our collections continues to be facilitated through our website, Explore History facilities, our First World War digital projects and digital learning resources.

6.2 Personal data

There were no personal data-related incidents to report for the period 2013–14.

7. Environmental sustainability report

We are committed to reducing our carbon footprint and the impact of our operations on the environment. Our Sustainable Development Policy aims to improve our environmental performance by 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.

We actively seek to conserve energy, water, paper and other resources – particularly those which are scarce or non-renewable. We aim to reduce waste through reuse and recycling and by using reconditioned and recycled products and materials where such alternatives are available.

7.1 Operational review

IWM North was awarded a Silver Green Tourism Award by the Green Tourism Business Scheme in January 2014 in recognition of actions taken to become an environmentally sustainable organisation. Working with the Green Tourism Business Scheme ensures that regular audits are in place to monitor progress. The Green Team at IWM North is represented by a green champion from each area of business. The team have worked on the implementation of an action plan which includes measures such as the upgrading of our lighting scheme to LED, increased use of PIR or motion sensor lighting, installation of low-flow taps, reducing the number of retail and café deliveries, reducing retail packaging and ensuring that the café (which is ISO14001 accredited) has a locally sourced menu. In the café, the consolidation of deliveries has resulted in 2,000 miles saved on last year. IWM North's Building Management System was reprogrammed this year, which has resulted in tangible savings in our energy consumption usage. This means that we can be more efficient during evening events, heating only those areas of the building required, over the period of time that they are in use.

The branch became a member of the Manchester Arts Sustainable Team (MAST) in February 2013. This network seeks to reduce the environmental impacts of the arts and cultural sector across Manchester. We are also working with Transport for Greater Manchester, to encourage our staff and visitors to use low carbon modes of transport such as walking and cycling (linking IWM North with new cycle routes, cycle hire schemes and opportunities for working more closely with other offices in the area). The branch continues to impart best practice, through the drafting of a visitor charter and by working with coach companies that visit us on switch-off policy.

At IWM London, focus this year has been on the delivery of Transforming IWM London which seeks to build the environmental sustainability of IWM London in the long term by addressing inefficient plant, systems and infrastructure, upgrading and replacing this equipment so that maintenance costs are reduced. We are committed to replacing existing high energy consuming elements with modern, high efficiency elements, such as the use of LED lighting. This project is a partial refurbishment of a historic building and as such, we are using a bespoke benchmarking model, using elements of BREEAM (a recognised environmental assessment method and rating system for buildings) as well as other assessment methods.

7.1 Exhibition programme

In all our exhibition fit outs, we recycle and reuse equipment and building material wherever possible. All timber bought for our exhibitions comes from sustainable sources, with suppliers required to provide us with certificates to validate this. We source materials from local suppliers as much as possible, to reduce fuel delivery consumption. Audiovisual equipment used in temporary displays is circulated between our branches to effectively use the resources we have available.

We are achieving energy savings by gradually replacing our exhibition lighting with more efficient LED lighting schemes. At IWM London, this includes using solely LED light fittings for the new IWM Contemporary Gallery and new external LED gallery lighting for the Secret War Gallery. At IWM North, 95% of the Special Exhibition Gallery uses LED lighting.

IWM London's Exhibitions Production Manager regularly attends the Sustainable Exhibitions Group, which brings together staff across the museum sector to look at developments and experiences in this area. If we have any items for disposal that might be of use for other museums, we will advertise them via the Sustainable Exhibitions email group.

7.2 Greenhouse gas emissions

We have registered with the government's Carbon Reduction Commitment (CRC) Energy Efficiency Scheme and are fully compliant with its requirements. We complete annual assessments of consumption at each site and display our performance using Display Energy Certificates.

Energy consumption reduction across our estate is a high priority and measured as one of our corporate performance indicators. Our Facilities Management department continues to explore energy conservation opportunities, while our lifecycle maintenance programme progressively addresses the replacement of outdated plant and equipment with new, energy-efficient equipment.

Greenhouse gas emissions '000s	2013–14 actual	2012–13 actual	Per cent change year on year
Scope 1: total emissions (CO _{2e})	6,271	7,490	-16%
Scope 1: emissions from combustion boilers (CO _{2e})	1,675	1,196	40%
Scope1: emissions from air conditioning units (CO _{2e})	n/a	n/a	n/a
Scope 1: emissions from organisation-owned fleet vehicles (CO _{2e})	56	60	-7%

Scope 1: related gas consumption (kWh)	947	581	63%
Scope 2: Energy consumed (kWh) electricity, gas and oil consumption combined	15,923	19,181	-17%
Scope 2: purchased heat, steam and cooling (kWh)	nil	nil	nil
Scope 3: emissions from business travel (CO ₂ e)	n/a	n/a	n/a

Large reductions in our levels of energy consumption – a 17 per cent drop on last year and a 13 per cent reduction against target – are as a result of the partial closure of IWM London and the fact that the environment control plant was not switched on until December 2013. Despite this factor, we continue to make progress in other areas of our business and when individual branch performance is analysed all our sites are showing overall decreases in energy consumption.

Greenhouse gas emissions Financial expenditure '000s	2013–14 actual	2012–13 actual	Per cent change year on year
CRC Energy Efficiency Scheme	£107	£95	12%
Carbon offset purchases	nil	nil	nil
Scope 1: expenditure of emissions from organisation-owned fleet vehicles (gross)	£30	£28	7%
Scope 2: expenditure of energy consumed (kWh) electricity, gas and oil consumption combined	£1,282	£1,375	-7%
Electricity expenditure	£1,035	£1,009	3%
Gas expenditure	£248	£366	-32%
Scope 3: Total expenditure of official business travel	£176	£172	3%
subdivided into:			
Air travel**	£2	£1	100%
Rail and underground	£97	£94	3%*
Bus or coach	£11	£10	3%*

Hire car or taxi	£26	£25	3%*
Private vehicle	£43	£42	3%*

* In 2012–13 budget splits for the different modes of business travel were not in place and are not available. For reporting purposes, we applied the same ratios as those applied to 2013–14. Going forward this data will be accurately budgeted and accounted for.

** Approximate expenditure for the same reason as above

7.3 Waste management and minimisation

We are committed to diverting the volume of waste to landfill by achieving higher levels of recycling. We continue to work in partnership with our waste services providers on innovative solutions such as waste-to-energy, where energy created from remaining waste that cannot be recycled is channelled back into the National Grid. At IWM London we introduced food and glass recycling when the branch reopened to the public in July 2013. Composting of food waste will be reintroduced once the branch fully re-opens to the public in July 2014. IWM's recycling performance for this period is 43 per cent (up from 27 per cent in 2012–13). We are working to introduce operational targets for waste minimisation, identifying achievable areas for future improvement.

Waste minimisation and finite resource consumption '000s	2013–14 actual	2012–13 actual	Per cent change year on year
Total standard waste arising (tonnes) *	303	310	-2%
Waste sent to landfill (tonnes) *	13	7	86%
Waste recycled or reused (tonnes) *	125	82	52%
Composted waste (tonnes) *	6	0	-
Percentage of waste recycled and composted *	43%	27%	-
Waste incinerated (tonnes) *	n/a	n/a	n/a
Energy from waste *	160	221	-28%
Average waste produced per annum per visitor and full time equivalent staff (Kilograms) *	0.28	0.22	27%

Average waste recycled or composted per annum per visitor and full time equivalent staff (Kilograms) *	0.12	0.06	100%
Finite resources, water (in cubic meters / m ³) ***	27	25	8%

Note: The figures reported above exclude organisational waste attributed to the Transforming IWM London project, as this waste is from activity directly related to the construction works

*Waste reporting figures exclude Churchill War Rooms and HMS *Belfast* due to a complex supply chain and the fact that this information is not readily available from the current contractors

** Reductions in waste disposal and expenditure show the impact of IWM London being closed to the public over a seven month period in 2013–14

*** The water consumption figure above excludes Churchill War Rooms and HMS *Belfast* as the data is not available. Going forward this data will be collected and reported as the branch FM is now managed centrally

Waste minimisation and finite resource consumption Financial expenditure '000s	2013–14 actual	2012–13 actual	Per cent (%) change year on year
Total expenditure on waste disposal	£60	£72	-16%
Expenditure of waste sent to landfill	£3	£2	61%
Expenditure of waste recycled	£25	£19	30%
Expenditure of waste incinerated	nil	nil	nil
Expenditure of waste composted	£1	nil	-
Expenditure of waste converted to energy	£32	£51	-38%
Expenditure of water supplied	£106	£72	47%

7.4 Procurement

In the preparation of tenders, our questionnaire always asks suppliers to provide their environmental and sustainability policy. In cases where sustainability issues are critical to the performance of a product or service (in the case of energy consumption, the lifetime of the product or lifecycle of the consumables), we always request specific information to be provided, so as to form part of the criteria for assessment.

7.5 Print buying policy

Our policy is to use FSC-certified or recycled paper for our printed publications. We work with suppliers who can demonstrate a commitment to sustainability, for example through environmental policies and accreditations. We are a member of the Publishers' Green Network, a group of UK publishing houses promoting environmental awareness and best practice.



Sir Francis Richards KCMG CVO DL
Chairman of the Trustees

Date 3 July 2014



Diane Lees FMA FRSA
Director-General and
Accounting Officer

8. Reference and administrative details of the charity, the Trustees and advisers

8.1 Addresses

IWM London

Lambeth Road
London SE1 6HZ

IWM North

The Quays
Trafford Wharf Road
Manchester M17 1TZ

IWM Duxford

Cambridgeshire CB22 4QR

Churchill War Rooms

Clive Steps
King Charles Street
London SW1A 2AQ

HMS Belfast

The Queen's Walk
London SE1 2JH

Website

iwm.org.uk

8.2 Principal advisers

Solicitors

IWM 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

8.3 Audit

Under statute, the Comptroller and Auditor General is the principal auditor of IWM's consolidated accounts for the year ended 2013–14. The audit fee in respect of this work was £40,000.

Auditors

Consolidated accounts

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, 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.

Imperial War Museum Trading Company Limited

Kingston Smith
Devonshire House
60 Goswell Road
London EC1M 7AD

Internal audit

Baker Tilly Business Services Limited
25 Farringdon Street
London EC4A 4AB

8.4 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 learning activities of IWM, including retailing, corporate hospitality and the IWM 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

Lord Ashcroft of Chichester KCMG PC (Chair)
Keith Cameron
Jon Card ACA
Professor Sir Miles Irving DSc FRCS
Diane Lees FMA FRSA
Catharine Pusey

8.5 Director-General and Accounting Officer

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

8.6 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:

Sir Francis Richards KCMG CVO DL

Deputy Chairman:

Lieutenant General Sir John Kiszely KCB MC DL*

Board Members:

Lord Ashcroft of Chichester KCMG PC
Lord Black of Brentwood

Professor Sir Miles Irving DSc FRCS
Tom McKane
Bronwen Maddox*
Dame Judith Mayhew Jonas DBE*
ACM Sir Stuart Peach KCB CBE FRAeS ADC RAF
Sir John Scarlett KCMG OBE*
Professor Sir Hew Strachan PhD FRSE
Jonathan Watkins
Admiral The Lord West of Spithead GCB DSC PC ADC
Sir Nick Williams
His Excellency The Hon Mike Rann CNZM (Australian High Commissioner)
His Excellency Mr Gordon Campbell (Canadian High Commissioner)
His Excellency Dr Jaimini Bhagwati (Indian High Commissioner) (until December 2013)
His Excellency Mr Ranjan Mathai (Indian High Commissioner) (from March 2014)
His Excellency The Hon Sir Lockwood Smith (New Zealand High Commissioner)
His Excellency Mr Wajid Shamsul Hasan (High Commissioner for Pakistan)
His Excellency Dr Zola Skweyiya (South African High Commissioner) (until December 2013)
His Excellency Dr Chris Nonis (Sri Lankan High Commissioner)

** Members of the Trustees' Audit Committee*



Sir Francis Richards KCMG CVO DL
Chairman of the Trustees

Date 3 July 2014



Diane Lees FMA FRSA
Director-General and
Accounting Officer

9. Remuneration report

9.1 Remuneration Committee and policy

The Board's Remuneration Committee meets annually to consider pay awards for the Director-General. The Committee comprises the Chairman and Deputy Chairman of the Board of Trustees and the Chair of the Audit Committee. The Director-General is eligible for a discretionary bonus of up to 15 per cent of which up to 2 per cent may be consolidated into pay as the annual rise. In addition the Committee receives details of the Senior Management Team pay. The Senior Managers are set objectives based on IWM'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. During the year, a bonus was paid to the Director-General. No other bonuses were paid to either the Director-General or the two members of the Senior Management team listed below during 2013–14 or 2012–13. Pay rises were capped at 1 per cent for all staff. The pay of the Director-General and members of the Senior Management team are subject to benchmarking on a periodic basis.

9.2 Salary and pension entitlements

The audited salary and pension entitlements of senior staff with corporate responsibilities as at 31 March 2014 were as follows:

Single total figure or remuneration										
	Salary* (£'000)		Bonus payments (£'000)		Benefits in kind** (to nearest £100)		Pension benefits (£'000)		Total (£'000)	
	2013 –14	2012 –13	2013 –14	2012 –13	2013 –14	2012 –13	2013 –14	2012 –13	2013 –14	2012 –13
D Lees Director General	140– 145	135– 140	10	Nil	Nil	2.4	20	62	170– 175	200– 205
J Card Director of Business & Governance	90– 95	90– 95	Nil	Nil	Nil	Nil	13	17	100– 105	105– 110
A Stoneman Acting Director of Duxford & Director of Corporate Services	90– 95	85– 90	Nil	Nil	Nil	Nil	15	8	105– 110	90– 95

*Full time equivalent salary for Mr Stoneman was increased from the £85–90k band to the £90–95k band in January 2014 when he became the Acting Director of IWM Duxford in addition to his post as Director of Corporate Services.

**The Director-General, Diane Lees, had use of a room for accommodation purposes within IWM London for the period between 1 April 2012 and 22 June 2012 (83 days). For

this period, the value of this assessed benefit in kind, based on an allowance agreed by DCMS, equated to $83/365 * \text{£}10,600$ (£2,410). For the period between 23 June 2012 and 31 March 2013, Ms Lees was provided with an accommodation allowance of $282/365$ days x £10,600 (£8,190) which is included in the salary figure above. For 2013–14, Ms Lees was provided with the entire accommodation allowance of £10,600, also included in the salary figure above.

No other benefits in kind were made available to the Director-General or Senior Management in the year.

The Director-General and Senior Managers have permanent contracts of employment with notice periods of three months. Other than those stated in the table above, no other benefits in kind were made attributable to them for the year. No severance or bonus payments were made during the year. One compensation payment was paid to a former Senior Manager during the year which is included below in the table under 9.6 in the £50–£75k package band. In the event of early termination of employment the provisions of the Principal Civil Service Pension Scheme are to 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 2013–14 or 2012–13. Travel and subsistence expenses paid to eight Trustees amounted to £2,684 (2012–13, £4,208).

9.3 The Cash Equivalent Transfer Value (CETV)

This 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 spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total service, not just their current appointment. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

9.4 The real increase in the value of the CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the member. It is worked out using common market valuation factors for the start and end of the period.

	Accrued pension at pension age as at 31/3/14 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/14	CETV at 31/3/13	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
D Lees Director General	30–35 plus lump sum of nil	0–2.5 plus lump sum of nil	465	418	12	-
J Card Director of Business & Governance	20–25 plus lump sum of 65–70	0–2.5 plus lump sum of 0–2.5	444	404	11	-
A Stoneman Acting Director of Duxford & Director of Corporate Services	40–45 plus lump sum of 120–125	0–2.5 plus lump sum of 2.5–5	792	733	12	-

9.5 The relationship between the remuneration of the highest paid director and the median remuneration of IWM's workforce

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

	2013–14	2012–13
	£'000	£'000
Band of highest paid director's total remuneration	150–155	140–145
Median total remuneration	£23,218	£22,313
Ratio	6.57	6.39

The banded remuneration of the highest-paid director in IWM in the financial year was £150,000–£155,000 (2012–13, £140,000–£145,000). This was 6.57 times (2012–13 – 6.39) the median remuneration of the workforce, which was £23,218 (2012–13, £22,313).

In 2013–14, no employees (2012–13, nil) received remuneration in excess of the highest-paid director.

Total remuneration includes salary, non-consolidated performance-related pay as well as benefits in kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

9.6 Reporting of civil service and other compensation schemes – exit packages

(Comparative data is shown in brackets for previous years)

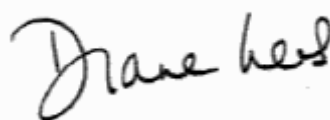
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	Nil (nil)	1 (1)	1 (1)
£10,000–£25,000	Nil (nil)	3 (nil)	3 (nil)
£25,000–£50,000	Nil (nil)	2 (1)	2 (1)
£50,000–£75,000	Nil (nil)	4 (nil)	4 (nil)
Total number of exit packages	Nil (nil)	10 (2)	10 (2)
Total resource cost / £	Nil (nil)	£ 247,285 (£35,914)	£247,285 (£35,914)

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.



Sir Francis Richards KCMG CVO DL
Chairman of the Trustees

Date 3 July 2014



Diane Lees FMA FRSA
Director-General and
Accounting Officer

10. Statement of Trustees' and Director-General's responsibilities

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

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

1. Observe the accounts direction issued by the Secretary of State and the Government Financial Reporting Manual, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
2. Make judgements and estimates on a reasonable basis;
3. State whether applicable accounting standards as set out in the Government Financial Reporting Manual and the Statements of Recommended Practice have been followed, and disclose and explain any material departures in the financial statements
4. Prepare the financial statements on the going concern basis, unless it is inappropriate to assume that IWM 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 IWM. 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 IWM assets, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, issued by the Treasury and published in Managing Public Money.



Sir Francis Richards KCMG CVO DL
Chairman of the Trustees



Diane Lees FMA FRSA
Director-General and
Accounting Officer

Date 3 July 2014

11. Governance statement

11.1 Introduction

IWM was founded on 5 March 1917 when the War Cabinet approved a proposal by Sir Alfred Mond MP for the creation of a national war museum to record the events still taking place during the First World War. The intention was to collect and display material as a record of everyone's experiences during that war – civilian and military – and to commemorate the sacrifices of all sections of society.

The interest taken by the Dominion governments led to the renaming of the National War Museum to Imperial War Museum later in 1917. It was formally established by Act of Parliament in 1920 and a governing Board of Trustees appointed.

IWM is now 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. We are a non-departmental public body (NDPB) with the Department for Culture, Media and Sport (DCMS) as our sponsoring body.

11.2 Corporate governance framework

11.2.1 Scope of responsibility

The Trustees and Director-General, as Accounting Officer, have responsibility for maintaining a sound system of internal control to support the achievement of our aims and objectives. IWM's governance system ensures that public funds and our assets are safeguarded in accordance with HM Treasury's 'Managing Public Money', and specifically, the Management Statement and Financial Memorandum between IWM and DCMS. Internal audit is provided by Baker Tilly, an independent company which operates within the government Internal Audit Standards. External independent sources of assurance are provided by The National Audit Office, and Kingston Smith, who audit our Trading Company.

11.2.2 Board of Trustees

Membership

The Board of Trustees has 22 members, including the President, who is appointed by the Sovereign. The remaining members of the Board are appointed variously by:

- The Prime Minister
- The Foreign Secretary
- The Secretary of State for Defence
- The Secretary of State for Culture, Media and Sport
- The seven Commonwealth Governments of Australia, Canada, India, New Zealand, Pakistan, South Africa and Sri Lanka who are represented by their High Commissioners in an *ex officio* capacity.

Apart from the President, the High Commissioners and an *ex officio* Ministry of Defence appointee, appointments to the Board are made on merit, following a fair and transparent

process, which is regulated by the Office of the Commissioner for Public Appointments. Trustees are appointed in the first instance for a term of up to four years. The Chairman of the Board is elected by the Trustees from among their number.

Sir John Scarlett and Professor Sir Hew Strachan were appointed for second terms of four years during 2013–14. No new appointments were made this year. An Appointments Policy was agreed in 2013 and a succession plan, based on a skills audit among current Trustees, will be revisited as new vacancies arise.

Role

As a non-executive board, IWM's Trustees are collectively responsible for the management and control of IWM. They approve IWM's objectives, as set out in the Corporate Plan, and the targets agreed with DCMS through the Funding Agreement process. Along with strategic development, the Board of Trustees monitors performance over the course of the year. It is supported in performing its duties by a number of committees, including the Audit Committee (who have delegated responsibility for monitoring IWM's risk management), Regeneration Trustee Committee and Art Commissions Committee.

11.2.3 Committees

- The Audit Committee advises the Director-General and the Board of Trustees on the adequacy of audit arrangements, risk management and internal control. It regularly reviews risk management, including risks relating to the Transforming IWM London project. The Board of Trustees in turn reviews the effectiveness of our risk management process on an annual basis. The Committee recommends the Annual Report and Accounts for approval to the main Board and is responsible for policy review. It reviews internal and external audit reports, and agrees an internal audit strategy based on our strategic risks and other key issues. Annually the Committee receives a report from IWM Duxford's Flight Safety Committee, and IWM's Health and Safety Report.
- The Regeneration Trustee Committee supports the Board in relation to oversight of the Transforming IWM London project. It provides assurance to the Trustees that the programme of work is implemented within agreed parameters and in compliance with the Office of Government Commerce guidelines. This Committee undertakes regular review of the project risks.
- The Art Commissions Committee is empowered by the Trustees to select and agree terms with artists for the commission of works relating to all aspects of British and Commonwealth Forces' activities, including their role as part of UN military, humanitarian or civilian operations. It agrees interpretative or retrospective commissions which relate specifically to IWM's remit.
- The Remuneration Committee oversees the review of the Director-General's pay and performance.

11.2.4 Executive Team

The Senior Management Team (SMT) is an executive decision making body which, in the context of our corporate governance model, leads on strategic planning, approves the allocation of resource and monitors progress against our Corporate Plan. SMT is responsible for the ratification of key areas of IWM policy and process, prior to presentation to the Board for final approval. It maintains an overview of the compliance and regulatory systems of IWM and regularly reviews the strategic risk register. Information from Board meetings and audit reviews is disseminated to SMT.

SMT Boards are in place to allow the Senior Management Team to work in more focussed groups on specific strategic areas including the management of our estates and infrastructure, public engagement, collections and research, commercial and our business change programme, Fit for the Future. The SMT Boards provide a strong strategic steer for the development of our Corporate Plan, our public programme, major projects and workforce development. Recommendations from SMT Boards are reviewed and approved by the wider SMT body and the Board of Trustees as appropriate.

11.3 Annual review

11.3.1 Audit Committee

Over the course of the year, the Audit Committee reviewed and approved an updated version of IWM's Risk Management Strategy. Regular reviews of the strategic risk register and risks related to the Transforming IWM London project have been undertaken. IWM's Internal Audit strategy for 2014–15 was approved and progress of internal audits reviewed. The Committee assessed progress and the key actions from IWM Duxford's Flight Safety Committee Annual Report and the Health and Safety Annual Report. Policies and procedures reviewed and ratified include our policies for Anti-Fraud, Anti-Bribery and Whistle Blowing. Some minor amendments were agreed to the Committee's Terms of Reference, which are now reviewed annually.

11.3.2 Board of Trustees

The Board of Trustees approved the Annual Report and Accounts for 2013–14, IWM's Corporate Plan for 2014–17 and all disposals from the collection and acquisitions above £100k. It has monitored financial performance and progress against the Corporate Plan throughout the year and has reviewed regularly progress on IWM's capital projects, most notably the Transforming IWM London project as well as commenting on the historical narrative for our new First World War Galleries. In addition it has carried out an annual review of risk management and received annual reports from the Audit Committee and Directors of the Trading Company.

Key areas of business considered and approved include:

- IWM's Commercial Strategy for 2013–16
- IWM's Partnerships Strategy
- IWM's Collections Development Strategy
- A discussion paper on IWM's future financial sustainability
- The next phase of Transforming IWM London
- Options scoping for the future development of IWM North

11.3.3 Quality of data provided to the Board

In terms of the underlying quality of information, performance and financial data provided for Board consumption are reviewed at every meeting. At the last review of Board effectiveness, the Trustees agreed that they receive the correct level of information and that the mechanisms for measuring performance are of an appropriate standard.

Directors' report on the progress of their Corporate Plan objectives via their quarterly reports, with the key issues and developments summarised in reports issued to the Board of Trustees (and Senior Management team) on a quarterly basis. These are communicated and shared more widely with staff via IWM's intranet.

11.3.4 Board attendance

The Board of Trustees' record of attendance is considered to be important and ability to attend meetings is a key criterion in the appointment of Trustees. The Board meets four times a year. Attendance has been monitored over the past year with Board attendance averaging at 70 per cent. Trustee attendance is covered within their performance assessment, when cases for re-appointment are put to Ministers.

Individual attendances are recorded as follows:

Trustee	Attendance
HE Dr Jaimini Bhagwati / HE Ranjan Mathai (or representative)	50%
Lord Ashcroft	75%
Lord Black	75%
HE Gordon Campbell (or representative)	100%
HE The Hon Mike Rann	100%
HE Wajid Shamsul Hasan (or representative)	0%
Professor Sir Miles Irving	75%
Lt General Sir John Kiszely	100%
HE Sir Lockwood Smith (or representative)	75%
Ms Bronwen Maddox	100%
Dame Judith Mayhew Jonas	100%
Mr Tom McKane	25%
HE Dr Chris Nonis	25%
ACM Sir Stuart Peach	100%

Sir Francis Richards (Chair)	100%
Sir John Scarlett	100%
HE Dr Zola Skweyiya (or representative)	25%
Professor Sir Hew Strachan	75%
Dr Jonathan Watkins	25%
Admiral The Lord West	75%
Sir Nick Williams	75%

The Audit Committee meets four times a year and attendance is reported to the Board via the annual report, and in accordance with HM Treasury guidelines for best practice. Attendance over the past year has averaged 80 per cent.

Committee Member	Attendance
Sir John Kiszely	100%
Ms Lynn Krige (co-opted)	50%
Ms Bronwen Maddox	50%
Dame Judith Mayhew Jonas	100%
Sir John Scarlett (Chair)	100%

The Regeneration: IWM London Committee supports the Board in undertaking its responsibilities in relation to oversight of the Transforming IWM London project. The Committee met five times this year. Individual membership attendance is as follows:

Committee Member	Attendance
Dame Judith Mayhew Jonas (Chair)	100%
Sir Nick Williams	100%
Mr Mike Griffiths (co-opted)	100%
Mr Tony Halmos (co-opted)	80%
Ms Lynn Krige (co-opted)	60%

The Art Commissions Committee has met three times this year and individual membership attendance is reported below:

Committee Member	Attendance
Jonathan Watkins (Chair)	100%
Kate Bush	100%
Katrina Brown	33%
Graham Gussin	33%
Diane Lees	100%
Kathleen Palmer	100%

Over the past year, there has been no departure from the Corporate Governance Code, in so far as it is appropriate.

11.3.5 Board effectiveness review

The Board of Trustees reviews its effectiveness annually at an away session and through a questionnaire completed by each Trustee, which assesses performance in the following areas:

- Governance and compliance
- Constitution
- Strategic direction
- Meetings and succession planning

The 2014 review found that the Board was effective in all areas, with no significant weaknesses. Improvements were recorded since the previous review in providing robust challenge to management, tracking performance against plans, ensuring the economic viability of IWM and working together as a team. The diversity of the Board poses the greatest concern to Trustees. At their away day in January 2014, Trustees considered the long term strategies in relation to the IWM brand and estate and how our public programmes might respond to the public's changing expectation of museums. These business areas will be addressed further at successive Board meetings during 2014–15. The strategic agenda will continue to be reviewed on an annual basis.

The Audit Committee also carried out a review of its effectiveness during 2013. A questionnaire based approach assessed the role and scope of the committee, membership and skills, and meetings and processes. Overall the results of the survey were encouraging and positive, prompting just a small number of actions.

11.4 Internal accountability mechanisms

11.4.1 Executive managers

At branch and divisional level, Directors and their management teams review regularly their Corporate Plan objectives and the risks involved in achieving them. As part of their review of risk via the quarterly report process, controls are checked to ensure they are operating effectively. This is to provide assurance to SMT, the Audit Committee and the Board of Trustees that the controls in place are fit for purpose.

Management accounts are reviewed by the respective Directors and Budget Holders on a monthly basis. It is the Director's responsibility to ensure that the monthly management reports have been checked and are formally signed. This is one of our key control mechanisms to provide assurance over the financial data reported on each quarter.

In terms of internal control mechanisms, in 2013 we reviewed and updated our management checks process. This led to the development of a series of management checks, designed to be appropriate for each respective activity of IWM. The checks are carried out by Heads of Departments, with Directors supporting and supplementing their findings via a formal, quarterly return.

Each Branch Director has signed a Memorandum of Representation, which is their representation of the operation of governance procedures and internal controls, including controls of the security of personal information in their areas of responsibility.

11.4.2 Board of Trustees

A register of Trustees' interest is maintained and is available for public inspection via the IWM website. Trustees are required to review their assurance statements and related party transactions annually and to declare any conflicts of interest at the commencement of each meeting of the Board and its committees. During 2013–14 one related party transaction was declared and is recorded within the Annual Accounts.

11.5 Risk management

IWM's internal control system is designed to manage risk to a reasonable level, rather than eradicate all risk of failure. It can only provide reasonable and not absolute assurance of effectiveness therefore. In managing risk we identify the opportunities and risks in achieving our strategic objectives, evaluate the likelihood of those risks being realised, the impact should they be realised and the controls in place to manage them efficiently and effectively. Our approach to risk management and the process for implementation are outlined in IWM's Risk Management Strategy. The strategy is supported by our strategic risk register, which groups our highest priority risk areas into ten strategic risks.

Risk management overall is viewed as a dynamic process which actively seeks to incorporate good practice. It is responsive and current and is managed through regular review of both internal developments and external factors – the political, social, economic, demographic, technological, environmental and legal developments that may influence our exposure to risks or opportunities.

As a Non Departmental Public Body (NDPB) IWM has a low risk appetite in relation to compliance, regulation and to our ten strategic risks. In areas where we aim to be relevant and influential, we are prepared to take calculated risks, such as adopting a medium risk appetite for programming and content. Our risk appetite is reviewed by SMT and reported for approval to the Audit Committee annually. SMT determine whether our overall risk profile is commensurate with our risk appetite.

11.5.1 Risk profile

Responses to emerging issues as they relate to IWM's ten strategic risks are summarised below:

- The risk for 'serious deterioration in financial resources' has remained at a high level over the course of the year, to reflect the pressures of reduced government funding. Our three-year Corporate Plan funds our highest priorities and focuses on increasing commercial revenue and profit. In the longer-term our strategic change programme will bring greater financial flexibility by reducing fixed costs. This risk remains a significant challenge in the short to medium term, owing to the uncertain funding environment and greater reliance on self-generated income.
- The risk rating for 'audience stagnates and declines' was lowered during the course of the year to reflect exceptional visitor number performance, particularly at the London charging branches which benefitted from a 'post-Olympics bounce'. IWM London has been temporarily shut over this period as we prepare for the re-opening of the branch in the summer of 2014. Capital development projects across our

branches (such as Transforming IWM London and the opening of the new First World War Galleries in 2014) contribute to a significant and sustained increase in visitors across all our branches.

- The overall residual risk for 'inefficient and outmoded infrastructure' has remained at a medium level in light of the acute pressure on existing capital funds and the potential for reduction in capital grant-in-aid funding in coming years. Our change management programme aims to build our financial flexibility so as to enable us to invest further in the upkeep of our estate and development of our infrastructure.
- Significant improvement in collections management and storage have been made in response to the risk 'loss or damage to collection and other assets'. Further improvement will be achieved through long-term investment in storage conditions at IWM Duxford Northside and ongoing documentation and digitisation.
- The implementation of our Research Strategy and our International Research Organisation status means that a low risk level for the risk 'collection and scholarly expertise not developed' is sustainable.
- The risk 'serious harm to people' has remained low over the past year as clear policies and procedures are in place to ensure the health and safety of visitors and staff. Over the course of the year we have closely monitored and controlled risks associated with our major redevelopment project at IWM London. We anticipate that this position will be sustained as we continue to cultivate staff awareness of Health and Safety.
- 'Staff motivation and productivity low' would seriously hamper the ability of IWM to deliver its mission. Over the past year, improved internal communications and positive changes to ways of working have been implemented following the staff engagement survey undertaken in 2012. The residual risk rating is currently at amber to reflect the impact of ongoing pay restraint and changes to pension terms on staff morale. Our programme for business change, as set out by the Change Director and SMT, will be supported by a clear change management and internal communications plan.
- Clear governance structures are in place in response to the risk 'breach of laws, regulations and standards'. The implementation of our Information Security Policy is monitored through the quarterly report mechanism. Furthermore, investment and resource is in place to ensure that our network and trading operations meet PCI compliance. Detailed corporate planning has built transparency into resource allocation and allows the Board to gain full understanding of IWM's business and operation.
- Whilst there are limitations to the actions which can be taken in the event of a security attack on IWM, appropriate training and our Business Continuity planning regime mitigate the risk 'significant business interruption' as far as possible. Long-term estates masterplanning and major capital investment will also support this work, although reduced capital grant-in-aid funding exerts significant pressure on maintenance and lifecycle programmes.

- The risk 'Regeneration: First World War Centenary project opportunity not fully exploited' reflects the magnitude and impact of this project. The redevelopment of our flagship branch is an enormous opportunity. Major milestones have been reached this past year, in terms of our fundraising campaign and the redevelopment works. The current rating was escalated to a high level in September 2013 to reflect pressures on cost and to the programme. In response, IWM London has temporarily shut to the public so that we can concentrate on construction works in public areas. The programme and cost plan are carefully monitored to ensure that we meet the centenary deadline this summer.

Our strategic risk register and the direction of travel are monitored at regular intervals to ensure that actions are being carried out and that the identified controls are effective.

11.5.2 Managing information security risk

All staff handling IWM information or using our information systems are responsible for ensuring that they comply with IWM's Information Security Policy and procedures. Every IWM information asset has a nominated Information Asset Owner (IAO), responsible for regularly auditing their system.

Risk relating to Information Security is assessed by Information Asset Owners on a regular basis, in the context of our ten strategic risks and through the quarterly reporting process. IAOs provide our Senior Information Risk Owner (SIRO), the Director of Business and Governance, with an annual statement of assurance for the system they are responsible for. An annual audit of information assets is undertaken by the Museum Archive and an audit of ICT systems is carried out by our Information Technology Security Officer (Head of ICT) in order to provide a statement of assurance to the SIRO. Our annual records audit covers departmental compliance with IWM's Information Security Policy. There has been no significant loss or theft of personal or other protected data during 2013–14. No reports have been made to the Information Commissioner.

11.5.3 Response to challenges

Our most pressing challenges are the risks faced by IWM in relation to our funding environment and increased threats to ICT security (with the growth of our digital holdings and transactions over our network).

Funding context

Our current four year funding agreement with the DCMS has seen resource grant-in-aid reduced in real terms, with further potential reductions to follow. Uncertainty over future funding continues to pose a significant business challenge. Significant rises in employer pension contributions from 2015–16 onwards will increase our costs.

In response to this, our financial strategy seeks to increase income and reduce our fixed cost base. We are seeking to increase self-generated income to 67 per cent of total operating income and reduce fixed costs to 65 per cent by 2020. A Change Director has been appointed to deliver structural change which will impact both fixed costs and expenditure budgets, while our Commercial Strategy for 2013–16 will build our long-term financial sustainability. In terms of performance, we are achieving overall self-generated income targets in spite of challenging economic conditions and continue to control expenditure. Of our total operating income, over 50 per cent is now self-generated.

ICT security

The Board of Trustees consider the threat of a breach in ICT security to be a serious matter as our ICT infrastructure faces increasingly complex security threats due to the growth in our digital holdings and e-commerce platforms. In response to this, risks and control measures relating to IWM's ICT security have now been embedded within each of IWM's existing ten strategic risks. Corporate Plan 2014–17 includes investment in ICT security to ensure that appropriate security measures are in place and our ICT infrastructure supports our business objectives.

11.6 Internal Audit assessment

As part of our internal audit plan, Internal Auditors Baker Tilly, have carried out several reviews this past year. The Internal Auditors provide an annual report on progress against the internal audit plan for 2013–14. The report includes the Internal Auditors independent opinion on whether our controls in the relevant business area are suitably designed, effective and consistently applied, together with recommendations for improvement.

Overall, the opinion provided is that IWM has adequate and effective governance, risk management and internal control measures in place. Areas identified where the control framework could be improved include IWM's security, business continuity planning and disaster recovery (audits of which received an Amber/Red opinion). Work to action the recommendations of these audits is underway.

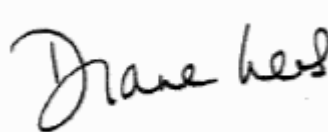
11.7 Assurance Statement by the Audit Committee

The Audit Committee are reasonably confident that the reliability, integrity, quality and comprehensiveness of the assurances provided by the IWM's internal and external auditors, and by management, are presently sufficient to support the Board and Accounting Officer in their decision making and in the fulfilment of their accountability obligations. The Audit Committee will continue to draw to the Board's and Accounting Officer's attention any matters of serious concern. No significant internal control issues have arisen over the course of the past year.



Sir Francis Richards KCMG CVO DL
Chairman of the Trustees

Date 3 July 2014



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 Museums for the year ended 31 March 2014 under the Museums and Galleries Act 1992. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated and Museums 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 Trustees, the Director-General and auditor

As explained more fully in the Statement of Trustees' and Director-General's Responsibilities, the Trustees and the Director-General, 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 Museums' and the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Imperial War Museums; 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate and report.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements 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 group's and of the Imperial War Museums' affairs as at 31 March 2014 and of its incoming resources and application of resources for the year then ended; and
- 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 Secretary of State directions made under the Museums and Galleries Act 1992; and
- the information given in Achievements and Performance; Financial Review; Environmental Sustainability Report; 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 returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

Date 8 July 2014

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

IMPERIAL WAR MUSEUM ACCOUNT 2013-14

Consolidated Statement of Financial Activities for the year ended 31 March 2014

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
Incoming resources					
<u>Incoming resources from generated funds</u>					
<u>Voluntary income</u>					
Grant in Aid	2a	18,857	2,386	21,243	31,186
External funds	2b	1,236	14,263	15,499	3,377
Lottery funding		-	4,542	4,542	6
Donated objects and services		-	61	61	55
		<u>20,093</u>	<u>21,252</u>	<u>41,345</u>	<u>34,624</u>
<u>Activities for generating funds</u>					
Income from commercial activities	13	7,102	-	7,102	7,093
Fees		1,287	205	1,492	1,022
Royalties	13	1,019	-	1,019	822
Disposals of assets		6	-	6	51
		<u>9,414</u>	<u>205</u>	<u>9,619</u>	<u>8,988</u>
Investment income	3	67	1	68	65
		<u>29,574</u>	<u>21,458</u>	<u>51,032</u>	<u>43,677</u>
<u>Incoming resources from charitable activities</u>					
Admissions		8,011	-	8,011	6,439
Total incoming resources		<u>37,585</u>	<u>21,458</u>	<u>59,043</u>	<u>50,116</u>
Resources expended					
<u>Costs of generating funds</u>					
Fundraising and publicity		2,525	461	2,986	2,334
Commercial costs	13	5,076	13	5,089	4,705
		<u>7,601</u>	<u>474</u>	<u>8,075</u>	<u>7,039</u>
<u>Charitable Expenditure:</u>					
<u>Cost of activities in furtherance of the charitable objectives</u>					
Education, exhibitions and visitor services		14,044	3,402	17,446	15,858
Building care and preservation		7,128	6,719	13,847	13,071
Collections management and conservation		6,528	550	7,078	7,069
Grants	14	587	-	587	3,410
Purchases for the collection		38	-	38	38
		<u>28,325</u>	<u>10,671</u>	<u>38,996</u>	<u>39,446</u>
Governance costs	5	319	3	322	336
Total resources expended	5	<u>36,245</u>	<u>11,148</u>	<u>47,393</u>	<u>46,821</u>
Net incoming resources before transfers		<u>1,340</u>	<u>10,310</u>	<u>11,650</u>	<u>3,295</u>
Gross transfer between funds	18	-	-	-	-
Net incoming resources before recognised gains and losses	4	<u>1,340</u>	<u>10,310</u>	<u>11,650</u>	<u>3,295</u>
Gains/(losses) on revaluation of fixed assets		1,133	3,882	5,015	(9,763)
Net movement in funds		<u>2,473</u>	<u>14,192</u>	<u>16,665</u>	<u>(6,468)</u>
Reconciliation of funds					
Fund balances brought forward at 1 April 2013		27,715	152,821	180,536	187,004
Fund balances carried forward at 31 March 2014	18	<u>30,188</u>	<u>167,013</u>	<u>197,201</u>	<u>180,536</u>

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

The notes on pages 61 to 80 form part of these accounts

IMPERIAL WAR MUSEUM ACCOUNT 2013-14

Consolidated and IWM Balance Sheets as at 31 March 2014

	Notes	Consolidated		IWM	
		2014 £'000	2013 £'000	2014 £'000	2013 £'000
Fixed assets					
Tangible assets	7	198,697	179,965	198,697	179,965
Heritage assets	8	3,819	3,770	3,819	3,770
Investments	13	-	-	600	600
		<u>202,516</u>	<u>183,735</u>	<u>203,116</u>	<u>184,335</u>
Current assets					
Stock	9	348	317	-	-
Debtors	10	5,286	3,534	4,541	3,296
Short-term investments	11a	4,649	3,106	4,649	3,106
Cash at bank and in hand	11b	1,191	4,169	1,108	3,805
		<u>11,474</u>	<u>11,126</u>	<u>10,298</u>	<u>10,207</u>
Current liabilities					
Creditors: amounts falling due within one year	12a	(9,999)	(6,969)	(9,433)	(6,659)
Net current assets		<u>1,475</u>	<u>4,157</u>	<u>865</u>	<u>3,548</u>
Total assets less current liabilities					
		<u>203,991</u>	<u>187,892</u>	<u>203,981</u>	<u>187,883</u>
Creditors: amounts falling due after more than one year	12b	(6,781)	(7,169)	(6,781)	(7,169)
Provisions for liabilities and charges	12e	(9)	(187)	(9)	(187)
		<u>(6,790)</u>	<u>(7,356)</u>	<u>(6,790)</u>	<u>(7,356)</u>
Net assets		<u>197,201</u>	<u>180,536</u>	<u>197,191</u>	<u>180,527</u>
Represented by:					
Restricted funds					
Restricted funds	18	122,151	109,721	122,090	109,658
Restricted funds buildings revaluation		<u>44,862</u>	<u>43,100</u>	<u>44,862</u>	<u>43,100</u>
		<u>167,013</u>	<u>152,821</u>	<u>166,952</u>	<u>152,758</u>
Unrestricted funds:					
Designated funds	18	23,179	20,116	23,210	20,147
Designated funds buildings revaluation		<u>10,070</u>	<u>9,021</u>	<u>10,070</u>	<u>9,021</u>
		<u>33,249</u>	<u>29,137</u>	<u>33,280</u>	<u>29,168</u>
General funds	18	892	2,211	912	2,234
Finance Lease Reserve		<u>(3,953)</u>	<u>(3,633)</u>	<u>(3,953)</u>	<u>(3,633)</u>
		<u>(3,061)</u>	<u>(1,422)</u>	<u>(3,041)</u>	<u>(1,399)</u>
Total funds		<u>197,201</u>	<u>180,536</u>	<u>197,191</u>	<u>180,527</u>



Sir Francis Richards KCMG CVO
Chairman of the Trustees



Diane Lees FMA FRSA
Director-General and Accounting Officer

Date 3 July 2014

The notes on pages 61 to 80 form part of these accounts

Consolidated Cashflow Statement for the year ended 31 March 2014

	Notes	2014 £'000	2013 £'000
Net cash inflow from operating activities	20a	19,013	9,062
Returns on investments and servicing of finance			
Interest received	68	65	65
Interest element of finance lease rental payments	<u>(409)</u>	<u>(341)</u>	<u>(416)</u> (351)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	<u>(19,763)</u>	<u>(9,638)</u>	<u>(9,638)</u>
Cash outflow before financing and management of liquid resources		<u>(1,091)</u>	<u>(927)</u>
Financing and management of liquid resources			
Capital element of finance lease rental payments		(344)	(297)
(Increase)/decrease in short term deposits		(1,543)	3,567
(Decrease)/increase in cash in the year	20b	<u>(2,978)</u>	<u>2,343</u>

The notes on pages 61 to 80 form part of these accounts

Notes to the Financial Statements

1 Accounting Policies

(a) Basis of accounting

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

IWM is exempt from corporation tax on charitable activities under section 505 of the Income and Corporation Taxes Act 1988. Income arising from the activities of the trading subsidiary is gift aided to IWM.

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 IWM 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 IWM. Some unrestricted funds are designated by the Trustees to the funding of long-term objectives of IWM, 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 18.

(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 and services of a value above £10,000, given to IWM 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. Tax recoverable is accounted for when receivable.

Investment Income

Investment income is accounted for when receivable.

(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 IWM, including the costs of Trustees meetings, and the costs of internal and external audit services.

Costs of generating funds

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

(e) Heritage assets*Purchased heritage assets*

All heritage assets that are purchased by IWM above £2,000 are capitalised in the balance sheet. Heritage assets purchased by IWM with a cost of under £2,000 are expensed on the Statement of Financial Activities ("SOFA").

Donated heritage assets

Donated heritage assets are valued by IWM 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 IWM before 2001 have not been capitalised on the balance sheet as no valuations are available for these items. IWM considers that the cost of obtaining valuation for the collection of assets held, which is the majority of IWM'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 IWM; 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 and runway - structure	- between 10 and 79 years
Buildings - plant and machinery	- between 5 and 35 years
Buildings - fit-out	- between 2.5 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 and buildings (structure, - by external professional valuation at least every five years and using appropriate indexation in the intervening plant 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 IWM, 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. IWM 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 600,000 shares of £1 each. Under gift aid agreement all taxable profits from IWM Trading Company Limited are paid to IWM. A summary of the income and expenditure account is provided in note 13.

(k) 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.

(l) 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. IWM 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, IWM recognises the contributions payable for the year.

(m) Financial instruments

Financial assets and financial liabilities, in respect of financial instruments, are recognised on IWM's balance sheet when IWM 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.

(n) Cash and liquid resources

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

2a Grant in Aid

£21,243K of Grant in Aid (Department for Culture, Media and Sport) has been received during the year (2012-13 £31,186K). This represents 45% 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. £2,136K of the Grant in Aid was restricted for refurbishment and renewals of buildings, plant and equipment and the digitisation programme and £250K for 14-18 NOW.

IMPERIAL WAR MUSEUM ACCOUNT 2013-14

	2014 £'000	2013 £'000
2b External funds		
Grants and donations	15,483	3,231
Sponsorship	4	125
Legacies	12	21
	<u>15,499</u>	<u>3,377</u>

External funds of £15,499K relates to IWM (£15,358K) and the Imperial War Museum Trading Company (£141K).

	2014 £'000	2013 £'000
3 Investment income		
Interest receivable	68	65
	<u>68</u>	<u>65</u>

The interest receivable is on cash and short-term deposits.

Interest of £68K relates to IWM (£62K) and the Imperial War Museum Trading Company (£6K).

	2014 £'000	2013 £'000
4 Net incoming/outgoing resources before transfers		
Net outgoing resources before transfers of £11,650K, (2012-13 (£3,295K)) are stated after charging:		
Auditors remuneration		
National Audit Office - IWM consolidated accounts	40	39
Kingston Smith LLP - Imperial War Museum Trading Company	11	11
Kingston Smith LLP - additional fee for prior year	-	3
Other Services - Kingston Smith LLP, Preparation of Corporation Tax Return and attending Audit committee meetings in relation to Imperial War Museum Trading Company	3	3
Hire purchase on equipment	29	31
Operating leases - equipment	192	166
Operating leases - Land and buildings	248	277
Interest payable on finance lease	409	416
Depreciation of owned assets	6,467	6,792
Depreciation of assets held under finance leases	367	479
Impairment of owned assets	-	(287)
Release of provision for bad debts	(12)	(4)

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

	Staff costs £'000	Other costs £'000	Depreciation and Impairment £'000	2014 Total £'000	2013 Total £'000
5 Total resources expended					
Costs of generating funds					
Fundraising and publicity	1,175	1,792	19	2,986	2,334
Commercial costs	1,761	3,328	-	5,089	4,705
	<u>2,936</u>	<u>5,120</u>	<u>19</u>	<u>8,075</u>	<u>7,039</u>
Costs of activities in furtherance of the IWM's objectives					
Education, exhibitions and visitor services	11,173	4,514	1,759	17,446	15,858
Building management	418	8,551	4,878	13,847	13,071
Collections management and conservation	5,071	1,829	178	7,078	7,069
Other grants	-	587	-	587	3,410
Purchases for the collection	-	38	-	38	38
	<u>16,662</u>	<u>15,519</u>	<u>6,815</u>	<u>38,996</u>	<u>39,446</u>
Governance costs*	166	156	-	322	336
Total resources expended	<u>19,764</u>	<u>20,795</u>	<u>6,834</u>	<u>47,393</u>	<u>46,821</u>

Resources expended are shown after eliminations on consolidation of transactions between IWM and Imperial War Museum Trading Company of £5,492K (2013-14 £5,748K).

5 Total resources expended (continued)

* Governance costs	2014 £'000	2013 £'000
Internal audit	47	52
External audit	54	53
Staff costs	166	160
Other strategic costs	55	71
	322	336

	Direct costs £'000	Allocated support costs £'000	2014 Total £'000	2013 Total £'000
5a Division of direct and indirect expenditure				
Costs of generating funds				
Fundraising and publicity	2,777	209	2,986	2,334
Commercial costs	5,089	-	5,089	4,705
	7,866	209	8,075	7,039
Charitable activities				
Education, exhibitions and visitor services	13,203	4,243	17,446	15,858
Building care and preservation	13,715	132	13,847	13,071
Collections management and conservation	4,298	2,780	7,078	7,069
Other grants (Note 14)	587	-	587	3,410
Purchases for the collection	38	-	38	38
	31,841	7,155	38,996	39,446
Governance	156	166	322	336
<i>Total resources expended</i>	39,863	7,530	47,393	46,821

Allocated support costs relate to the IWM'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	Human resources £'000	Finance and planning £'000	IT and communication £'000	Subtotal 2014 £'000
Costs of generating funds					
Fundraising and publicity	7	11	36	62	116
	7	11	36	62	116
Charitable activities					
Education, exhibitions and visitor services	71	100	896	572	1,639
Building care and preservation	2	4	8	20	34
Collections management and conservation	36	54	123	683	896
	109	158	1,027	1,275	2,569
Governance	-	-	-	-	-
	116	169	1,063	1,337	2,685
					Allocated
Allocation of support		Facilities management £'000	Depreciation £'000	Support salary costs £'000	Support costs Total 2014 £'000
Costs of generating funds					
Fundraising and publicity		32	19	42	209
		32	19	42	209
Charitable activities					
Education, exhibitions and visitor services		314	171	2,119	4,243
Building care and preservation		10	6	82	132
Collections management and conservation		159	93	1,632	2,780
		483	270	3,833	7,155
Governance		-	-	166	166
		515	289	4,041	7,530

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

6 Staff costs	2014 £'000	2013 £'000
Salaries and wages	15,588	14,889
Temporary / agency staff	144	340
National Insurance	1,162	1,108
Superannuation	2,645	2,480
Early retirement and severance costs	220	38
Provision for early retirement and early exit	5	151
	19,764	19,006

In addition £340,174 (including £47k for Superannuation) of staff costs relating to staff working exclusively on capital projects were capitalised in 2013-14.

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 2013-14, employers' contributions of £2,620,657 were payable to the PCSPS (2012-13 £2,476,637) 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 2013-14 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 **£71,904** 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 **£8,947**. 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 to 6.85% of pensionable earnings for **classic** and 3.5 to 8.85% for **premium, classic plus and nuvos**. Benefits in **classic** accrue at the rate of 1/80 the of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits in respect of service from October 2002 calculated as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

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

6 Staff costs (continued)

Number of employees

The following number of employees, including the Accounting Officer, received remuneration within the ranges below:

	2014	2013
	No	No
£60,001 - £70,000	5	3
£70,001 - £80,000	3	2
£80,001 - £90,000	2	2
£90,001 - £100,000	2	2
£100,001 - £110,000	1	-
£110,001 - £120,000	-	-
£120,001 - £130,000	-	1
£130,000 - £140,000	1	-

The increase in the number of employees paid above £60,000 from 10 in 2013, to 14 in 2014, is due to; a) 3 members of staff who, with the effect of the 1% pay increase receive, no receive remuneration within the £60-£70k range, and, b) the addition to the museum of the externally funded 14-18 NOW team who's Director received remuneration within the £80-£90k range

The number of staff paid above £60K (2012-13 nil) to whom retirement benefits are accruing under defined contribution schemes is nil and under defined benefit schemes is 10 (2012-13 10).

Please see the Remuneration report on page 41 of the Annual Report for more details of senior staff costs.

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

				2014	2013
	Permanent staff	Temporary Staff	Managerial staff	Total No of staff	Total No of staff
Education, exhibitions and visitor services	308	4	5	317	337
Building management	10	-	-	10	10
Collections management and conservation	144	3	3	150	150
Trading / Commercial	48	-	1	49	48
Fundraising and publicity	29	-	1	30	25
Management and administration of the charity	2	-	-	2	2
	541	7	10	558	572

In addition to the above, staff equivalent to 10 full time posts were directly employed to work on capital projects and have been capitalised.

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

Trustees

The Chairman and Board of Trustees received no remuneration for their services during 2013-14. Travel, subsistence and entertainment expenses paid to six Trustees amounted to £2,684 (2012-13 £4,208 paid to eight Trustees).

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

Ex-gratia payments

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

	Land freehold and leasehold £'000	Structure £'000	Plant and machinery £'000	Fit-out £'000	Assets under construction £'000
7 Consolidated tangible fixed assets					
Cost/valuation at 1 April 2013	23,252	90,339	31,946	13,506	10,288
Additions	-	375	31	70	19,933
Transfers between categories	-	306	-	-	(306)
Transfer to current	-	-	-	-	(364)
Revaluation	810	3,788	(166)	619	-
Disposals	-	-	-	-	-
Value at 31 March 2014	<u>24,062</u>	<u>94,808</u>	<u>31,811</u>	<u>14,195</u>	<u>29,551</u>
Depreciation at 1 April 2013	-	-	-	-	-
Provided in year	-	1,728	1,788	989	-
Impairment	-	-	-	-	-
Depreciation due to revaluation	-	69	(9)	50	-
Disposals	-	-	-	-	-
Depreciation at 31 March 2014	<u>-</u>	<u>1,797</u>	<u>1,779</u>	<u>1,039</u>	<u>-</u>
Net book value at 31 March 2014	<u>24,062</u>	<u>93,011</u>	<u>30,032</u>	<u>13,156</u>	<u>29,551</u>
Net book value at 1 April 2013	<u>23,252</u>	<u>90,339</u>	<u>31,946</u>	<u>13,506</u>	<u>10,288</u>

	Exhibitions £'000	Equipment £'000	Assets held under finance lease £'000	Total £'000
Consolidated tangible fixed assets (continued)				
Cost/valuation at 1 April 2013	24,937	6,040	4,809	205,117
Additions	60	446	-	20,915
Transfers between categories	-	-	-	-
Transfer to current	-	-	-	(364)
Revaluation	-	-	78	5,129
Disposals	-	(56)	-	(56)
Value at 31 March 2014	<u>24,997</u>	<u>6,430</u>	<u>4,887</u>	<u>230,741</u>
Depreciation at 1 April 2013	18,578	5,421	1,153	25,152
Provided in year	1,526	436	367	6,834
Impairment	-	-	-	-
Depreciation due to revaluation	-	-	4	114
Disposals	-	(56)	-	(56)
Depreciation at 31 March 2014	<u>20,104</u>	<u>5,801</u>	<u>1,524</u>	<u>32,044</u>
Net book value at 31 March 2014	<u>4,893</u>	<u>629</u>	<u>3,363</u>	<u>198,697</u>
Net book value at 1 April 2013	<u>6,359</u>	<u>619</u>	<u>3,656</u>	<u>179,965</u>

On 12 October 2001 IWM 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 IWM 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 £823K, net book value as at 31 March 2014 £Nil.

In March 2009 IWM 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 £537K, net book value as at 31 March 2014 £89K.

The Lambeth Road (or Southwark) branch and other properties, were originally valued as at 31 March 1989 by the Chief Valuer's Department of the Inland Revenue. The sites were revalued on 31 March 2013 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		Basis of valuation
		2014	£'000	
Lambeth Road, London SE1 including Gate Lodge, Lambeth Road, London SE1	Long leasehold Freehold	51,492		Depreciated replacement cost Depreciated replacement cost
All Saints Annexe, Austral Street, London SE11	Freehold	3,039		Existing use
Duxford Airfield, Cambridgeshire	Freehold	71,882		Depreciated replacement cost
Ickleton Film Store, Cambridgeshire	Long Leasehold	4,115		Depreciated replacement cost
IWM North, Manchester	Long Leasehold	50,004		Depreciated replacement cost
HMS Belfast, London SE1	Long Leasehold	2,779		Existing use
Churchill War Museum, London SW1	Long Leasehold	1,720		Depreciated replacement cost

8a Heritage assets	Acquisition at historic costs £'000	Donated assets at valuation £'000	Total £'000
Cost/valuation at 1 April 2013	3,129	641	3,770
Additions	44	11	55
Disposals	(6)	-	(6)
Value at 31 March 2014	<u>3,167</u>	<u>652</u>	<u>3,819</u>

IWM 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 IWM in 2013-14 were valued at £61K comprising assets and equipment capitalised in the IWM's Balance Sheet (2012-13 £30K).

No capitalised collection objects were disposed of during the year. A £6k duplicate entry has been corrected.

8b Five year financial summary of heritage asset transactions

	2013-14 £'000	2012-13 £'000	2011-12 £'000	2010-11 £'000	2009-10 £'000
Additions					
Purchases	44	28	72	130	72
Donations	11	15	-	200	79
Total additions	<u>55</u>	<u>43</u>	<u>72</u>	<u>330</u>	<u>151</u>

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

IWM 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.

IWM's collections are remarkably broad. The collections include 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 collections as a whole allow the presentation and interpretation of IWM's subject matter in its full historical context. In addition to British and Commonwealth material, there are extensive holdings relating to allied and enemy forces.

8c The nature and scale of the IWM's heritage assets (continued)

Collection description	Total size
Art: IWM 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 almost 20,000 international posters and smaller numbers of sculptures, cartoons and camouflage designs.	92,998 items
Documents and Sound: IWM 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 IWM 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.	25,000 document collections 33,000 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. IWM is the repository of the National Collection of modern firearms. HMS Belfast is included as a heritage asset but subject to a conservation exercise.	155,000 items
Vehicles and Aircraft: IWM's collection of vehicles and aircraft illustrates the impact of technology on the conduct of modern conflicts.	342 items
Film Archive: IWM is believed to be the longest established national film archive, and now holds in excess of 23,000 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.	223,500 film collections
Photograph Archive: The Archive contains approximately 11 million images from official and private photographers. IWM is the official repository for relevant photographs under the terms of the Public Records Act 1958.	17,614 photograph collections
Collections Access: The library holdings are divided into heritage assets and reference material. The collections classed as heritage assets include maps, proclamations and books categorised as rare.	Over 80,000 items
Collections Access: The reference collection includes at least 150,000 books as well as significant reference collections of pamphlets and periodicals. The War Memorials Archive includes significant information relating to Britain's war memorials.	Over 240,000 items

Where documentation backlogs exist current estimates have been used. Where the estimated collection sizes have increased from last year, the variance is due primarily to inventory work and the more accurate count of items that this provides, with a much slighter increase due to acquisition. A reduction in the reference collection of library material is due to the managed exit of duplicate or otherwise unsuitable material.

8d Acquisitions and disposals policy

IWM 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, IWM collects from 1900 to the present day. IWM 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.

IWM 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.

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

IWM's Acquisition and Disposal Policy is based upon the requirements of the Accreditation Standard now administered by Arts Council England 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, IWM 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 IWM's collections.

IWM 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 an object is being considered, IWM 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 IWM Board of Trustees 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

IWM 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 IWM.

The Department of Collections Management is 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 IWM'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. IWM 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).

IWM'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
EC Regulation 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) (in force from 1st June 2007)

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

8e Collections management policies and procedures (continued)

IWM'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 (2012)
- 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

In 2011 IWM 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 2011 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	IWM 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.
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8f Obstacles to a meaningful valuation of the Collection (continued)

Logistics	The Collection is displayed and stored across the IWM's five branches, adding travel time to valuations.
Market value	IWM'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 IWM'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 IWM. 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. IWM 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, accessible 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. IWM 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, IWM will be in a far more robust position to begin a valuation programme.

IMPERIAL WAR MUSEUM ACCOUNT 2013-14

The net book value at 31 March 2014 represents fixed assets for:

8g Fixed and heritage assets	Charitable activities £'000	Other activities £'000	Total £'000
Land and buildings	160,261	-	160,261
Exhibitions	4,893	-	4,893
Equipment	629	-	629
Assets under construction	29,551	-	29,551
Heritage assets	3,819	-	3,819
Assets held under finance lease	3,363	-	3,363
Total	202,516	-	202,516

9 Stock

Stock consists of retail goods and IWM Publications

10a Debtors	Group 2014 £'000	Group 2013 £'000	IWM 2014 £'000	IWM 2013 £'000
Amounts falling due within one year				
Trade debtors	1,185	668	92	94
Other debtors	99	162	99	162
Amount owed by Imperial War Museum Trading Company Ltd	-	-	240	-
VAT debtor	1,555	1,538	1,804	1,985
Prepayments and accrued Income	2,449	1,180	2,307	1,056
Provision for bad debts	(2)	(14)	(1)	(1)
Total debtors falling due within one year	5,286	3,534	4,541	3,296

Group - Accrued Income includes £1,372K from the Heritage Lottery Fund £169K from the American Air Museum in Britain.

10b Intra-Government debtor balances	Group 2014 £'000	Group 2013 £'000	IWM 2014 £'000	IWM 2013 £'000
Balances with other central government bodies	3,030	1,658	3,273	2,003
Balances with local authorities	-	1	-	-
Balances with NHS bodies	-	14	-	-
Balances with public corporations and trading funds	31	31	-	-
Balances with bodies external to government	2,225	1,830	1,268	1,293
Total debtors	5,286	3,534	4,541	3,296

11a Short-term investments	IWM £'000	2014 Total £'000	2013 Total £'000
Short-term deposits	4,649	4,649	3,106

IMPERIAL WAR MUSEUM ACCOUNT 2013-14

11b Cash at bank and in hand	IWM £'000	IWM Trading Company Limited £'000	2014 Total £'000	2013 Total £'000
Commercial bank balance and cash in hand	1,108	83	1,191	4,169

12a Creditors	Group 2014 £'000	Group 2013 £'000	IWM 2014 £'000	IWM 2013 £'000
Amounts falling due within one year				
Trade creditors	1,080	1,165	1,050	1,113
Other creditors	696	620	696	620
Amounts owing to the Imperial War Museum Trading Company	-	-	47	12
Obligations under finance lease	353	344	353	344
Accruals and deferred income	7,870	4,840	7,287	4,570
Total creditors falling due within one year	9,999	6,969	9,433	6,659

12b Amounts falling due after more than one year				
Obligations under finance lease	5,583	5,935	5,583	5,935
Deferred income	1,198	1,234	1,198	1,234
Total creditors falling due after more than one year	6,781	7,169	6,781	7,169
Total creditors	16,780	14,138	16,214	13,828

Included in deferred income is £850K which represents funds given to the Museum by the Airborne Forces in relation to its occupation of certain office and gallery spaces in the Museum. An amount representing an annual rental payment is released each year.

12c Intra-Government creditor balances	Group 2014 Total £'000	Group 2013 Total £'000	IWM 2014 Total £'000	IWM 2013 Total £'000
Balances with other central government bodies	1,931	590	1,929	589
Balances with local authorities	180	1	-	-
Balances with bodies external to government	14,669	13,547	14,285	13,239
Total creditors	16,780	14,138	16,214	13,828

12d Obligations under finance leases

At 31 March 2014 IWM had commitments under finance leases as set out below:

	2014 Building £'000	2014 Exhibitions £'000	2014 Total £'000	2013 Total £'000
Finance lease obligations: payments due				
Within one year	207	146	353	344
in the second to fifth year	89	727	816	938
in more than five years	-	4,766	4,766	4,997
	296	5,639	5,935	6,279

IMPERIAL WAR MUSEUM ACCOUNT 2013-14

12e Provisions for liabilities and charges	Balance as at 1 April 2013 £'000	Additions in year £'000	Provision utilised £'000	Balance as at 31 March 2014 £'000
Early exit scheme	146	-	(146)	-
Early retirement costs	41	5	(37)	9
	<u>187</u>	<u>5</u>	<u>(183)</u>	<u>9</u>
Amounts falling due within one year				9
Amounts falling due after more than one year				-
Total provisions				<u><u>9</u></u>

Under the rules of the Principal Civil Service Pension Scheme the early retirement of staff is permitted with the agreement of the IWM. IWM 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 IWM and performs the commercial activities of retailing, catering, corporate hospitality, commercial events and temporary exhibitions ticketing.

	2014 £'000	2013 £'000
Profit and loss account		
Turnover	9,407	8,941
Cost of goods sold	(6,858)	(6,332)
Gross profit	<u>2,549</u>	<u>2,609</u>
Other operating income	<u>1,528</u>	<u>1,706</u>
	<u>4,077</u>	<u>4,315</u>
Administrative expenses	(1,259)	(1,246)
Operating profit	<u>2,818</u>	<u>3,069</u>
Interest receivable	6	6
Profit	<u>2,824</u>	<u>3,075</u>
Amount paid to IWM under gift-aid	(2,824)	(3,075)
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	9,407	8,941
Intercompany transactions	(21)	(27)
Included in trading income per SOFA	<u>7,102</u>	<u>7,093</u>
Included in fees income per SOFA	<u>1,265</u>	<u>999</u>
Included in royalties per SOFA	<u>1,019</u>	<u>822</u>
External funds	1,528	1,706
Intercompany transactions	(1,387)	(1,400)
Included in external funds per SOFA	<u>141</u>	<u>306</u>
Cost of goods sold	6,858	6,332
Intercompany transactions	(15)	(24)
Included in commercial costs (£5,089K), education (£1,739K) and governance (£15K) per SOFA	<u>6,843</u>	<u>6,308</u>
Indirect costs	1,259	1,246
Intercompany transactions	(1,259)	(1,246)
	<u>-</u>	<u>-</u>
Interest receivable	6	6
Intercompany transactions	-	-
Included in investment income per SOFA	<u>6</u>	<u>6</u>

13 IWM Trading Company Limited (continued)

Balance sheet	2014 £'000	2013 £'000
Current assets	1,711	1,378
Current liabilities	(1,102)	(769)
Net assets	<u>609</u>	<u>609</u>
Called up share capital	600	600
Profit and loss account	9	9
Capital and reserves	<u>609</u>	<u>609</u>

The authorised share capital of the company is 3,500,000 shares of £1 each, of which the 2,600,000 issued, was reduced to 600,000 on 27 October 2011.

The future plans of the Company forecast longer term growth. Developments are in train to optimise the opportunity of the significant forthcoming anniversaries and the transformation of the IWM London building.

IWM London is temporarily closed from January 2014 for a period of six months, while major building works are in progress.

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

14 Other grants

The Trustees of the IWM approved a grant of unrestricted reserves to the Imperial War Museum Development Trust, an independent charity, of £587K (2012-13 £3,410K).

This is recognised as expenditure in the statement of financial activities, when the award is approved by the Trustees of the IWM.

15 Capital commitments

At the balance sheet date, outstanding capital commitments, authorised by the Board of Trustees but not yet contracted, amounted to some £378K (2012-13 £11,933K) which relates to IWM London Regeneration.

At the balance sheet date, outstanding capital commitments contracted but not provided, amounted to some £4,135K (2012-13 £5,514K) which relates to IWM London Regeneration

16a Commitments under operating leases

At 31 March 2014 IWM had annual commitments under non cancellable operating leases as set out below:

	2014 Land and other buildings £'000	2013 Land and other buildings £'000	2014 Equipment £'000	2013 Equipment £'000
Operating leases which expire:				
Within one year	104	48	85	1
In the second to fifth years inclusive	-	-	34	167
Over five years	214	200	-	-
	<u>318</u>	<u>248</u>	<u>119</u>	<u>168</u>

16b Commitments under hire agreements

At 31 March 2014 IWM had annual commitments under non cancellable hire agreements as set out below:

	2014 Equipment £'000	2013 Equipment £'000
Hire agreements which expire:		
Within one year	3	3
In the second to fifth years inclusive	25	25
Over five years	-	-
	<u>28</u>	<u>28</u>

17 Contingent liabilities

There are no contingent liabilities

	At 1 April 2013 £'000	Income £'000	Expenditure £'000	Revaluations/ capital restructure £'000	Transfers £'000	At 31 March 2014 £'000
18 Consolidated statement of funds						
Unrestricted funds						
<i>Designated funds:</i>						
Buildings, collections, equipment and exhibitions	20,116	3,863	(800)	-	-	23,179
Buildings revaluations	9,021	-	(84)	1,133	-	10,070
Collections	-	38	(38)	-	-	-
Total designated funds	29,137	3,901	(922)	1,133	-	33,249
General funds	2,202	33,684	(35,003)	-	-	883
Finance lease reserve	(3,633)	-	(320)	-	-	(3,953)
IWM Trading Company reserve	9	-	-	-	-	9
	(1,422)	33,684	(35,323)	-	-	(3,061)
Total unrestricted funds	27,715	37,585	(36,245)	1,133	-	30,188
Restricted funds						
Buildings, collections, donated objects equipment and exhibitions	107,840	16,182	(3,507)	-	527	121,042
Buildings revaluations	43,100	-	(2,120)	3,882	-	44,862
Tied funds	1,881	5,276	(5,521)	-	(527)	1,109
Total restricted funds	152,821	21,458	(11,148)	3,882	-	167,013
Total funds	180,536	59,043	(47,393)	5,015	-	197,201

The Tied donations (£1,110K) comprise funds donated for the application of specific projects. These include the AirSpace at IWM Duxford (£257K), the Churchill War Rooms (£105K) the Holocaust exhibition at IWM London (£358K).

Funds of £381K have been transferred from buildings, collections, donated objects equipment and exhibitions to tied funds to cover £364K capital Regeneration costs being reclassified as current expenditure and £17K IWM Duxford Historic Duxford exhibition for use in future years.

Funds of £908K have been transferred from Tied funds to buildings, collections, donated objects equipment and exhibitions to cover Regeneration project £871K; Acquisitions £30K and £7K for equipment.

The Unrestricted buildings, collections, equipment and exhibitions fund £23,179K, Buildings revaluation £10,070K, The Restricted buildings, collections, donated objects, equipment and exhibitions fund £121,042K, Buildings revaluation £44,862K, represent the net book value of the tangible fixed assets and heritage assets less the assets held under finance leases £199,153K.

Designated funds comprise assets funded by IWM, 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, HMS Belfast Pavilion and the redevelopment of IWM London and the Holocaust exhibition.

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000
19 Analysis of group net assets between funds			
Fund balances at 31 March 2014 are represented by:			
Tangible fixed assets	36,612	165,904	202,516
Net current assets	(832)	2,307	1,475
Long-term creditors	(5,592)	(1,198)	(6,790)
Total net assets	30,188	167,013	197,201

20 Cash flow information

(a) Reconciliation of changes in resources to net inflow from operating activities		2014	2013
		£'000	£'000
Net incoming/(outgoing) resources before revaluations		11,650	3,295
Investment Income		(68)	(65)
Interest element of finance lease rental payments		409	416
Loss on disposal of tangible fixed assets		6	59
Reclassification from capital costs to revenue costs		364	-
Depreciation and impairment charge for the year		6,834	7,558
(Increase)/decrease in stocks		(31)	56
(Increase) in debtors		(1,752)	(1,055)
Increase/(decrease) in creditors		1,601	(1,202)
Net cash inflow from operating activities		19,013	9,062
(b) Analysis of cash flows			
(Decrease)/increase in cash in the year		(2,978)	2,343
Increase/(decrease) in liquid resources in the year		1,543	(3,567)
Cash flow arising from decrease in finance lease		344	297
Movement in net debt in the year		(1,091)	(927)
Net funds at 1 April		996	1,923
Net funds at 31 March		(95)	996
(c) Changes in net debt/funds			
	1 April	Cash flow	31 March
	2013		2014
	£'000	£'000	£'000
Cash at bank and in hand	4,169	(2,978)	1,191
Liquid resources - Short-term deposits	3,106	1,543	4,649
Finance lease	(6,279)	344	(5,935)
Net funds	996	(1,091)	(95)

21 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 IWM 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 36% 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 IWM's expected purchase and usage requirements. As a result, IWM is exposed to some credit, liquidity or market risk.

IWM is exposed to credit risk of £1,185K of trade debtors - however this risk is not considered significant as major customers are familiar to IWM. Bad and doubtful debts are provided for on an individual basis.

IWM has sufficient unrestricted funds to cover its current liabilities.

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

Interest rate risk

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

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

21 The role of financial instruments (continued)

Interest rate profile	Fixed rate financial assets £'000	Non- interest bearing financial assets £'000	Weighted average interest rate	Weighted average period for which rate is fixed
As 31 March 2014				
Sterling	5,825	15	0.59	29 Days
	<u>5,825</u>	<u>15</u>		
As 31 March 2013				
Sterling	7,263	12	1.1	29 Days
	<u>7,263</u>	<u>12</u>		

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

Foreign currency risk

IWM's exposure to foreign currency risk is not significant.

22 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 and during the year the Museum has had various material transactions with the Department. The IWM received grants from the Heritage Lottery Fund (HLF) for which the DCMS is also recognised as the parent body department. None of the Trustee board members, key managerial staff or other related parties has undertaken any material transactions with the Museum during the year. During the year the museum had significant related party transactions with the following bodies:

Related Party	Amount Purchased £'000	Amount Sold £'000	Donations / Grants Received £'000	Donations / Grants Given £'000	Year End Balance £'000
American Air Museum in Britain (AAMiB)	-	-	459	-	175
The Friends of the Imperial War Museum (FIWM)	-	-	207	-	-
IWM Foundation	-	9	4,500	-	-
IWM Development Trust	-	2	7,748	587	(1,547)
Gerry Holdsworth Trust	-	-	167	-	90
Heritage Lottery Fund	-	-	4,542	-	806
Docklands Sinfonia	1	-	-	-	-
Bletchley Park Trust	-	-	-	-	-
University of Exeter	1	-	-	-	-
<i>NMDC Member Contributions:</i>					
British Museum	-	18	-	-	-
British Library	-	5	-	-	-
Horniman Museum	-	2	-	-	-
National Maritime Museum	-	6	-	-	-
National Portrait Gallery	-	3	-	-	-
Natural History Museum	-	98	65	-	-
Royal Armouries Museum	-	3	-	-	-
Science Museum	-	15	-	-	-
Tate	-	13	-	-	-
Victoria & Albert Museum	-	16	-	-	-
Wallace Collection	-	1	-	-	-
British Library	1	1	-	-	-
British Film Institute	12	-	-	-	-
National Maritime Museum	13	1	-	-	-
National Portrait Gallery	-	5	-	-	-
Tate / Tate Publishing	-	2	-	-	-
Victoria & Albert Museum	-	1	-	-	-

22 Related Party Transactions (continued)

Related Party	Amount Purchased £'000	Amount Sold £'000	Donations / Grants Received £'000	Donations / Grants Given £'000	Year End Balance £'000
Arts Council of England	-	-	450	-	(576)
Happy Museum (Funded by ACE)	-	-	10	-	-

The nature of these related parties is as follows:

Diane Lees, Director General is a Vice President of the AAMiB. During the year IWM received donations from the AAMiB.

Diane Lees, Director General, is a member of the council of The Friends of the Imperial War Museum (FIWM). Donations were received from FIWM.

The IWM Foundation is charged with raising funds to support the redevelopment of Imperial War Museum's permanent galleries. Grants totalling £4500,000 was received from the Foundation in 2013-14

The IWM Development Trust granted £8,638,000 to IWM in 2013-14 and the IWM made a grant of £586,626 to IWM Development Trust. Diane Lees, Director General, is a Trustee of the IWM Development Trust.

Diane Lees, Director General and the sister of Sir Frances Richards, Trustee, are both Trustees of the Gerry Holdsworth Special Forces Charitable Trust. During the year the Holdsworth Trust made a grant of £167,000 to the IWM.

Funding of £5,108,000 was received from the DCMS sponsored Heritage Lottery Fund, which funded the Volunteers Wellbeing Project, American Air Museum Development and the First World War Centenary project.

Docklands Sinfonia was paid £1,000 for the provision of musicians during Remembrance service. Admiral The Lord West of Spithead, is a Patron of the Docklands Sinfonia

Entrance & Tour of Bletchley Park were purchased for a small fee of £221, Sir John Scarlett is Chairman of the Bletchley Park Trust

Sir John Scarlett is an Honorary Visiting Professor at the University of Exeter. £1,000 was paid to them in 2013-14 funding a Collaborative Doctoral Award student research project.

NMDC members contribution totalling £180,000 was received from various Museums sponsored by DCMS

Reproduction and Copyright payments totalling £760 were made to the DCMS funded British Library during 2013-14. Image Sales and Licensing Fees were also received by the IWM Trading Company

Reproduction and Copyright payments totalling £12,000 were made to the DCMS funded British Film Institute during 2013-14.

Rental payments totalling £13,273.76 were made to the DCMS funded National Maritime Museum during 2013-14. Image Sales and Licensing Fees were also receive by the IWM Trading Company

Small payments totalling £145 were made to the DCMS funded National Portrait Gallery during 2013-14. Fees relating to our Collections for £5,180 was received from the National Portrait Gallery

Small payments totalling £129 were made to the DCMS funded Natural History Museum during 2013-14.

Image Sales and Licensing Fees were received by the IWM Trading Company from the Tate totalling £617 during 2013-14, in addition a further £973 was received from Tate Publishing arm for mail order items

Image Sales and Licensing Fees were received by the IWM Trading Company from the Victoria & Albert Museum totalling £1,195 during 2013-14

£1,026,152 was received from the Arts Council of England, a DCMS funded organisation.

£10,050 was received from The Happy Museum, which receives funding from the Arts Council of London.

23 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.

24 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.